

Crisis Control Newsletter

Crisis Control Newsletter from RQA, Inc.—A Catlin Preferred Provider to Foodservice, Food Processing and Consumer Products Industries

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Socially Responsible Business Practices

Corporate Social Responsibility (CSR) is one of the hottest topics in today's business world. Socially responsible companies have strategies in place to make a positive impact on society while doing business. While CSR objectives are different from company to company, the common thread can best be described through the following definitions:

- Lord Holme and Richard Watts in The World Business Council for Sustainable Development's publication 'Making Good Business Sense' have defined CSR as "…the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large".

- The CSR definition used by Business for Social Responsibility is: "Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business."

In 2000, Congress enacted the Trafficking Victims Protection Act (TVPA), Public Law 106-386 (22 U.S.C. § 7101, et seq.), to prosecute traffickers, protect victims, and prevent human trafficking. TVPA was the first comprehensive federal law to address the crime of human trafficking and—together with its reauthorization acts—it forms the cornerstone of federal laws protecting victims of human trafficking.

In Canada, the National Action Plan to Combat Human Trafficking is part of the Government's long commitment to take action against these terrible crimes. The Criminal Code of Canada contains the tools to hold traffickers accountable and includes four specific indictable offences to address human trafficking.

Even with laws in place, human trafficking and slavery continue. It is estimated that $36.1 billion USD is made each year from human trafficking and slavery. According to the International Labour Organization (Feb 6, 2015), it is estimated that 21 million people (women, children and men) are victims of forced labor around the globe, including the U.S. and Canada. All trafficking victims lose their freedom with traffickers using violence, threats, deception, debt bondage and other manipulative tactics to trap victims in these horrific situations.

Each year, the U.S. State Department publishes a report on the performance of governments to meet minimum standards related to human trafficking in countries around the world. It might be prudent to check this list to see if you are doing business with or sourcing products/ingredients from any of the countries that are a high risk for human rights violations. If so, an audit may be necessary to ensure human rights are being upheld.

Unethical practices can damage the trust between a firm and its suppliers or customers and ruin or disrupt long-term exchange relationships that can likely result in loss of sales. Make sure that your corporate policies relating to quality and safety are followed with a high degree of integrity.

Sources: Cal. Civ. Code 1714.43: California Code Section 1714.43; U.S. Department of State Trafficking in Persons Report; Canada National Action Plan to Combat Human Trafficking

CA Transparency in Supply Chain Act

The California Transparency in Supply Chain Act, which took effect in 2010, requires retailers and manufacturers with more than $100 million in worldwide gross receipts doing business in California, regardless of where the business is located, to publicly disclose their efforts to eradicate slavery and human trafficking in their supply chains. "Doing Business" is defined in the California tax code. There are five specific areas that are intended to help identify and reduce these risks:

1) Third party verification of risks
2) Independent and unannounced supply chain audits
3) Certification of compliance from direct suppliers
4) Internal standards
5) Training program.

The Act only mandates disclosure to the extent that companies engage in any of the five areas listed above. Manufacturers and retailers governed by this Act are not required to take any specific action on any of these five areas but must then state that no steps are being taken. There must be a prominently displayed link on the homepage of the company's website stating no actions are being taken. While some companies have done just this, other companies have engaged in the above activities to ensure or work towards human rights of workers in their supply chain. Their websites have a statement from an executive stating their resolve to do what they can to eliminate this injustice.

The purpose of this Act is to educate the consumer and public at large about human trafficking and slavery through the disclosures made by companies so that the consumer can make more informed purchasing decisions. Ultimately, the goal is for the impact that awareness will have on the market place will lead to the eradication of such unethical practices.

The exclusive remedy for a violation is injunctive relief by the Attorney General or an order to take specific action. At this time there are no monetary penalties. Companies that are required to comply with the Act will be identified through annual tax filings. Companies that fail to address the concerns of this Act may face both legal and reputational risks.

On April 13, 2015, the California Attorney General issued "A Resource Guide" for companies subject to California's Transparency in the Supply Chain Act. This resource guide was published in conjunction with the first efforts by the State of California to enforce the Act. This Resource Guide should help companies in their efforts to develop protocols that are in compliance with both the letter and legislative intent of the Act.

Food and Drug Administration Recalls (www.fda.gov)

Product: Organic Garlic Powder
Incident: Possible Health Risk–*Salmonella*

A Norway, IA firm is voluntarily recalling several of its products manufactured with organic garlic powder that were sold under its brands due to potential *Salmonella* contamination. The product in question was raw material received by the company, which tested positive for *Salmonella* during a test by the United States Food and Drug Administration (FDA). So far no illnesses have been reported to date. The company is taking added precautions by instituting additional product testing, beyond FDA guidelines, to mitigate any future occurrence. Recalled products were sold in all 50 states and some parts of Canada to distributors, retailers and consumers. Consumers should not consume these products and should either throw away any remaining products or return them to the point of purchase for a refund. Consumers with questions should contact the company to inquire about replacement or reimbursement.

Product: Raw Walnuts
Incident: Possible Health Risk–*Salmonella*

A Monrovia, CA firm is recalling raw walnuts because they have the potential to be contaminated with *Salmonella*. The recalled raw walnuts were distributed to their retail stores nationwide. The products were packaged in clear plastic bags and sold in 12 and 16 oz. packages. The potential for contamination was noted after routine testing by an outside company contracted by the FDA revealed the presence of *Salmonella* in certain packages of the raw walnuts. Out of an abundance of caution, the company has removed all lots of these products from store shelves and will suspend sale of these products while the FDA and the manufacturer involved continue their investigation into the source of the problem. So far no illnesses have been reported to date. Consumers who have purchased any of the recalled products should not consume them and should either dispose or return the products for a refund. Consumers with questions should directly contact the company for more information.

United States Department of Agriculture Recalls (www.usda.gov)

Product: Beef & Pork Products
Incident: Possible Health Risk–Misbranding

A Nogales, AZ establishment is recalling approximately 50,953 pounds of various pork and beef products due to misbranding. The beef items were produced on various dates from November 29, 2014 through December 18, 2014, the pork items were produced on various dates from June 16, 2014 through December 3, 2014. The products were shipped to locations in CA, WA and AZ. The problem was discovered when a FSIS inspector noticed that some of the inspection labels had been photocopied, and a pursuant investigation discovered that some of the labels had been applied after hours without the presence of a USDA inspector. The investigation is ongoing and the recall is being issued to protect the public. FSIS and the company have not received any reports of adverse reactions or illness due to consumption of these products. Consumers and media with questions about the recall should contact the company's distribution center.

Product: Ready-To-Eat Beef Products
Incident: Possible Health Risk–*Listeria Monocytogenes*

A Mercedes, TX establishment is recalling approximately 58,180 pounds of ready-to-eat beef products that may be contaminated with *Listeria monocytogenes*. The beef products were produced on various dates between March 25, 2014 and February 19, 2015. The products were shipped for hotels, restaurants and institutional use in Texas. The problem was discovered when FSIS personnel reviewed historical sampling data in the context of recent intensified verification testing with multiple *Listeria monocytogenes* positives. FSIS and the company are concerned that some products may be frozen and in consumers freezers. FSIS and the company have not received any reports of illness associate with consumption of these products. Media and consumers with questions in regards to the recall should contact the company's plant manager.

Consumer Product Safety Commission Recalls (www.cpsc.gov)

Product: Hand Vac Tool Accessory
Incident: Possible Risk-Laceration Hazard

A Glenwillow, OH manufacturer is recalling approximately 22,000 units of hand vac accessory tools (2,500 units in Canada). The recalled tool attachment was sold as a vacuum accessory with the corded had vac. The accessory tool is a plastic, clear yellowish green attachment with a black turbine fan and black brush roll with white bristles. The interior fan of the tool accessory can break and eject from the tool housing, posing a laceration hazard to the user or bystanders. The company has received 6 reports of the tool breaking, no injuries have been reported. The accessory tools were manufactured in China and sold at home improvement stores nationwide and online from January 2012 through February 2015. Consumers can continue to use the had vacuum without the turbo tool accessory attachment. They should stop using the recalled accessory and should contact the company to receive a free replacement tool accessory.

Product: Ice Auger
Incident: Possible Risk-Injury Hazard

A Minnetonka, MN manufacturer is recalling approximately 3,000 units of ice augers (60 units in Canada). The ice auger is a 24-pound black and red unit powered by an electric motor and rechargeable battery. It is used by ice fishermen to cut circular holes in ice to access the water and fish below. The auger has two handles, a power switch, a trigger switch and a drill. The trigger switch on the auger could fail and the unit not turn off, posing an injury hazard. The company has not received any reports of incidents or injuries related to the use of this product. The ice augers were manufactured in the United States and sold at sporting goods stores from September 2014 through January 2015. Consumers should immediately stop using the recalled augers and return it to the place where it was purchased for a full refund. Consumers should contact the company directly or visit their website for additional information.

Crisis Control is a newsletter jointly published by RQA, Inc. & Catlin Group.

For more information about these topics and more, please contact:

Carol Kozlowski, CPIM
Manager of Crisis Management, RQA, Inc.
Phone: 708-364-7060 x129
Email: c.kozlowski@rqa-inc.com

RQA-Inc.com

London, UK:
Ian Bailey: ian.bailey@catlin.com
John Naughton: john.naughton@catlin.com
Andrew Kyle: andrew.kyle@catlin.com

Email: CrisisManagement@catlin.com

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