

HM Government

Review into the Integrity and Assurance of Food Supply Networks

Note of visit to Linden Foods and OSI with McDonald's

Location: Linden Foods, Dungannon, Northern Ireland; OSI, Scunthorpe, England

Date: 27 September 2013 (Linden Foods); 15 October 2013 (OSI)

Attendees:

27 September – Linden Foods

Howard Gray – Head of Agriculture and Purchasing, McDonald's Restaurants Ltd

Richard Casofsky – Public Affairs Manager, McDonald's Restaurants Ltd

Louise Hickmott – Head of Quality Assurance, McDonald's Restaurants Ltd (15 Oct only)

Richard Moore – Commercial Director, Linden Foods (27 Sep only)

Neil Sweeney – Sales Director, Linden Foods (27 Sep only)

Gerry Maguire – Managing Director, Linden Foods (27 Sep only)

William Waugh – Procurement Director, Linden Foods (27 Sep only)

Peter Mitchell – Purchasing Manager, OSI

Gary Drane – General Manager, OSI (15 Oct only)

Ian Hughes – Plant Manager, OSI (15 Oct only)

Steve Patrick – Senior McDonald's Account Manager, OSI (15 Oct only)

Debbie Hodges – Technical Manager, OSI (15 Oct only)

Tracy Brown – Quality Control Inspector, OSI (15 Oct only)

Professor Chris Elliott – Independent Reviewer – Review into the Integrity and Assurance of Food Supply Networks

Nick Hughes - Review into the Integrity and Assurance of Food Supply Networks

Rebecca Kenner – Review into the Integrity and Assurance of Food Supply Networks (27 Sep only)

Mary Newman - Review into the Integrity and Assurance of Food Supply Networks (15 Oct only)

Mike Steel - Subject Matter Expert – Review into the Integrity and Assurance of Food Supply Networks

1. Introduction to the Elliott Review and progress to date

Chris Elliott (CE) gave a progress report on the Review. He said the Review is less concerned with looking backwards at the horsemeat incident and more about looking forwards to how we can build more robust food supply systems. He noted that the Review was not just concerned with examining the supply chain for red meat but all food supply chains. Stakeholder engagement thus far had been extremely good and he thanked Linden Foods, OSI and McDonald's for the invitation to visit their sites and learn about their beef supply chain.

2. McDonald's presentation

Although McDonald's itself was not implicated in the horsemeat incident, it believed it had had an effect on the business. The point was made that any consumer distrust of beef is detrimental to the industry as a whole; consumers may not distinguish between brands of burger or other processed meat.

It was explained that McDonald's operates its business through a three legged stool approach which refers to the strong partnership between the three parts of the business represented by company employees, franchisees and suppliers. If each leg has an equal role and level of support, then the relationship is successful. McDonald's aims to develop a partnership approach with its suppliers, believing that by developing long-term relationships throughout the supply chain it is more able to ensure good quality, safe food coming into its restaurants, which is the ultimate priority.

Since 1999, McDonalds has sourced all of the beef for its menu from British and Irish farms, with 28 abattoirs supplying beef to OSI and Dawn Foods who produce the patties for McDonald's. All but one of the 28 abattoirs is an integrated slaughterhouse and boning plant. McDonald's doesn't allow suppliers to source from auction markets and insists on having direct relationships with its suppliers, which enables it to keep the supply chain as short as possible. All of the beef used in McDonald's burgers is 100% from the UK and Ireland and pork is from British "Freedom Food" farms.

A majority of restaurants are run on a franchised basis. There is a clear hierarchy out in the field with a franchising consultant providing support to around 20/30 restaurants on a regional basis. Franchisees sign up for a 20 year period and commit to maintaining a presence in their business during this time.

3. Linden Foods presentation

It was explained that Linden Foods is a dual species site dealing predominantly in cattle but also some sheep. The site slaughters on five days of each week and debones six days a week. It slaughters approximately 2,000 cattle a week.

Farmers have a legal obligation to tag and register all cattle and it was noted that the industry is beginning to make the switch to electronic tags which can be scanned in the field. DNA is also commonly taken with the intention of building a DNA database of all cattle in the UK & Ireland. The vast majority of cattle in Northern Ireland fall under the Farm Quality Assurance scheme which means that at any time a farmer can go online and check the herd record, including feed and veterinary records. DARD is responsible for animal welfare in transportation but FQA also sets guidelines for transportation and audits farmers against these standards. A vet is permanently situated at the site to examine animals off the truck while a post mortem database does the same post-slaughter.

Once in the Linden Foods system each animal is given a bar-coded tag which contains information on its history, kill number, date and time of slaughter, ear tag number, weight in kg and specification. The individual cuts themselves are sorted into trays for which sub-batch information is contained on a label. Linden Foods said that if McDonald's were to phone up quoting a box number it would be able to say precisely where the cattle came from within three hours of receiving the call.

4. OSI presentation

OSI was the beef patty supplier to the first ever McDonald's restaurant in Des Moines, Iowa in 1955 and has supplied McDonald's ever since. OSI has eight sites in Europe the three biggest of which are located in Germany, Poland and England. The OSI plant in Scunthorpe employs 180 staff and has a 61,000ft² production area. It produces beef and pork patties exclusively for McDonald's on nine production lines and processes c.39,000t of beef and c.7,400t of pork annually in a process-oriented, circular flow. This equates to c.435,000 head of cattle per year and c.993,000 pigs. The pork run is segregated from the beef run to avoid cross-contamination. OSI aims to extend McDonald's core values of working in partnership with its suppliers; Linden foods has been supplying to OSI for over 15 years.

Through OSI, McDonald's carries out frequent audits of its suppliers. Suppliers are audited against technical, animal welfare, traceability, environmental, social welfare and product integrity standards, along with an independent third party audit. Product integrity audits are approximately 50/50 announced versus unannounced while other audits are 80/20 in favour of announced. Suppliers are audited against McDonald's own standards.

OSI insists on producer declarations to declare what the animal has been fed on and requires at least 60-day on-farm residency prior to slaughter. It uses a blend of forequarter and flank meat in McDonald's beef patties with 20% fat content in each burger. Nothing else is added at the processing stage and only seasoning is added at the restaurant stage. It does not use any trimmings, offal or head meat. Of the meat supplied to OSI, approximately 2/3 is fresh and 1/3 frozen. Fresh and frozen meat is then blended together before it is minced to ensure the product is at the optimum temperature for processing.

The vehicles leaving OSI with the patties are sealed. If the seal is broken once the vehicle reaches the distribution centre the delivery is rejected. If an incoming consignment is shared with another business OSI insists that the vehicle comes to OSI first so that it can

break the seal. Once the product reaches the restaurant the EPOS system records information on all sales. This information can be compared against the stock coming into the restaurant meaning any discrepancies will be immediately flagged. The complaint ratio for an OSI-produced beef patty was approximately 1 in 13,000,000 in 2012.

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