

Department for Environment, Food and Rural Affairs

## Review into the Integrity and Assurance of Food Supply Networks

### Note of meeting with Sodexo

**Location:** Nobel House

**Date:** 29 January 2014

**Attendees:**

Michelle Hanson – Commercial Director – Sodexo UK & Ireland

Steve Jobson – Buying Director – Sodexo UK & Ireland

Chris Dark – Head of Safeguard – Sodexo UK & Ireland

Professor Chris Elliott (CE) – Reviewer - Review into the Integrity and Assurance of Food Supply Networks

Sarah Appleby – Secretary - Review into the Integrity and Assurance of Food Supply Networks

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

## 1. Overview of Sodexo business

Sodexo is a client services provider with operations spanning 80 countries and employing over 400,000 people. In the UK it provides integrated on-site services across a number of areas including defence, healthcare, corporate and education. Around half of its revenue is generated by food provision and half by facilities management. The mix of public to private sector business is also around 50/50.

Sodexo's mission is to improve the quality of life of everyone it serves. Unless an output improves quality of life it would take the position that it shouldn't be doing it. At the core of the Sodexo business is its Better Tomorrow plan which provides a roadmap for sustainable development in relation to the environment, employees, communities and suppliers.

## 2. Discussion on supply chain integrity

Sodexo uses marks and accreditations – such as Freedom Foods or Red Tractor – to help the consumer navigate the market, however it believes in a principle of less is better and would like there to be greater harmonisation of standards and schemes that complement existing legislation. In the case of horsemeat fraud it noted that there was no mark or accreditation scheme that was able to assure the consumer of a product's authenticity.

CE asked about the specifications of Sodexo's customers and in particular how much weight they gave to cost versus quality in these specs. Sodexo said it did not go to market

with a spreadsheet formula and was more focused on outcomes. In the UK it has 22 different models which it delivers to (in education alone there are five models). Although it will agree with a client the level of investment they wish to make Sodexo itself has a minimum standard below which it would not enter into business with a client. This minimum is driven by Sodexo's values. It does not, for instance, source from the grey market. Its aim is to create predictable value and certainty of supply.

Purchasing is undertaken on three levels: global, European and UK. A focus is put on working with the right partners and contracting ahead to minimise risk. Risk based measures have to be put in place for any supply relationship to go to the European level however up until the horsemeat incident Sodexo said these risk measures had not included food fraud. CE said that relationships and trust between partners was vital to ensuring integrity of supply but it was also important for all businesses operating within the food supply chain to put countermeasures in place to deal with the risks of fraud. Sodexo agreed but explained it was not an option to take resource out of ensuring food safety and put it into fraud prevention and as such resources would have to be reallocated from elsewhere or efficiencies would have to be found.

Sodexo said it had changed its approach to meat sourcing following the horsemeat fraud and now required every supplier to fulfil requirements set out in its product assurance scheme (PAS). It believed as a general rule a greater onus should be placed on the supplier to ensure the integrity of the products it was selling. There was also an issue that commercial sensitivity could very quickly become a barrier to branded suppliers sharing information.

Sodexo said it had a strong preference for unannounced over announced audits as they gave a better indication of how a supplier operated on a day-to-day basis. It also felt that the horsemeat fraud proved that some accreditation schemes were not fit for purpose.

CE said he believed the food industry as a whole needed to think more closely about the risk of fraud at a global level. This should include keeping a close eye on developments in markets and using this information to consider where the economic incentives for fraud may lie. He stressed that the best way of finding out where the next potential food fraud risk might come from was through economic analysis and in particular through tracking commodity prices.

CE noted that one of his recommendations had been for the establishment of an industry intelligence hub where information on food fraud could be collated and shared. Sodexo said it agreed with the principle of intelligence sharing but that the rules of engagement would have to be very clear from the outset as there were potential competitive and reputational risks in sharing information. CE said he envisioned the intelligence hub to be a safe haven for industry information, which would be sanitised before it was passed on to the FSA as intelligence. CE also mentioned the possibility of setting up industry 'surveillance clubs' whereby businesses operating in similar markets agreed to pool testing data. He said there was a question over who could facilitate these surveillance clubs and said there may be a role for trade associations to play in this regard.

Sodexo noted that the Centre for the Protection of National Infrastructure had a robust methodology for identifying risks in supply chains and CE should consider whether a link could be made between CPNI and the intelligence hub. It was also noted that Sodexo had an ongoing dialogue with the National Crime Agency over issues like malicious tampering.

Sodexo expressed concern about the quality of testing that took place following the horsemeat incident. It said there needed to be greater clarity around what was being tested for and whether the test could be relied upon. CE agreed and said you could not have a system where unaccredited laboratories were carrying out testing. He noted that one of his recommendations was for the UK to establish a national framework for authenticity testing with properly defined protocols.

### **3. Clarifications requested from interim report**

It was suggested that several areas of the interim report would benefit from clarification:

- Mentions of 'industry' and 'consumers' could be more specific. The notion of industry in particular was broad and what was applicable to one business may not be relevant to another.
- The recommendation around the establishment of an industry intelligence hub needed to make it clear that the hub would be a safe haven and there would be no risk of information making its way into the public domain. The point was made that food operators feeding in information would need convincing that the information was 100% safe.
- Sodexo would welcome a diagram that showed the links between the various authorities responsible for food policy, particularly the FSA, Defra and Department of Health.

### **4. Next steps**

CE thanked Sodexo for engaging with his Review and said he would welcome further engagement ahead of publication of his final report.

Sodexo said it would be happy to sense check some of the clarifications made in the final report.

5 February 2014