

Prefusion Comment on Supply Chain Dialogue, Brand Value and Regulation

Following the CRAC conference in Shanghai (13-14 October 2014), Dr. Liu and Prof. Le Grys gave a panel comment at the Supply Chain Dialogue meeting, emphasising the importance of brand reputation and communication between industry and regulators. As an example of the chemical industry's attitude to regulation, they referred to the 4-D model - Defiance, Deny, Debate and Dialogue (Andrew Liveris, CEO of Dow Chemical Company).

Over the years, Dow Chemical Company has gone through all stages but now, as a mature global company they would like to do more on dialogue – cooperating with governments and regulators to find solutions acceptable to both parties. Ultimately the aim of any responsible company which truly values its brand is to market products for which they have awareness and control of hazards and risks to human health and environmental safety; on the other hand, governments want successful companies to drive their economies and to grow.

In building the dialogue with regulators the industry needs to capitalise on the benefits of regulation. These include:

- Making it difficult for unscrupulous operators to flourish. Essentially this involves the possibility of imprisonment and fines to 'cowboys' whose only interest is making money quickly and then exiting. Every jurisdiction has examples of this such as the melamine contamination in infant feed in China.
- In Europe encouraging the single market. Companies don't need different specification products as one goes across national boundaries.
- Encouraging innovation with, for example, regulations requiring greater energy efficiency or reducing waste.

This doesn't mean that all regulations are good – hence the requirement for a proper dialogue that puts the consumers and the needs of a vibrant economy first and puts bureaucracy second. Ultimately the regulatory framework attempts to ensure that the consumer safe legal product that matches the claims made of it by the retailer or manufacturer, and that sufficient information is available for the consumer to make informed choices.

Perhaps if we look at the food sector and how it protects the consumer. The food market in the UK and most of Europe is a mature market with many strong national and international brands. For the brand owner, reputation is a major part of the value of the company. This reputation is only maintained if the company consistently fulfils its legal duty to supply safe food of the quality and price for its market segment.

How does the brand owner do this given the complexity of the supply chain? This has been achieved by the general adoption of the British Retail Consortium (BRC) Global Food Standard. Adherence and certification to this standard by the various elements of the supply chain ensures that each step is supplying safe products/raw materials made to GMP standards with the required element of traceability. Certification is carried out by independent third party auditors and the use of certificated suppliers would normally be a 'due diligence' defence to any legal issue.

The standard is built on a number of principles:

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- Senior management commitment to supply legally compliant, safe quality food
- A complete understanding of potential hazards and risks that are identified in a HACCP analysis and controlled in the HACCP plan.
- A quality management process that ensures GMP, trained personnel, appropriate facilities, etc.

It is interesting to note that this same approach (senior management commitment, hazard and risk analysis, and quality management has now been rolled out by the BRC to 'consumer products' and can support the supply chain in its drive to produce safe products (free from Substances of Very High Concern). Such an approach is needed.

Prefusion provides services supporting supply chain strategy together with chemical regulation compliance to a wide range of industries including consumer products, food, pharmaceuticals, biocides, chemicals and cosmetics, etc.

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