



Putting safety, quality and customers first

**KPMG's specialised, holistic approach
to managing food assurance**

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The necessity for enhanced food assurance

Helping our food system deliver on its promises

From compliance to competitive advantage

The Australian food industry has tremendous opportunity, throughout the supply chain, to meet and exceed increasing consumer and regulatory expectations for quality and technical assurance. The necessity for enhanced food assurance is being driven by increased consumer demand, regulatory changes and the increasing complexity and globalisation of food supply chains.

Below are the big changes we're seeing in the food industry.



Technological advances mean that fast, efficient assurance along the food supply chain is achievable.



The customer at the centre – there is a competitive advantage for organisations that optimise their food assurance strategy to delight customers and increase brand equity.



Implications for failing to monitor vendor quality assurance are a key challenge that increases in complexity as the number of suppliers grow.



Outcomes for non-compliance can be severe, including quality failures and recalls that lead to loss of consumer confidence, reputational damage, regulatory and non-compliance sanctions.

Building assurance in food is among the most complex problems that business and society must solve, but it is also one of the greatest opportunities for food companies that get it right.

A more coordinated and strategic approach is needed, one that takes a holistic view to identify, monitor and mitigate weak links in the supply chain from farm to fork.

We want to help food companies get it right and deliver quality and technical assurance.

Issues our clients face

Customer demand for access to more information about the food they consume (food provenance, quality and traceability).


Increased regulation, locally and internationally, across all facets of food production; including: emissions, water, animal welfare, labour and food safety.

So Australian companies **can continue to be market leading** or even hold stewardship roles; creating competitive advantage through fast-tracking food assurance and building systems maturity.

Food fraud – ability to proactively mitigate threats and occurrences.

A need to reduce compliance costs by capitalising on emerging, efficient technologies (Internet of Things, Blockchain and sophisticated CRM systems to reduce compliance costs).

The desire to influencing choice in commoditised categories and achieving price premiums by market differentiation in increasingly fragmented markets on an evidence base (provenance, safety, quality and socially-sound products).



Where we are operating in environments that are closer than ever before to the consumer, agribusinesses and food brands need to rethink their supply chains, ensure they can demonstrate provenance and traceability and capitalise on technology's capability to deliver them.

Robert Poole,
KPMG's National Food &
Agribusiness Lead

Whole of service capability to better manage food assurance

Our Food Assurance offering brings together a range of capabilities and skills to help clients build and expand their business in response to a changing environment, reduce supply chain risk in response to growing supply chain complexity and improve the processes and systems that protect brands, build trust and business value.

We provide clients a specialised, holistic approach to managing Food Assurance. Our service is underpinned by our expertise in risk, internal audit, retail, food and agribusiness and supply chains (including digital supply chains) and customer, brand and marketing.

The end goal is for food assurance and business performance to be one and the same – inextricably linked by a strategy, culture and an operating model that drives brand performance by putting safety, quality and customers first.

It's a total solution that can be tailored for any food company across the supply chain, anywhere.

Our Approach

We improve the technological and data processing capabilities of our clients to establish robust assurance processes that meet their increasing consumer and regulatory food-related demands.

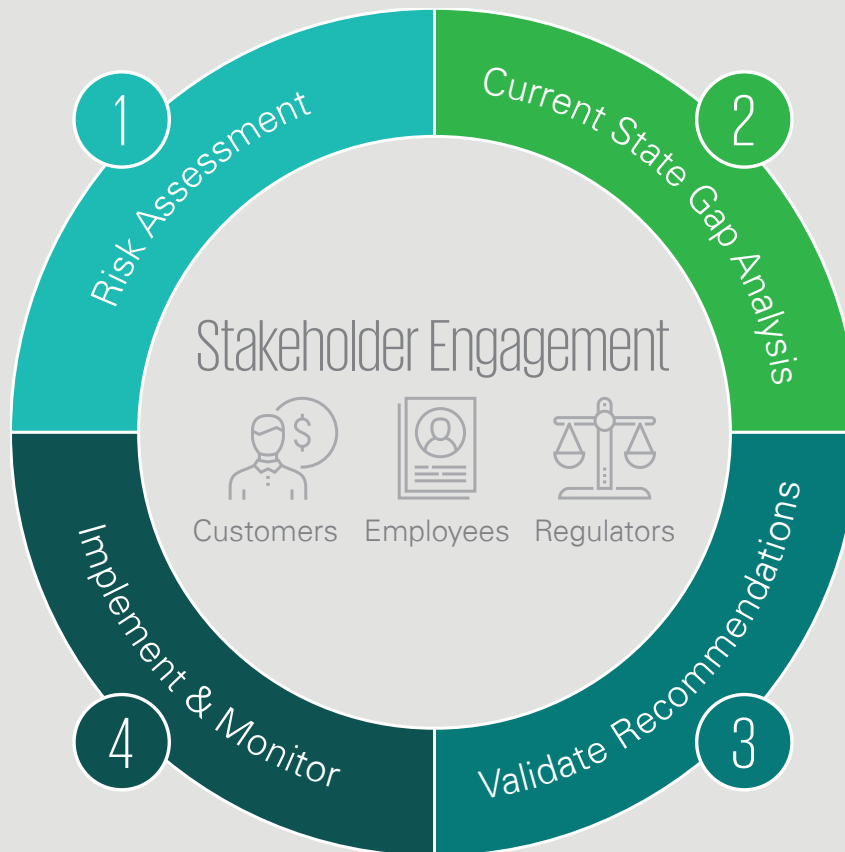
Real-time probity allows clients, and their suppliers, to respond in a timely manner to address food assurance requirements throughout their value chain. The food and agribusiness based service leverages KPMG's various knowledge capabilities to deliver customisable solutions for its clients.

Leverage insights into what matters to customers and unlocks the value of your brand, effectively implementing brand differentiation strategies and mitigating risk and reputational costs.

Enabling technology

Blockchain technology provides assurance across the end to end supply chain. We can trace food products from suppliers to retail, and ultimately to consumers.

Internet of Things (IoT) provides a platform for businesses to monitor, analyse and respond in many scenarios faster and more efficiently.



The foundation: to value-add for our clients

1

Risk Assessment

Collect and analyse existing client and context data, while considering current risk identification, including emerging risks such as Supply Chain, Reputation and Trust.

Client Benefit

Provision of an outside-in perspective based on leading practice

2

Current state gap analysis

Compare current state processes with legislated, recommended and consumer inferred good practices, while consider how these risks influence decision-making

Client Benefit

Demonstrate what 'good' looks like and provide clarity on what needs to be done

4

Implement & monitor

Assist with implementing recommendations and developing relevant and suitable reporting tools

Client Benefit

Provide experience and expertise to drive change whilst allowing clients to focus on delivering BAU

3

Validate recommendations

Consider customer position, resources, technology capability alongside business risk frameworks and key performance indicators, to develop practical and sustainable recommendations.

Client Benefit

Specific tailored action plan based on what is desirable, feasible, and viable to the client's circumstances



KPMG's consumer-centred food assurance approach

A competitive differentiator for your organisation to increase brand equity while mitigating risks & protecting against financial and reputational damage

Turning a Poor Experience into a Great one

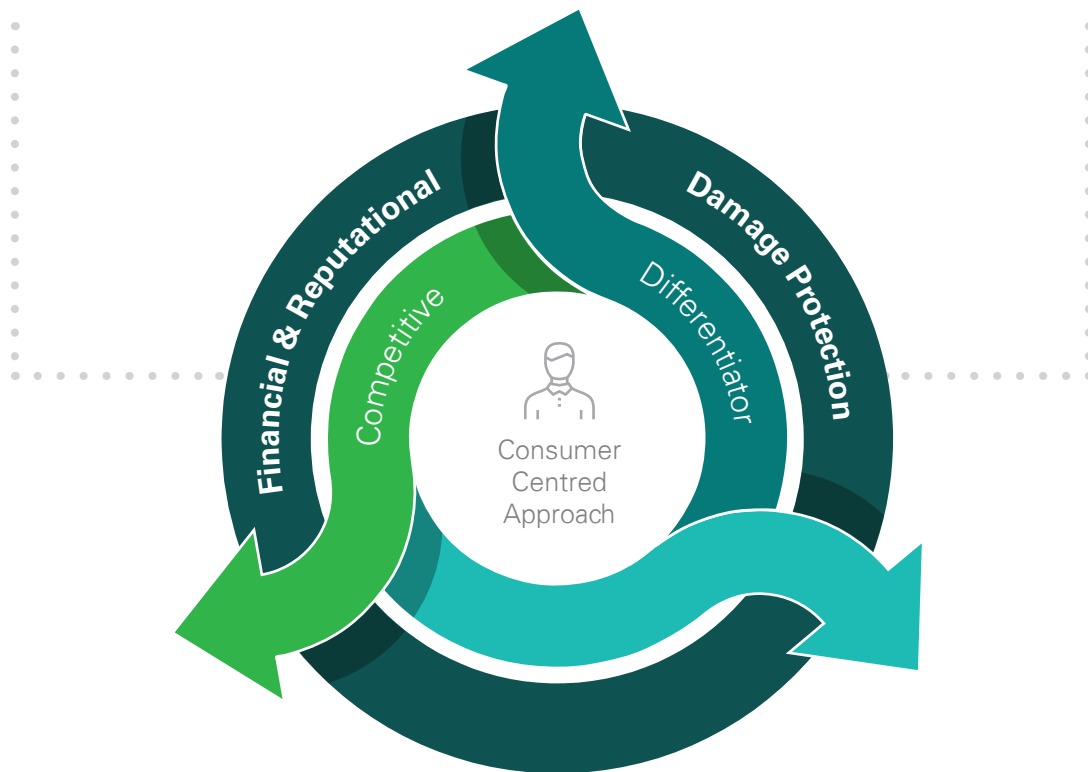
We help organisations turn a poor experience into a great one by not only putting the consumer back in the position they should have been in as rapidly as possible, but also making the consumer feel really good about the experience. We help organisations in the food industry structure a clear approach to enhance the consumer experience at all times.

Differentiation through Brand, Marketing & Customer-centred strategies

We understand the importance of implementing Brand, Marketing & Customer-centred strategies that unlock brand value in highly fragmented markets, allowing brands to positive differentiate from competitors delivering what really matters to consumers and effectively maximising revenue and share of market.

Increased Brand Trust

We understand the role trust plays as the basis for all brand relationships, and how its increased need can be built upon as a means of differentiation. We help organisations articulate a clear and enhanced brand value proposition that drives consumer retention and growth and brand positioning by transforming consumers into brand advocates.



Crisis Management & Issues Resolution

We support organisations in the food industry structuring crisis management strategies that bullet-proof their brands against escalated brand, financial and reputational damage. By deploying effective and seamless protocols that enable quick reaction times and improved consumer satisfaction, we provide organisations with the tools to manage potential damage, optimise consumer resolution times and increase brand trust when a crisis arises.

Delivering on Customer Expectation

We provide strong insights into the consumer experience, brand and product expectations by tapping into a variety of consumer insights tools including social media influencer matrix, activist mapping, social snapshots, canvas public opinion and trends analysis, providing a clear roadmap for organisations in the food industry to deliver a customer-centred approach.

Effectively Monitoring & Mitigating Risk

We anticipate potential risks and prepare organisations in the food industry in risk management practices by analysing potential risks across brand reputation, regulatory and operational risks, emerging risks, consumer incident support and issues simulation. By effectively monitoring risks we help organisations in the food industry anticipate potential brand, financial and reputational damage.

An end-to-end approach

From delivering enhanced experiences to consumers to building brand differentiation and maximised outcomes

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the same – inextricably linked by a strategy, culture and an operating model that drives brand performance by putting safety, quality and customers first.

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Source



Key risk areas

Quality Assurance and Quality Control processes including on-farm packaging, storage and warehousing

Supplier compliance with regulations, policies and procedures

Modern Slavery, EBA and award compliance

Occupational Health and Safety procedures



Transport & Logistics



Key risk areas

Tracking and traceability of animals and food

Safe handling and conditions (i.e. temperature) of animals and food during transport

Chain of Responsibility



Processing



Key risk areas

Quality Assurance and Quality Control processes including packaging, storage and warehousing

Animal welfare

Environment and sustainability

People capability and training



Customer



Key risk areas

Appropriate product handling and storage

Product contamination

Unsustainable cost models

Customer experience and expectations

Brand perception and reputational damage

Crisis management including product recall

What this means for our clients

A distinct ability and understanding of the key drivers of customer expectations;
A view of the benefits of exceeding customer expectations, and implications of not meeting them; and
How to design and deliver the best customer-centric experience.





How we've helped our clients

A focus on enhanced food assurance compliance and monitoring across the supply chain, including brand and reputational risk

Mitigating food and safety risk for an iconic Australian supermarket

Client challenge

Our client, an Australian leading supermarket identified through internal quality assurance work that irregularities existed with forms completed by a key beef supplier, which raised concerns over the suppliers product traceability and quality assurance frameworks.

How did we help?

We undertook an independent assessment of beef supply chain traceability processes at key suppliers and of their quality assurance controls. Our work included:

- Assessment of supplier processes and controls during cattle movement
- Assessing traceability of beef supplied
- Analysis of cattle transfer data to identify cattle that may not have met compliance criteria and where the supplier had provided incorrect documentation
- Testing of controls, focused on cattle that may not have met withholding period requirements.

Value delivered

Our work enabled our client to demonstrate a conscious response to a heightened food and safety risk and implement mitigating controls for both the short and long term.

Enhanced food assurance compliance for a large Australian manufacturer

Client challenge

Our client, a large Australian manufacturer required a review of their current governance framework in place to manage food safety and quality assurance regulatory obligations and reputational risk associated with food safety.

How did we help?

We worked with our client to:

- Support both Group and Business Unit management with the identification of relevant food safety and assurance risks and regulatory obligations
- Identify the key components of a food safety and quality assurance regulatory framework for the framework to operate effectively
- Consider the key food safety and quality assurance providers across the 'three lines of defense.'
- Consider the appropriateness of food safety and quality assurance reporting and monitoring arrangements to Business Unit management, Group Executives and the Board.

Value delivered

Our work provided our client with a clear and pragmatic roadmap for governance and controls improvement across the end-to-end food safety process.



Ensuring food safety and quality for an Australian convenience food retailer

Client challenge

Our client, an Australia food retailer provided an extensive range of over 400 ready to eat food and beverage items. In reviewing management of food safety and quality within sourcing and in-store operations, it was noted that its current governance structure, frameworks and processes required further strengthening to ensure our client could effectively mitigate food safety related consumer risks.

How did we help?

We worked with our client to develop a range of governance frameworks and processes, which included:

- A risk assessment framework to assess and quantify risk of all foods and beverages
- A new product development process
- Comparison of test results to EA interpretation
- Development of a supplier assessment, appointment and on-boarding process
- A food regulation and compliance monitoring process
- Development of a product recall process and in-store food and handling processes

Value delivered

Our work enabled our client to develop more robust governance structures and frameworks for enhanced food safety and quality.

Ensuring consistency in product and supplier selection for an Australian alcoholic beverage retailer

Client challenge

Our client, an Australian alcoholic beverage retailer engages with more than 64 local and international businesses for supply of self branded products. The selection of products and the engagement of the corresponding suppliers are subjected to an internal framework and assessment. The complex nature of the framework and the extensive number of inputs involved in the assessment raised challenges in the organisation consistently applying the framework across all suppliers.

How did we help?

We worked with our client:

- To develop an understanding of compliance to the framework
- To assess consistency of supplier contracts in relation to the framework
- To identify financial, operational and ethical trends, patterns and anomalies with suppliers
- To develop practical action plans to align product sourcing with the organisation's aspirational goals.

Value delivered

Our approach provided the client with clarity on the consistency of the product and supplier selection framework across all local and international suppliers. We also helped fix the framework and process issues to prevent misalignments to the organisational goals occurring in the future.

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