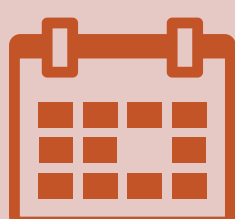


## THE CHANGING FACE OF RETAIL

### Food Crime Top 10 Questions & Answers

On October 30th, 2014, Addleshaw Goddard's Retail and Consumer team hosted Professor Chris Elliott, food security expert and author of the government's independent review into the integrity and assurance of food supply networks.

On the back of Professor Elliott's report published on 4 September 2014, the Government has confirmed its intention to implement a Food Crime Unit, one of the major recommendations of the report. Professor Elliott shared his thoughts on how the Food Crime Unit will operate and his insights into what the industry can and should be doing to protect the integrity of food and drink supply.

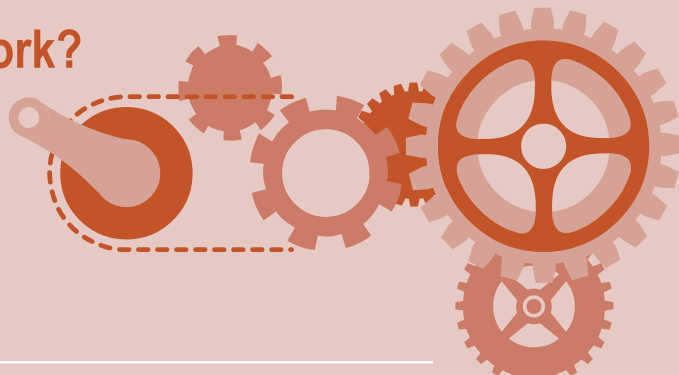


#### 1) When will the Food Crime Unit be up and running?

The Government is making good progress. It is now seeking to recruit a director of investigations with the relevant law enforcement background and seniority with support by analysts and investigators. They aim to have the Food Crime Unit Phase 1 operational (i.e. in its analytical capacity) by the end of 2014, and Phase 2 operational (i.e. in its investigatory capacity) in 2015.

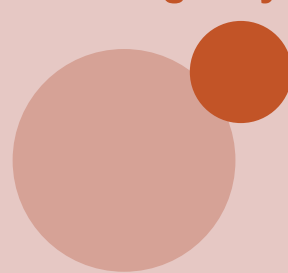
#### 2) How will the Food Crime Unit work?

The Food Crime Unit will be a specialist unit within the Food Standards Authority. It is envisaged that the unit will have a credible intelligence and investigative capability and will work alongside the National Crime Agency and other regulatory authorities such as Trading Standards.



#### 3) Why is the Food Crime Unit separate to the National Crime Agency?

The National Crime Agency has limited resources and other strategic serious crime targets to meet. The Food Crime Unit will therefore be created with specialist expertise including knowledge of key food sectors, regulatory investigation and enforcement powers and co-ordination of the collection, collation and analysis of intelligence. Where appropriate, the Food Crime Unit will refer serious fraud to the Police and National Crime Agency.

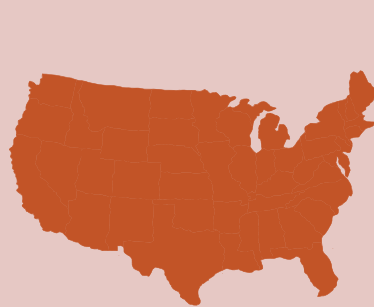


#### 4) What offences will the Food Crime Unit be prosecuting?

Criminal offences such as fraud and counterfeiting. The Food Crime Agency will not be pursuing labelling or packaging offences.

#### 5) What other countries already have food crime units?

Several other EU countries already have food crime units. The Dutch set up their food crime unit over 20 years ago, and collate an estimated 120,000 pieces of intelligence each year. In 2012 they conducted major investigations into food and seized €6.5m (£5.2m) in criminal assets as a result.



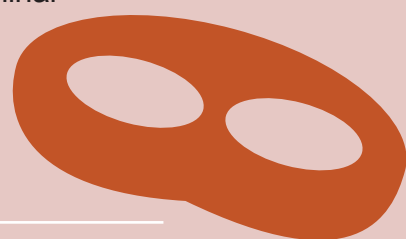
#### 6) Where will the next food crime threat emerge?

The Horsemeat scandal was linked to the recent economic downturn where the price of red meat was increasing and a surplus of horses that people could no longer afford to keep. We should therefore look to economic indicators to prevent future food crime such as monitoring the world food supply and harvests etc. For example, this year the US almond crop failed. This should set alarm bells ringing as food criminals

could potentially infiltrate the supply system and substitute a cheaper, yet similar, alternative to almonds – e.g. peanuts - in products such as almond paste. This could have serious and deadly consequences for consumers who are allergic to peanuts and who believe they are buying almonds.

#### 7) Who are the biggest perpetrators of food crime?

Crimes within the food supply system may be carried out by large criminal networks. International gangs are moving from the more traditional operations of people and drug trafficking to food crime. However, the full extent of the fraud is unclear as there is currently no facility to record such crimes by the Police or other regulatory bodies.



#### 8) Where does food crime take place?

Food crime takes place everyday all over the world. It is a "global problem". For example, McDonald's are known to have an exemplary red meat supply system established in the UK but have faced issues in relation to their supply chain in China, which has allegedly been found to contain meat designated as "unfit for human consumption."

#### 9) What can our clients do now to ensure they are protecting themselves?

- ▶ Share knowledge and information with others in your sector.
- ▶ Raise concerns about potential fraud incidents.
- ▶ Embrace unannounced audits.
- ▶ Know your supply chain.



#### 10) How much is it likely to cost?

The initial set up costs of the Food Crime Unit are estimated at £2-4m a year. This figure is likely to rise once the Unit is fully up and running with a credible intelligence and investigative capability.



## PILLARS OF FOOD SAFETY

In his report, Professor Elliott came up with eight "pillars" of food safety:

**1) Consumer First** – Food safety and food crime to be given absolute priority over everything else. Everyone involved with food supply needs to work hard to regain the trust of the consumer, which is at an all time low.

**2) Zero Tolerance** - No turning a blind eye to minor dishonesties. The food supply system should adopt a "broken window" approach in relation to food safety. All transgressions, no matter how small, should be taken seriously and addressed.

**3) Gathering information** – There is a key role for government and industry to collect and share information with each other.

**4) Laboratory Tests** – Sampling and testing must be conducted to the highest standard to ensure appropriate speedy action. There should not be an emphasis on testing more, but on testing smarter.

**5) Audit** - The value of audit and assurance regimes must be recognised in identifying the risk of food crime in supply chains. Auditors should have improved training to spot breaches of protocol and there should be an increase in unannounced audits (which are shown to actually benefit businesses who make it part of their daily best practice).

**6) Government Support** – Better working between government departments and a more robust food standards agency.

**7) Leadership** – Development of a dedicated food crime unit.

**8) Crisis management** – Clear roles and responsibilities if/when further evidence of food crime comes to light.



To find out more about how our retail and consumer legal expertise can add value to your business, please don't hesitate to contact our team.

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