

CRISIS MANAGEMENT //
NEWSLETTER // ASIA

Product Recall Monitor Asia

OCTOBER 2020

Welcome to the October 2020 edition of the Liberty Specialty Markets (Liberty) Product Recall Monitor. This quarterly newsletter reviews recent product recalls across Asia that have taken place over the last quarter (June - August 2020).

In this edition, we will share the latest in:

- ▶ Recent recall incidents in Asia
- ▶ A short interview with our Crisis Management Risk Engineer, Luis Gonzalez
- ▶ Technical topics relating to Food Safety Management System (FSMS)

TRENDING
TOPICS

ASIA

Introduction

With food and consumer safety regulations tightening across Asia, the exposure to food safety and recalls is rising. Our Crisis Management Asia team is well positioned to assist our broker partners and clients with insurance solutions and advice in the food safety and recall space.

- ▶ We have a dedicated and experienced Recall team in Singapore, Hong Kong and Malaysia.
- ▶ We work very closely with our panel of professional consultancies – HACCP Australia and Security Exchange, both of which have a significant presence in Asia. They provide expertise in food safety and crisis response and together, we provide our clients not just an insurance policy but a comprehensive service that includes pre and post incident consulting.
- ▶ We have helped many clients handle safety and recall situations, and we know this is a growing area of interest for manufacturers, retailers, wholesalers and importers.





Recent food recalls across Asia

SFA = Singapore Food Agency CFS = Centre for Food Safety (China, Hong Kong)

2 June 2020 – Recall of Chang Soda Water from Thailand

Reason: Presence of bromate

The SFA issued a recall for Chang Soda Water after bromate was detected in samples of the product. SFA directed the importer, Yen Investments, to recall the product.

<https://www.channelnewsasia.com/news/singapore/sfa-chang-soda-water-recalled-bromate-12797150>

16 June 2020 – Recall of pre-packaged lobster meat from Korea

Reason: Undeclared allergen (sulphur dioxide)

The CFS in Hong Kong collected a sample from a supermarket in Quarry Bay for testing under its routine Food Surveillance Programme. The test result showed that the sample contained sulphur dioxide. Although the sulphur dioxide level was below the maximum permitted level under the Preservatives in Food Regulation (Cap 132BD), the functional class and name of the additive were not declared on the food label of the sample. The distributor concerned has initiated a recall according to the CFS' instructions.

https://www.cfs.gov.hk/english/whatsnew/whatsnew_fa/2020_395.html

19 June 2020 – Recall of cheese spread from the UK

Reason: Presence of clostridium botulinum

Hong Kong CitySuper and SFA directed food importer Atasco Pte Ltd recalled Primula Original Cheese Spread and Primula Cheese Spread with Chives (product of the UK) due to the presence of a microbiological agent (clostridium botulinum).

https://www.cfs.gov.hk/english/press/20200619_8000.html

<https://www.channelnewsasia.com/news/singapore/sfa-food-recall-primula-cheese-spread-botulism-12849366>

22 June 2020 – Recall of wintermelons from Malaysia

Reason: Allergen sulphur dioxide

SFA issued an advisory regarding ten varieties of wintermelon products after samples were found to have high amounts of the allergen sulphur dioxide. Seven importers were directed to recall the products, many of which were imported from Malaysia.

<https://www.channelnewsasia.com/news/singapore/sfa-recalls-winter-melon-products-high-levels-sulphur-dioxide-12882124>

26 June 2020 – Recall of TYJ Spring Roll Pastry Products from Singapore

Reason: Presence of undeclared milk allergen

Kongs Trading Pty Ltd (Australia) conducted a recall of TYJ (Spring Roll Pastry) due to presence of undeclared milk allergen. TYJ is a Singapore based food manufacturer.

<https://www.foodstandards.gov.au/industry/foodrecalls/recalls/Pages/Spring-Home-TYJ-Spring-Roll-Pastry.aspx>

Recent food recalls across Asia

SFA = Singapore Food Agency CFS = Centre for Food Safety (China, Hong Kong)

3 July 2020 – Recall advisory for pre-packaged boletes (a type of mushroom) from China

Reason: Presence of inedible or poisonous species of mushrooms

CFS followed up on a food poisoning case suspected to have been caused by consuming boletes as the boletes concerned contained inedible or poisonous species of mushrooms. The CFS requested the retailer concerned stop sale of the boletes and initiate a recall of the affected batch of the product.

https://www.cfs.gov.hk/english/whatsnew/whatsnew_fa/2020_397.html

13 August 2020 – Recall of pre-packaged bamboo fungi from China

Reason: Sample detected with excessive preservative and in breach of food labelling regulation. Presence of sulphur dioxide and mislabelling

CFS announced that a sample of pre packaged bamboo fungi was found to contain sulphur dioxide, a preservative, at a level exceeding the legal limit, and the functional class and name of the additive were not declared on the food label. The CFS informed the vendor concerned of the irregularities and instructed it to stop selling the affected batch.

<https://www.info.gov.hk/gia/general/202008/13/P2020081300633.htm>

25 August 2020 – Recall of pre-packaged fruit and nut bar from the UK

Reason: Suspected salmonella contamination

The CFS, through its Food Incident Surveillance System, noted a notice issued by the UK Food Standards Agency that the manufacturer of the product was recalling batches of the product due to possible contamination with salmonella. Upon notification by the UK manufacturer earlier, the importer concerned had already stopped sale of the affected product.

https://www.cfs.gov.hk/english/press/20200824_8103.html

25 August 2020 – Recall of peaches packed or supplied by Prima Wawona or Wawona Packing Company (product of the USA)

Reason: Suspected salmonella contamination

The SFA issued a recall in Singapore for peaches supplied or packed by a US company because of a potential link to a salmonella outbreak in the United States. SFA directed the importer, Satoyu Trading to recall the product.

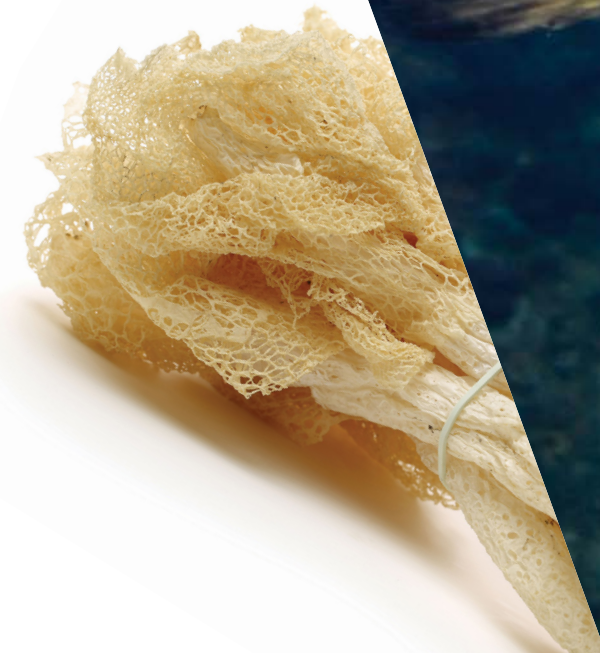
<https://www.channelnewsasia.com/news/singapore/sfa-recall-us-peaches-prima-wawona-salmonella-outbreak-13052504>

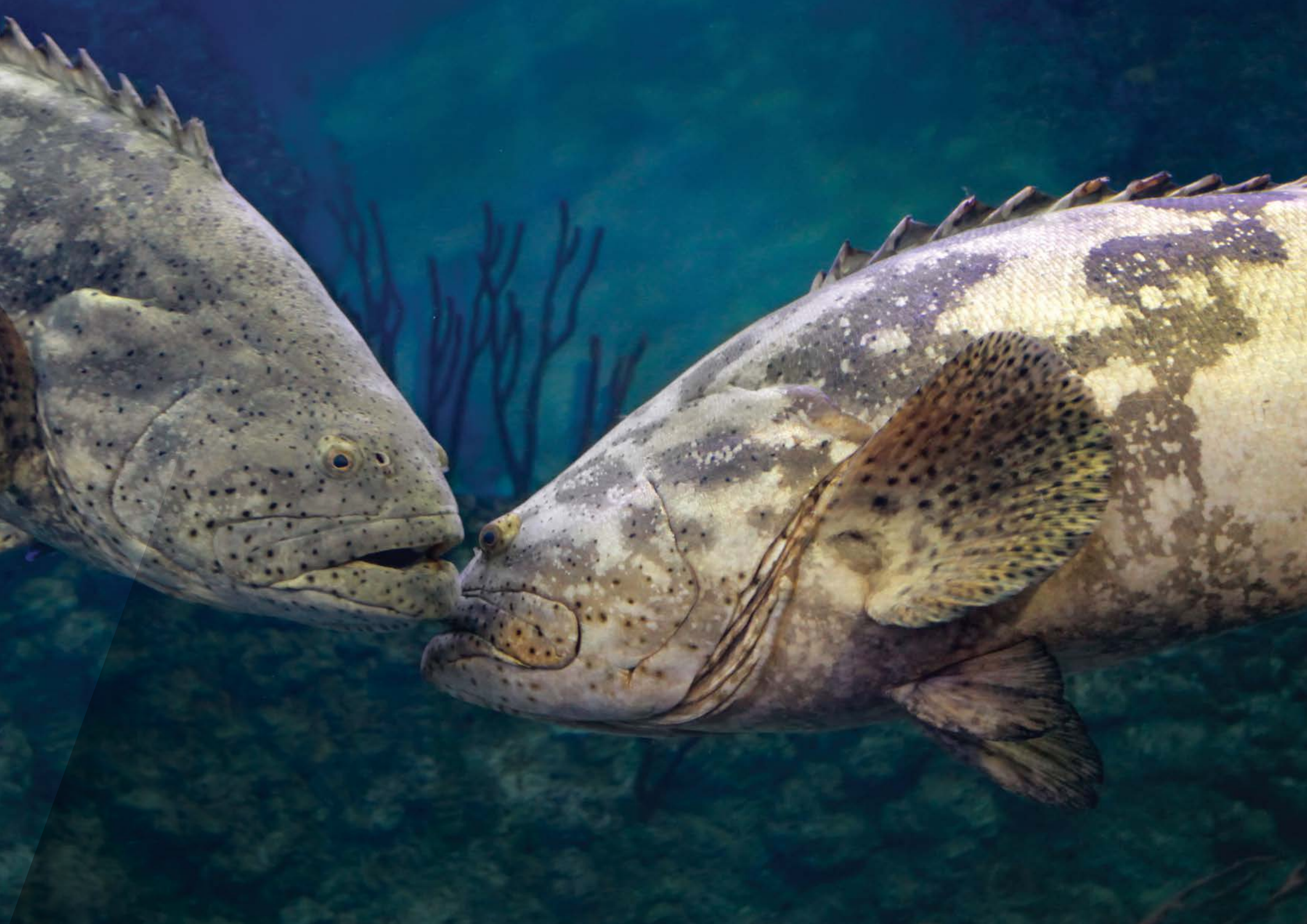
7 September 2020 – Recall of giant grouper from Indonesia

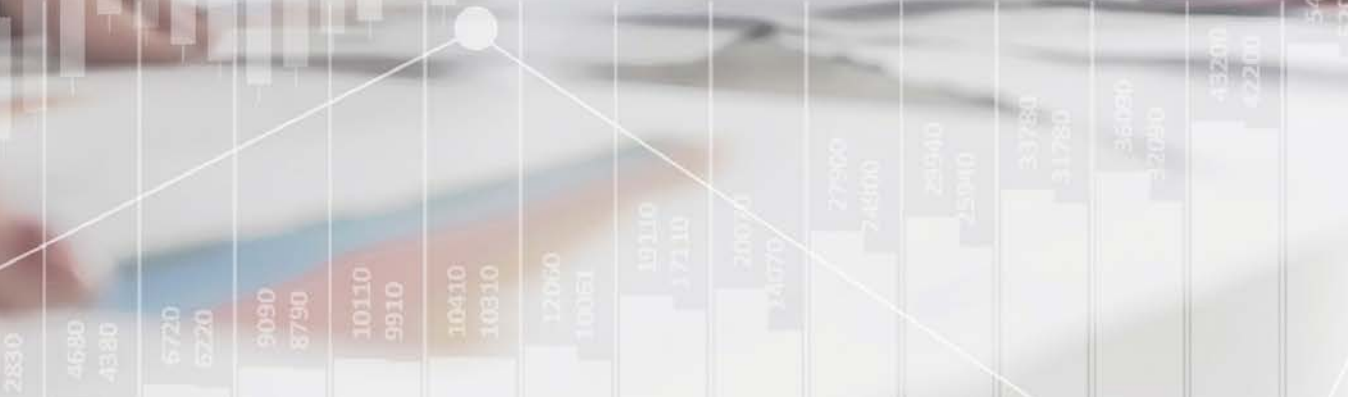
Reason: Presence of malachite green

The CFS announced that malachite green was found in a pre-packaged grouper sample. Malachite green is a type of industrial dye and has been used for treating infections in fish. Currently, malachite green has been prohibited for use in food producing animals in many countries.

https://www.cfs.gov.hk/english/whatsnew/whatsnew_fa/2020_395.html







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Meet Luis Gonzalez,

Associate Risk Engineer, Crisis Management, Liberty Specialty Markets



How would you describe your role in the Crisis Management Team, and Risk Engineering within Liberty's Integrated Business Unit (IBU) concept in general?

I work side-by-side with our underwriting and claims team providing technical support. I am the link between the technical areas of our insureds (Quality Control & Assurance and Production) and Liberty's underwriting and claims team. Through site visits, phone calls and desktop reviews, I invest most of my time understanding our clients' businesses.

You play a very important supportive role to underwriters, especially from a technical know-how perspective. How would you describe the benefits of your technical contributions to our insured and prospective insureds?

This close integration and thorough understanding of our clients' businesses gives us the ability to underwrite a broad range of businesses and provide the most suitable product recall solutions that our insureds need. Also, my specialist knowledge of different industry segments allows us to give practical recommendations to our insureds, helping them improve their risk profile.

What do you find most interesting at your role? How does your past working experience help on the current role?

The most interesting part of my role is that each and every day is completely different. One day I could visit a meat processor and the next a pharmaceutical or a beverage company. Before joining the insurance industry, I worked in several industries developing Quality Management Systems, including pharmaceutical, medical devices and automotive. This allows me to speak our clients' language, have a better understanding of the challenges and risks in the industry and evaluate the robustness of their Quality System.

Technical topic – Food Safety Management System

In this edition, we have invited Liberty's Asia Pacific Crisis Management Risk Engineer, Luis Gonzalez to share his insights and knowledge on the Food Safety Management System (FSMS).

Risk management practices around food safety are one of the most important underwriting considerations we look at when assessing the recall exposure of a company.

The FSMS is a systematic approach towards identifying, preventing and controlling food safety hazards within a food business to ensure not only that the food is safe for consumption but also the traceability of the products in case of a recall event. The FSMS certifications and audit results are extremely crucial to our risk assessment, which is why we often

request for audit reports and certifications such as ISO 22000, BRC and SQF when underwriting a risk.

An overview of Food Safety Management Systems by Luis Gonzalez, Associate Risk Engineer at Liberty Specialty Markets

A FSMS is a group of practices to systematically control the risks throughout the entire life-cycle of any food process. It's an all-inclusive system that incorporates multiple processes and programs to achieve and maintain food safety.

It is applicable to any organisation within the food chain, regardless of size and complexity, from primary producers through to food manufacturers, transport and storage operators and subcontractors to retail and food outlets. It is also appropriate

for companies that are indirectly involved in the supply chain, such as suppliers of equipment, cleaning and disinfectants, and other food contact materials.

Applicable to all organisations in the food chain



Primary
Producer



Manufacturer
& Processor



Storage
Operator

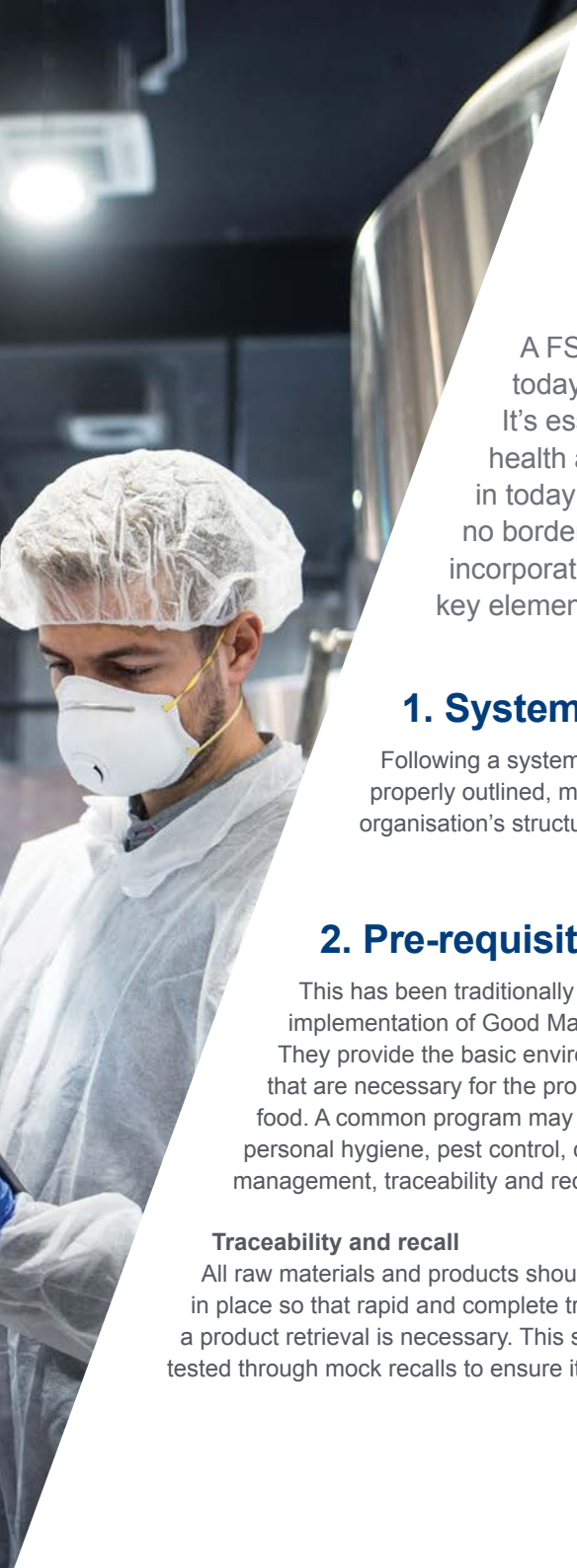


Transport
Operator



Retailer &
Food Outlet





A FSMS is an imperative in today's global supply chain. It's essential for ensuring public health and, it's even more important in today's world, in which food knows no borders. A sound FSMS usually incorporates at least these three key elements:

1. System management

Following a systems approach, the FSMS must be properly outlined, maintained and updated within the organisation's structured management system.

2. Pre-requisites program

This has been traditionally accomplished through the implementation of Good Manufacturing Practices (GMPs). They provide the basic environmental and operating conditions that are necessary for the production of safe and wholesome food. A common program may include facilities conditions, personal hygiene, pest control, cleaning and sanitation, supplier management, traceability and recall, among others.

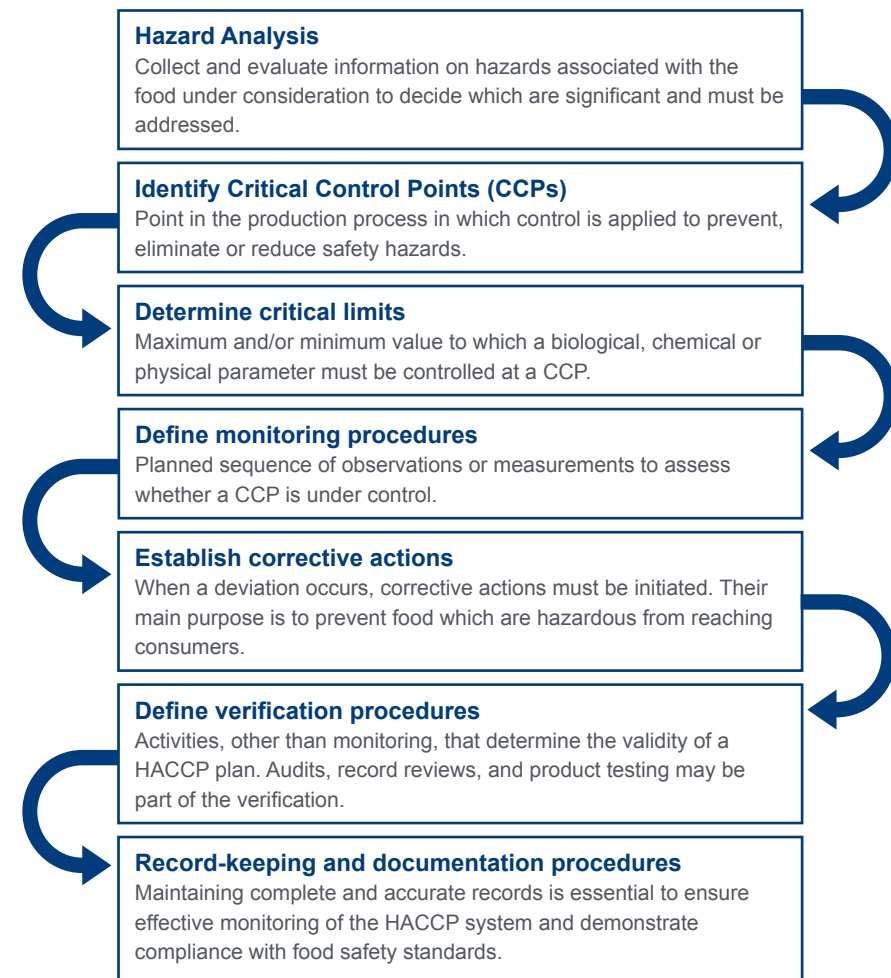
Traceability and recall

All raw materials and products should be lot-coded and a recall system in place so that rapid and complete traces and recalls can be done when a product retrieval is necessary. This system is expected to be periodically tested through mock recalls to ensure its adequacy.

3. Hazard analysis and critical control points

A HACCP program is central to all FSMS.

HACCP principles



Technical topic – Food Safety Management System

Standards and certification schemes

There is currently a range of standards specifically developed for the food industry. They provide a framework for organisations to develop, implement, monitor and

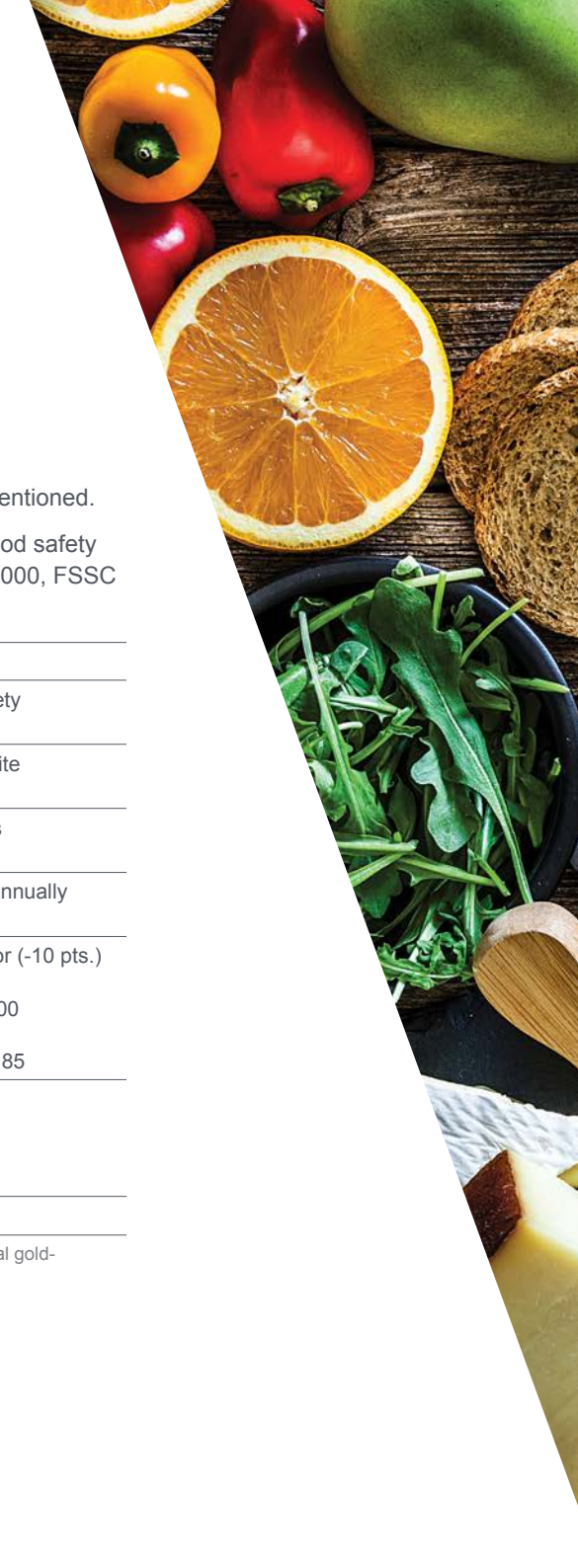
continually improve a FSMS. Each standard varies in scope, structure, certification rules and validity, but all of them are fundamentally similar. They are based on the

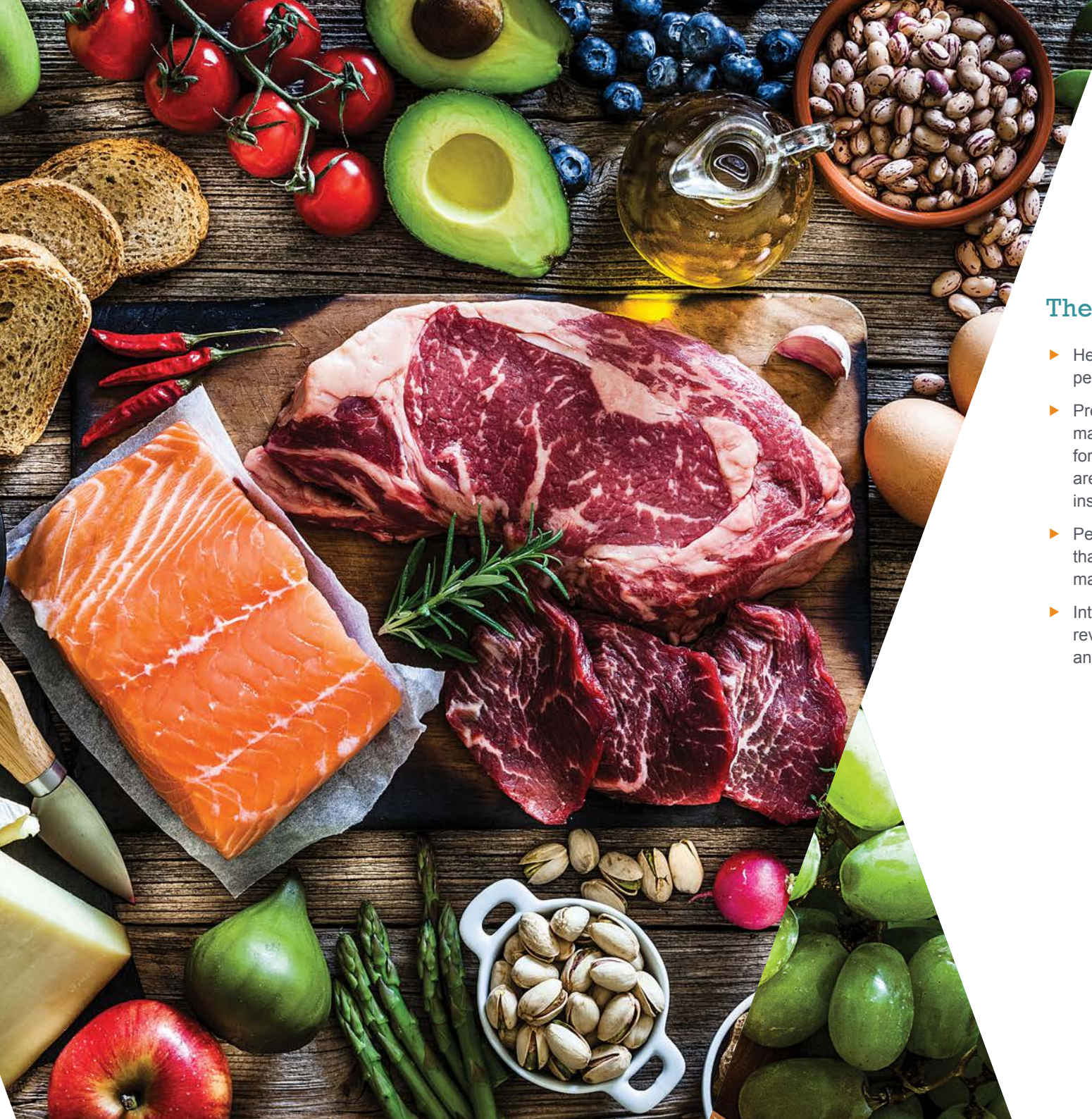
three key elements previously mentioned.

Some of the most widely used food safety certification schemes are ISO 22000, FSSC 22000, BRC and SQF.

	ISO 22000	FSSC 22000	BRC	SQF
System requirements	More generic and broader in scope	Food safety and legal compliance	Quality, food safety and legality.	Level 2 – food safety
Certification process	Stage 1 on site Stage 2 on site	Stage 1 on site Stage 2 on site	One on site audit	Stage 1 on or off site Stage 2 on site
Certificate validity	3 years	3 years	1 year or 6 months (grade C and D)	1 year or 6 months (70-85 points)
Recertification/ maintenance audit	Minimum annually	Minimum annually; frequency could be increased based on audit results	Annually or semi-annually	Annually or semi-annually
Audit grading criteria	Not scored or graded	Not scored or graded	Number of minor and major NC; from AA (highest) to D (lowest)	Minor (-1 pt.), major (-10 pts.) critical (-50 pts.) Excellent → 96-100 Good → 86 – 95 Conforms → 70 - 85
Audit failure criteria	Critical non-conformity	Critical non-conformity	1 critical, >31 minor, 1 major & >25 minor, 2 major & >17 minor or >3 major.	Critical finding or score <70 pts.
GFSI recognised?*	×	✓	✓	✓

*GFSI benchmarks food safety standards, evaluating them against a set of criteria to ensure the core of the standards are equivalent. The criterion provides a universal gold-standard of recognition, "once certified, accepted everywhere".





The benefits of a certified FSMS

- ▶ Helps organisations minimise risks and improve performance.
- ▶ Provides confidence to external parties. It's a must for many customers and it's an important factor to consider for insurers. FSMS certifications and audit outcomes are some of the factors considered by insurers to define insurance pricing.
- ▶ Periodical audits by an external organisation, ensuring that the FSMS is effectively implemented and maintained.
- ▶ International food safety standards are continually reviewed, with the aim that best practices are adopted and emerging risks are properly managed.



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Liberty Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 26,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard and Poor's 'A' (strong) rating.

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