

Guest View

Povl Krogsgaard

Povl Krogsgaard is Vice Chief Executive Officer (CEO) of Arla Foods.

He is also the Head of Corporate Supply Chain business support and staff functions, which addresses milk supply, contact with owners, technical issues and investment, global procurement, quality and environment.

Mr. Krogsgaard's involvement in the dairy industry goes back a long time. Son of a dairy manager, he was born at a Danish dairy in 1950, and has been working in the industry since first joining the Danish Dairy Board in 1979. Mr. Krogsgaard believes in the importance of taking the consumer's needs into account and in driving a business efficiently. To meet these goals, he highlights the usefulness of implementing a structured and systematic quality management system.

Mr. Krogsgaard holds a Master of Science in dairy engineering from the Royal Veterinary and Agricultural University in Copenhagen, Denmark, as well as a Bachelor of Commerce (business management and organization) from the Århus Business School in Denmark.

ISO Focus: Arla is a dairy cooperative owned by some 8 500 milk producers. How do International Standards help ensure food safety and contribute to facilitating Arla's international operations amongst such a large group of stakeholders?



“Arla believes that International Standards are important to create and maintain confidence in the dairy industry.”

In your view, what are the advantages of International Standards?

Povl Krogsgaard: In its mission statement, Arla Foods promises “to offer modern consumers milk-based food products that create inspiration, confidence and well-being.” For Arla it is essential that its operations and products do not harm consumers, customers, employees or society, and that its business enjoys a good reputation. Arla is thus committed to ensuring the quality and safety of its

products, as well as to preserving the environment.

As part of our efforts to fulfil Arla's mission, we have established a quality programme entitled Arlagården (“the Arla farm”) to be used by our farmers in Denmark and Sweden. In the other countries in which we operate, we also adhere to equivalent national and international legislation and specifications.

Arla takes the entire supply chain into account – all the way from the cow to the consumer. The Arlagården programme specifies Arla's requirements for food safety and milk composition, as well as for animal welfare and environmental protection. The programme also provides specifications for documentation and follow-up.

Milk collection and transportation requirements are covered by a Hazard Analysis and Critical Control Points (HACCP) plan which, though not certified, is based on the specifications of ISO 22000:2005, *Food safety management systems – Requirements for any organization in the food chain.*

Arla Foods has chosen to base its management system standards for quality, food safety and the environment on ISO 9000 (quality), ISO 14000 (environment), ISO 22000 (food safety), and in a number of cases to obtain certifications to these standards.

Indeed, Arla considers the ISO 9000 series to be the “mother” of quality management systems standards. The ISO 14000 family of standards is regarded as an efficient and valuable support for systematic environmental management. ISO 22000, on the other hand, is perceived as the international umbrella for food safety standards.



Arla Foods headquarters in Århus, Denmark.

Food safety is basic to creating confidence in our company and its products. Our employees' responsibility, engagement and open-mindedness are also crucial, as is the management of risks. And we are committed to meeting legal requirements and agreed standards.

In this context, management systems are a key to improved business performance, as is our aspiration to build on

These International Standards are better known and more widely accepted than any national standard (which facilitates our international operations), and are recognized by our customers. Even so, there are retailers who have additional demands and encourage us to also follow their own standards.

also, international, recognized standards are of great help.

***ISO Focus:** Implementation of ISO 22000, Food safety management systems seems to be a central part of Arla's approach to address generic, global food safety issues. Can you tell us more about Arla's decision to implement ISO 22000 and the benefits it has brought to the company? How does this implementation relate to retailer schemes that currently exist, for example the Global Food Safety Initiative (GFSI) and the various schemes that it has benchmarked (BRC, IFS, Dutch HACCP and the Safe Quality Food Institute)?*

Povl Krogsgaard: Arla Foods' Quality Policy states that "All products and services provided by Arla Foods meet at all times the consumer and customer expectations and requirements in an efficient, competitive and sustainable way."

"All Arla Food dairies in Denmark and Sweden are certified to ISO 22000:2005."

This is achieved through compliance with Arla Foods' mission and Code of Conduct; a systematic approach in business processes; and continual improvements throughout the supply chain (involving all stakeholders from suppliers to retailers to consumers).



continual improvement. Arla's decision in 2004 to adopt ISO 22000 (before the document was published in 2005!) as a corporate standard for food safety was a further step in this direction.

Before ISO 22000, Arla's food safety systems were based on national and international standards, including the HACCP, BRC and the IFS.

Now, all Arla Food dairies in Denmark and Sweden are certified to ISO 22000:2005. Arla aims to have its sites in Finland, the United Kingdom, and most of its other international dairies certified by no later than 2010.

Such a commitment is supported by the European Union (EU) food regulations, which encourage the development of industry-specific guidance to meet food safety requirements – by implementing and maintaining the HACCP principles (which are included in ISO 22000) and procedures for good hygienic practice.

Moreover, dairy companies in Denmark and Sweden, together with their respective national milk boards, have produced national branch codes approved by their national authorities.

Although varying in structure, the two branch codes meet the demands of the EU's food safety legislation as well as the



Arla hopes that ISO 22000 will replace food retailer standards like British Retail Consortium (BRC) and the International Food Standard (IFS) over time, as having only one all-encompassing standard for food safety will help us optimize our operations even further.

Showing "one face, a responsible face, to the consumer and to the customer" is an important goal of Arla. Risk assessment provides a strong base to help us control specific risk factors, and in this context

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national guidance on the EU's legislation. Both are in compliance with ISO 22000, which serves as the tool for describing the branch codes to the authorities.

The implementation of these ISO standards is promoting our ability to exchange experiences with other companies or forums, which in turn helps us conceive further improvements. It also creates an opportunity for increased development following internal audits or audits by accreditation bodies. With ISO 22000 in mind, we have created our own HACCP code of practice to ensure a common approach to its principles in all dairies, and as a base for improvement.



Ideally, Arla Foods envisions a single standard for addressing food safety. The risk assessment methodology in HACCP is basic to all food safety risk assessment, and as we are working in a global context the International Standard ISO 22000 is well suited to our company.

Such an International Standard constitutes a guarantee for consumers and customers that we produce safe products in a holistic perspective, from farm to fork. If all organizations in the supply chain use the same standard, all would benefit from sharing a common source for language and terminology, methodology and risk assessment.

We follow closely the advice of the Global Food Safety Initiative – a retailer platform for the harmonization of food safety standards. As a responsible food producer, Arla is keen to follow harmonized internationally recognized requirements for food safety. However, to optimize implementation, being able to choose just one standard would help us increase our efficiency while maximizing our resources.

Global dairy cooperative

Arla Foods is a dairy cooperative owned by approximately 8 500 milk producers in Sweden and Denmark, with production in 12 countries, sales offices in 27 countries, and products on the market in more than 100 countries.

Arla Foods is a global company, although its main markets are Denmark, Sweden and the United Kingdom, to which it supplies a wide range of products. Globally, it exports many products, adapted for local markets.

Arla Foods supplies retail and food service products, as well as milk-based ingredients for the food industry.

Arla Foods has about 16 600 employees worldwide, with two-thirds working in Scandinavia, and 85% in its home market areas of Denmark, Sweden and the United Kingdom.

ISO Focus: *What is your view on the ISO 22005 standard published in 2007, specifying the basic requirements for the design and implementation of a feed and food traceability system?*

Povl Krogsgaard: For Arla, traceability is extremely important. Tracking and tracing products allows us to quickly and efficiently intervene in potentially dangerous situations. Even though we have an elaborate food safety management system in place, it is also important to know where a product comes from and where it is going.

As such we fully agree with the European Union's legislation which states that a feed and food producer must be able to trace food products, one step back and one step forward. We thus have an elaborate traceability system in place which traces all the way back to the farmers from the dairies, and forward from the dairies to the retailers and other customers.

ISO Focus: *ISO and the International Dairy Federation have worked together to produce over 100 International Standards for milk-related issues. How does Arla benefit from this work?*





Povl Krogsgaard: We are in close direct and indirect contact with both organizations through national dairy associations. Arla believes that internationally recognized standards are of great value to create and maintain confidence in the dairy industry amongst both local and international customers, as well as regulators and businesses. Arla has therefore a lot to gain from this work.

ISO Focus: Arla announced earlier this year that it aims to cut 25% of the current greenhouse gas emissions from its entire production and distribution cycle by 2020. Can you elaborate on Arla's environmental approach and its

implementation of ISO 14001? How can the wide portfolio of International Standards supporting environmental protection, carbon emissions credits trading (e.g. ISO 14064, ISO 14065), energy efficiency and renewable sources contribute to this goal?

Povl Krogsgaard: For Arla, environmental and climate issues are an intrinsic component of corporate social responsibility. We have thus chosen to certify all our dairies according to the ISO 14001 standard for environmental management systems. Similarly, we are implementing energy management systems for our drying facilities.

ISO 14001 allows us to align our management systems according to international practices, while providing us with a structured and systematic approach for handling environmental management – in this respect we are quite satisfied with the ISO 14000 series.

One of the ways to reduce our greenhouse gas emissions is to systematically work with key performance indicators which we strive to meet through a number of improvement projects that optimize and reduce our energy and fuel consumption.

ISO Focus: *Emphasizing that sustainability is more than environmental issues, Arla has recently published a Code of Conduct: "Our Responsibility: Arla Foods' Corporate Social Responsibility". What added value, in your view, would the future ISO standard on social responsibility (ISO 26000) bring to Arla?*

Povl Krogsgaard: Looking into the future ISO 26000 standard is in our agenda. Currently, our Code of Conduct is

built on what we regard as internationally recognized principles of corporate social responsibility (CSR), as well as on our company values.

Arla's Code of Conduct already adheres to the 10 Universal Principles of the UN Global Compact on human rights, working conditions, the environment and anti-corruption. We therefore find it interesting that ISO has signed a Memorandum of Understanding with the UN Global Compact Office to further promote their cooperation on the development of ISO 26000 – which will be consistent with the Global Compact's 10 principles.



Although Arla's CSR committee closely follows international developments in this area, it is still too early for us to go any further with ISO 26000. However, it would be fair to say that International Standards in general help organizations manage and organize their systems in a globally harmonized manner, thus making it easier for stakeholders to compare and transact with different organizations around the world.

An ISO International Standard on CSR would be no different. Such a standard would provide stakeholders with added confidence that all important CSR areas are managed and handled in a systematic and structured way. ■

