043-1150

Nestlé USA

800 NORTH BRAND BLVD.
GLENDALE, CA 91203
TEL [redacted]
FAX [redacted]
www.NestleUsa.com

Nestlé
Confections & Snacks Division

DATE: September 5, 2002

TO: Danny Kilgore, Operations Manager

CC: Dervila Makitarian
Bill Sanders

FROM: Richard Hutson, NC&S 5

SUBJECT: PEANUT COPRORATION OF AMERICA – NQS LEVEL 1 – FOOD SAFETY AUDIT REPORT

Facility Type	Supplier	
Address	PO Box 448 – Hwy 62E Blakely, GA 31723-0448	Phone: [redacted] FAX #: [redacted]
Status	☐ Active	☒ Potential
Product(s)	Roasted granulated peanuts	
Application(s)	Peanut Turtles	
Division(s)	☐ Beverage ☒ Confection & Snacks ☐ PetCare ☐ Prepared Foods	☐ Food Services ☐ Nutritional ☐ Foreign Trade ☐ Nestlé USA Distribution Co.

Final Assessment

	In Compliance	Probationary Compliance (Conditional Approval)	Not In Compliance
NQS Level 1 – Food Safety	☐ For Noted Products Only	☐ Improvement required within 15 days. ☒ *Immediate* improvement required within 45 days.	☐ Disqualified
Corrective Action / Follow-up Plan Due Date:	October 21, 2001		

NQS GAP Conclusion:

America Peanut Corporation does not meet the requirements of NQS Level 1 Food Safety. This was the first time Peanut Corporation of America had been exposed to the requirements of NQS Level 1, but there are some basic elements of GMPs that are needed for a good foundation to food safety compliance. Deficiencies exist in the following elements: GMP – Housekeeping, GMP – Pest Control, Bio-Security and HACCP. One of the key food safety issues is the handling, roasting and cooling of peanuts and nuts in the same processing area. Without physical isolation and proper air flow for the roasting operation there remains a potential for microbiological cross contamination.

The conditions and deficiencies will be outlined in the NQS Gap Summary and Major Issues sections of this report. It is critical that these deficiencies are addressed and brought to closure in a timely manner. Danny Kilgore and myself have conducted periodic conference calls for status updates to outstanding GMP issues and discussions on future processing changes to the roasting operation.

I believe management expressed a true understanding and commitment to bring non-compliance GMP issues to closure. As of the date of the audit current management has only been in position three months. Danny Kilgore had done a good job in preparing information for my review during the audit based on the Nestlé Quality Survey.

The contents of this document are Nestlé USA Confidential and shall not be shared with other parties without written consent from Nestlé USA.

SEP.05.2002 13:49 818 549 5682 NESTLE MFG QA #4196 P.002

043-1151

NQS Level 1 Food Safety Elements	Conditional	In Compliance	Not in Compliance
Training	☒	☐	☐
Documentation	☒	☐	☐
GMP – Housekeeping	☐	☐	☒
GMP – Sanitation	☐	☐	☒
GMP – Pest Control	☐	☐	☒
GMP – Allergen Control	☒	☐	☐
GMP – Bio-Security	☐	☐	☒
HACCP	☐	☐	☒
QMS	☐	☒	☐
Pathogen &Environmental Monitoring	☒	☐	☐
Positive Release	☐	☒	☐
Recall / Lot Traceability	☐	☒	☐
Instrument Calibration & Lab ICPs	N/A	☐	☐

Background Information:

Size of Facility:	22,500 sq. ft.	Number of employees:	35
Age of Facility:	22 years	Number of production lines:	4

The above named auditor conducted a Nestlé Quality System Level 1 GAP Assessment at Peanut Corporation of American on May 13, 2002. I was accompanied on the audit primarily by Danny Kilgore, Operations Manager. The processing facility is constructed of a metal siding with concrete floors. The facility processes both oil and dry roasted peanuts and tree nuts for retail and industrial use. I appreciated the preparation, cooperation and hospitality by the facility during the audit.

Environmental Information:
Facility is required to complete the Environmental section of the Quality Survey and to submit the completed information to Richard Hutson by the date specified in the "Corrective Action / Follow-up Plan Due Date" section above.

{There should be attachment for the quality survey ??}

Co-manufacturer / Supplier reminded to submit Environmental Section (§ XXIV) of the Quality Survey?		☐ Yes ☐ No

NQS GAP SUMMARY:

Training – Conditionally in Compliance
GMP rules are addressed with employees during the hiring process and through monthly meetings. Monthly meetings address both GMP and safety topics. All training should be documented and kept on file. Once the initial GMP training is completed, a yearly refresher program should be implemented. Most of the current training is conducted on the job. I recommend that the training expand to include allergen awareness, bio-security requirements, identifying common pest invaders, proper cleaning and sanitation procedures. NC&S Quality Management will provide any training materials that will help improve current quality systems.

The contents of this document are Nestlé USA Confidential and shall not be shared with other parties without written consent from Nestlé USA.

Apr.05.2002 13:50 818 549 5682 NESTLE MFG CA #4196 P.003

Documentation – Conditionally In Compliance
Management has started to establish the proper documents needed to provide a good quality program. Facility GMPs rules are basic and should be expanded to strengthen the program, an example will be provided by Nestlé. A company policy manual is in place that covers rules and guidelines for employees. An approved current supplier list is in place. Policies are updated annually for compliance and accuracy. A product traceability SOP is established. Laboratory instrument calibration records are being maintained for both daily and weekly requirements. A product hold (out of specification) SOP has been developed with the proper communication by product being tagged. A pre-operational check sheet has been established to monitor critical points of cleaning on the processing lines for GMP compliance. A glass breakage policy is in place but must be expanded to overhead light replacement and maintenance. An incoming shipping and receiving trailer inspection form is in place.

HACCP (Hazard Analysis Critical Control Point) – Not In Compliance
Currently there is not a HACCP plan in place. Management has limited exposure to HACCP, but understands the basic principles of food safety related hazards. It is recommended that someone in management attend a certified HACCP training course to better understand food safety hazards that potentially occur through the entire product process flow from raw peanuts to finished roasted peanuts. Once developed, the HACCP program will need to be trained to the production employees responsible for monitoring and verifying the CCP. Safety hazards related to microbiological, physical, chemical as well as to critical allergens must be evaluated. Currently the food safety concerns are centered on the physical presence of raw peanuts being handled in the peanut roasting area (microbiological). Also, the handling and roasting of other known tree nuts processed on the same equipment as the peanuts is both a microbiological and allergen concern. Nestlé will participate in the review of isolating the process of raw and roasted peanuts.

QMS (Quality Monitoring Scheme) – In Compliance
On-line checks are performed at a required frequency and reviewed for release by plant management. An internal document named Control Point Analysis is in place that summarizes frequency, activity, potential hazards, documentation requirements, and employees responsibilities to guarantee that all quality requirements are respected. The key for this type of monitoring scheme is that it covers all points that may influence the safety and quality of the product, and if not under control, may sooner or later lead to unacceptable deviations. Nestlé will provide any technical assistance on this issue as requested.

Pathogen Monitoring – Conditionally In Compliance
The program is only in the beginning phase. Currently, the facility is conducting a weekly testing schedule including *Salmonella*, *E. Coli* and *Yeast/mold* as direct food contact sampling. Samples are being sent to Diabell Laboratories for results. Nestlé suggests that an environmental pathogen-monitoring program be fully implemented due to the type of the raw product that may potentially introduce pathogens into the processing environment. The objective of the program is to monitor the hygienic condition of the factory for the presence of *Salmonella* and *Enterobacteriaceace* (i.e. EB) by evaluating microbiological levels in the factory production environment, which may affect the quality of the finished product. The establishment of clearly defined zones within the facility requiring different hygiene levels, depending on the risks of contamination of the product and the line environment, and on the type of cleaning required should be put in place. Establishment of these zones is fundamental to the maintenance of high standards of hygiene and cleanliness in food manufacturing and handling. Sites for sampling should be focused around equipment near the product or critical points situated near the processing or packaging line where there is a high potential risk for the product to be contaminated.

GMPs – Housekeeping – Not In Compliance
Overall, the housekeeping in the plant needs improvement. Legs on much of the equipment are not properly sealed to the floor. Without being anchored to the floor this creates microbiological and pest infestation issues due to the inability to clean underneath. All doors and entry points to the building must be pest proof. Preventative maintenance to this issue is mandatory to prevent pest activity in the plant. See **Major** section of this report. If trailers are to be stationed in a permanent position at the dock doors for in-processing peanut storage then it is critical that proper sealing is in place to prevent a point of entry for pests. Negative air pressure without adequate closure will simply pull insects into the building through airflow alone. The perimeters of the building should be added to the master-cleaning schedule with more emphasis to GMP compliance and pest prevention. Wood pallets should be phased out of critical food handling zones (roasting/finished product filling/peanut roasting) to prevent foreign material from entering the product stream.

The contents of this document are Nestlé USA Confidential and shall not be shared with other parties without written consent from Nestlé USA.

SEP.05.2002 13:50 818 549 5662 NESTLE MFG QA #1196 P.004

Product cases should not be stored directly on the floor or used for other than intended purposes but for finished product. The bottom of the wall area in the glass warehouse is not flush to prevent pest entry.

Flaking paint was observed on overhead piping near open product zones, on the ledge to the peanut dumper and on several equipment structures. A recommendation is to remove paint on active equipment over open product zones to help reduce the potential of product contamination. It is recommended that a hand wash sink be installed at the end of the cooling tunnel off the roaster due to employees being in direct contact to the product. The station should be properly marked and supplied with soap and paper towels. Employees were not wearing gloves at this location. The metal roaster oil belt is missing several sections, thus creating a potential hazard to the product. Critical issues like this must be addressed immediately to prevent metal contamination.

The maintenance area needs improvement in compliance to GMPs as perimeters were not well maintained, items were stored on top of cabinets and floor drains were found to be dirty. Other areas that need improvement to housekeeping were in the support zones (parts room, UPS shipping area, etc.). See **Major** section of this report. Any idle equipment stored on the interior or exterior of the plant must be maintained in a sanitary condition that prohibits pest activity and harborage.

Pallets stored on the outside of the building should be removed or stored in a manner that would prevent pest activity or harborage. The sanitary maintenance of pallets should be reviewed by management through developing a pallet-conditioning (GMP and structural conditions) program. See **Major** section of this report. As mentioned in the allergen control portion of the audit, it is also important that the color-coded containers and utensils be used to separate raw and roasted nuts to prevent microbiological contamination.

A chain guard had a large section missing due to the chain rubbing against the metal guard. Production and maintenance must be more aware of equipment conditions than demonstrated with this issue.

The plant currently does not physically separate the raw and roasting nut operation. Without a full separation there creates a microbiological and allergen risk. The air handling for the cooling section of the process must also be reviewed for airflow in the current direction as not to cross-contaminate from the raw side. See **Major** section of this report.

GMPs – Sanitation – Not In Compliance

The plant is both dry and wet cleaned. Compressed air is used in the facility for some of the dry cleaning requirements. When using compressed air the following conditions must be met: 1) never use compressed air on dirty or unsanitary surfaces (including, but not limited to, walls, floor, overheads and processing equipment), 2) A 0.3-micron filter must be in line of the compressed air at the point of application to the equipment surface, 3) the air must be oil and moisture free, if necessary, proper traps must be in line and 4), the surface being dried must have had the sanitizer on the surface for a minimum amount of time (1 minute) prior to drying. The use of vacuums should be incorporated more in dry cleaning areas. Compressed air does not truly remove food debris, but only push the particles around thus potentially creating microbiological and pest issues. There needs to be a better understanding of the concept of deep cleaning and the impact it makes on microbiological loads and Integrated Pest Management. Deep cleaning is defined as cleaning that goes beyond the routine cleaning. It requires getting under equipment, as well as disassembly of some of the equipment on a timely manner. With the type of environment that currently exists, uncleaned idle equipment will lead to both microbiological and pest issues. The current Standard Sanitation Operating Procedures (SSOP) are basic and developed only for the major tasks. The SSOPs need to be developed throughout the plant addressing both the wet and dry cleaning. SSOPs should be written outlining each task, frequency, who is the responsible party for task completion, what chemicals are being used, chemical concentrations, personal protective equipment and tools needed to complete the task. The Master Cleaning Schedule is basic, but outlines tasks as daily and weekly. The SSOPs must be linked to the MCS and posted in the respective areas with the required training to sanitation personnel.

The current pre-operational inspection of the processing lines will assure that SSOPs have effectively been completed.

GMPs – Pest Control – Not In Compliance

Early Pest Control Company handles only the exterior pest control program. The PCO provides service once a month and on an as-needed basis. The PCO application license and company license is on file, but under my review the copy that was presented should be clearer for documentation purposes. Issues were noted on the exterior as rodent stations were not secured and the program did extend to all perimeters of the property for

The contents of this document are Nestlé USA Confidential and shall not be shared with other parties without written consent from Nestlé USA.

Apr.03.2002 13:51 818 549 5682 NESTLE MFG CA #4196 P.005

proper control. The PCO should also document and review with management any activity observed on the exterior rodent bait.

In-house personnel handle the interior pest control program. The application license is on file and updated. It is suggested that a general pesticide approval listing be included in the pest control manual with management sign-off for approvals. The pest management program must be expanded to incorporate more Integrated Pest Management techniques. The current program seems to rely more on chemical applications rather than the true control measures as pest monitoring, exclusion or elimination practices. See Maker section of this report. When applying chemicals is needed, it is recommended to identify and document the type of invader that is targeted. Examples of findings:

- Rodent droppings in the break room cabinets
- Live Flour beetle activity in the blancher room
- Dead Flour beetles found in stored screens in the blancher room
- Dead insects found on the interior perimeters

The plant should incorporate a pheromone trap program to effectively monitor insect activity and trigger an investigation to any potential sources. When chemicals are applied, it should be documented to the type of targeted pest and location of application.

An active bird control program should be added to the current program, due to the activity seen on the facility grounds. A bird nest was found under corrugated siding to the roof on the south side of the facility. It is recommended that the PCO review the addition of ILTs in critical areas of the plant.

After review of the current pest control program I recommend that management move toward an outside pest control company.

GMPs – Allergen Control – Conditionally In Compliance
Management does understand the seriousness of allergen control. The facility also handles the following tree nuts, filberts, Brazil nuts, almonds, pecans and cashews. The area for storage is limited, but a good effort for separation is in place. It is recommended that a letter or questionnaire be sent to each ingredient suppliers assuring that all allergens are disclosed. Plant management must continue to train employees on the importance of preventing allergen cross contamination through cleaning practices, ingredient storage, container control and product scheduling. If utensils and containers are to be used for allergenic ingredients, the color –coding scheme should be different from the food and non-food contact scheme. A copy of the divisional allergen control plan for co-manufacturers and suppliers will be provided. Nestlé will provide any technical materials that can improve the current allergen control program.

GMPs – Bio-Security – Not In Compliance.
Management was not updated with the current concerns in bio-security, but clearly understood the need to improve food security in the facility. I provided a copy of the NFPA Security Checklist and American Peanut Shellers Association security proposal guidelines. The facility is in a gated area and under lock/key during the night hours. Any outside points of entry for bulk unloading and utilities should be locked. Recommend that the facility management team develop a corporate policy for bio-security using both NFPA and APSA guidelines. A copy of the NC&S Divisional Co-manufacturing Bio-Security has also been provided.

Positive Release —In Compliance
On-line checks are performed at a required frequency and reviewed for release by plant management.

Lot Traceability and Mock Recall – In Compliance
A company recall procedure is in place. Recommend placing all company required contact phone numbers in the procedure. The USDA does a mock recall twice a year. The most recent results were satisfactory, the issue was from the transfer of information on the shipping paperwork. Issues were resolved and the tracking policy will be rewritten. The plant conducts a mock recall once a year.

Instrument Calibration for CCPs - NA
Further review will take place in this area as CCPs are evaluated. The Pitco Mastermatic time/temperature recording device for the roasting line should be on a minimum annual calibration verification program by the vendor. Temperatures are recorded off the Pitco.

The contents of this document are Nestlé USA Confidential and shall not be shared with other parties without written consent from Nestlé USA.

SEP.05.2002 13:51 818 549 5682 NESTLE MFG QA #4196 P.006

043-1155

Nestlé Quality System Level 1 GAP Analysis
Facility Name
City, State

Date of Audit

Major Issues:

GMP Pest Control

- From my observations during the audit for both the pest control program records and the physical walk-though, management must revise the current program to incorporate more integrated Pest Management techniques. Both live and dead insect activity was observed in the plant.

Entries – Door / Wall Penetrations

- All doors, base of walls and openings to the outside should be reviewed for complete closure or screening in order to prevent rodent and insect entry.

Pallet Control Program

- The stored pallets on the exterior of the facility should be maintained in a sanitary fashion. Currently the outside storage creates pest control issues. Nestlé will not accept pallets that have been stored on the outside with the current program.

Support Zones

- Support zones (maintanance, parts room, UPS shipping area, shipping office and compressor room) must be maintained at the same level of GMP housekeeping as the manufacturing areas.

Processing – Raw/Roasting Area

- The dumping of raw nuts, storage, oil roasting and cooling operation takes place in the same room. There is a concern for microbiological cross contamination with the raw and finished nuts being handled in the same processing area.

The contents of this document are Nestlé USA Confidential and shall not be shared with other parties without written consent from Nestlé USA.

SEP.05.2002 13:52 818-549 5682 NESTLE MFG QA #4196 P.007