

Using regulatory insight to drive R&D strategy

Annual Trends Report | Webinar

25 January 2023

Welcome | Daryl Thomas, Managing Director

Moderated by | Leon Cook, Senior Membership Manager

Presented by | Mariko Kubo, Head of Scientific & Regulatory Affairs



Introducing Membership

- Membership community
- Features
- Benefits



Science Group fact sheet



**R&D
Consultancy**
Science-led advisory
and product development
services

**sagentia
innovation**



**Regulatory
Compliance**
Regulatory and scientific
services to chemicals,
and food & beverage sectors

tsg **leatherhead
food research**



**Frontier Smart
Technologies**
Technologies for digital and
SmartRadio

FRONTIER
SMART TECHNOLOGIES



400+
Scale: 400 employees



12 Global presence:
12 offices and
30 languages spoken



£80M
Growing: revenue increasing
year on year



2 Investment:
2 dedicated,
state of the art
R&D facilities



25%
Deep expertise:
25% of staff have PhDs



1 Sustainability practice:
Strategy, Sustainable
innovation, Product stewardship

Unique access to Group resource: e.g. additional language skills, toxicologists, food chemists

We are proud to operate a membership programme representing a true cross-section of the global food and beverage industry

- ✓ Manufacturers
- ✓ Retailers
- ✓ Ingredient companies

- ✓ Government bodies
- ✓ Industry associations



150+
territories covered

More than
4000?
helpline queries answered annually

1000+
member locations globally

Membership features – providing you with on-demand access – it is the simplest way to do business with us

EXPERTISE

On-demand support for scientific and regulatory affairs

Helpline hours for short enquiries

Discounted rates for projects

Tactical and strategic advice

- ✓ Global regulatory advice
- ✓ Unique breadth of knowledge
- ✓ Trusted industry partner since 1919

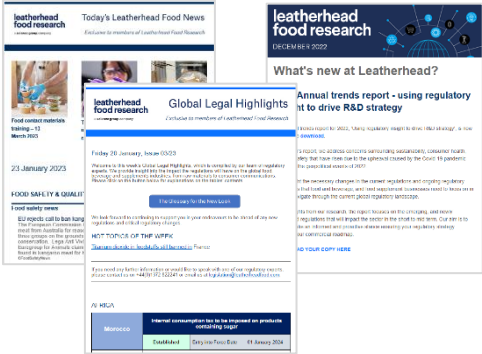
INFORMATION

Stay abreast of industry news and developments

Food News

Global Legal Highlights

Member Digest



INSIGHT

Access to exclusive Member-only content and website area

Annual Regulatory Day

White Papers & Webinars

Annual Trends Report



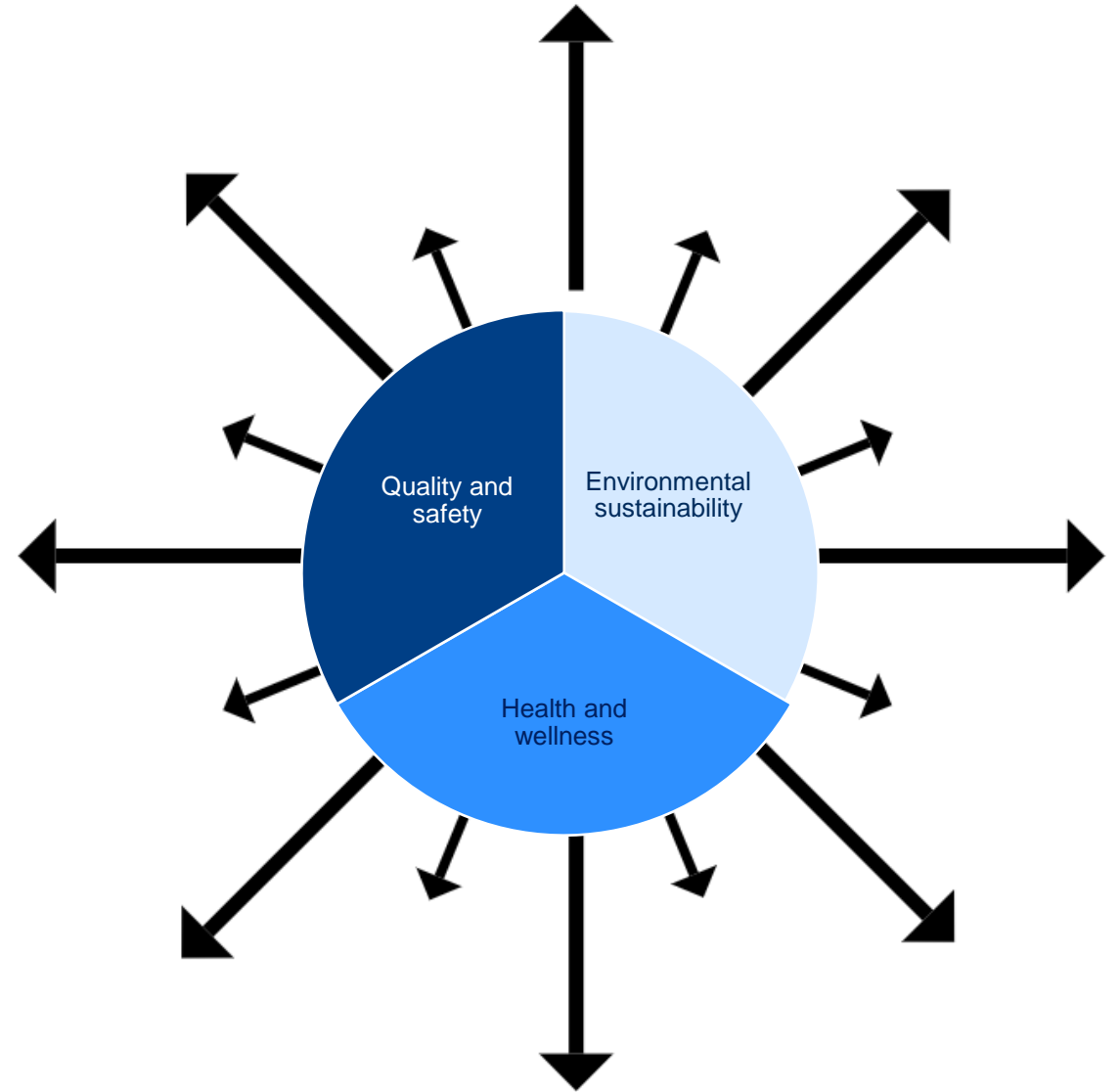
Looking ahead: aligning regulatory insights and commercial strategies

1. The key challenges
2. Environmental sustainability
3. Health and wellness
4. Quality and safety



Global food and
beverage regulatory
change is driven by
3 drivers

Regional divergence
is amplified



Three key drivers are steering eight macro trends on the types of regulations changing

Environmental sustainability

- **Support plastic and packaging waste reduction**
- Manage pesticide pollution
- Reduce water wastage

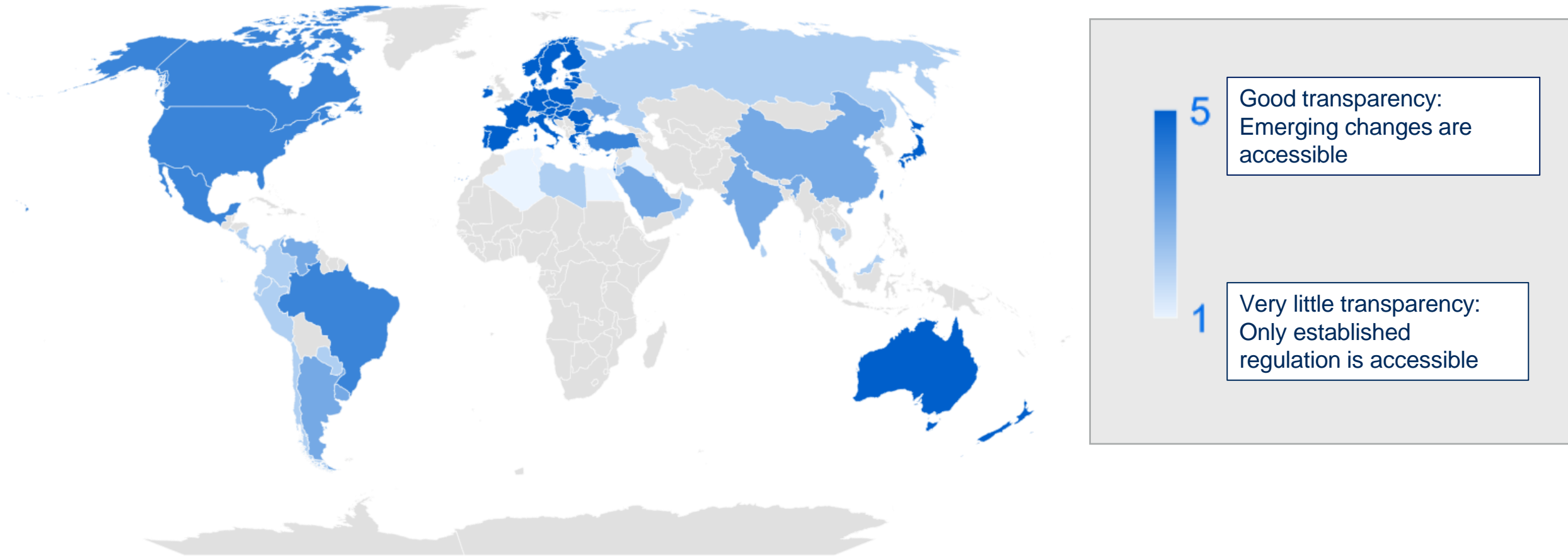
Health and wellness

- **Mitigate 'unhealthy / less healthy' products**
- Support production of products that confer health benefits

Quality and safety

- Improve new product standardisation (i.e. plant-based products)
- Improve / update allergen regulation
- **Review of new biotechnologies**

Transparency of the ‘birth of regulation’ process significantly differs by markets and region

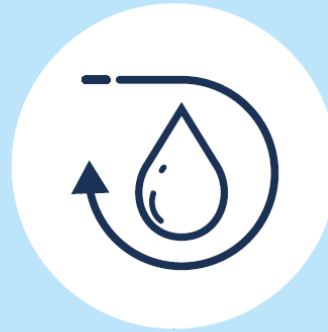


Environmental sustainability

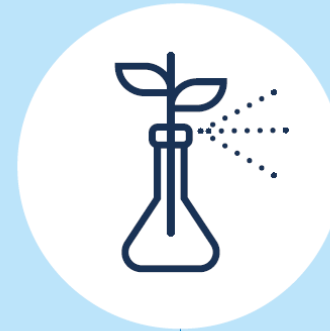


Many environmental-sustainability-driven regulatory changes are still emerging or evolving

The EU is the forerunner for sustainability regulations around the world, providing guidance in tackling various issues across the supply chain



**Reducing water
wastage**

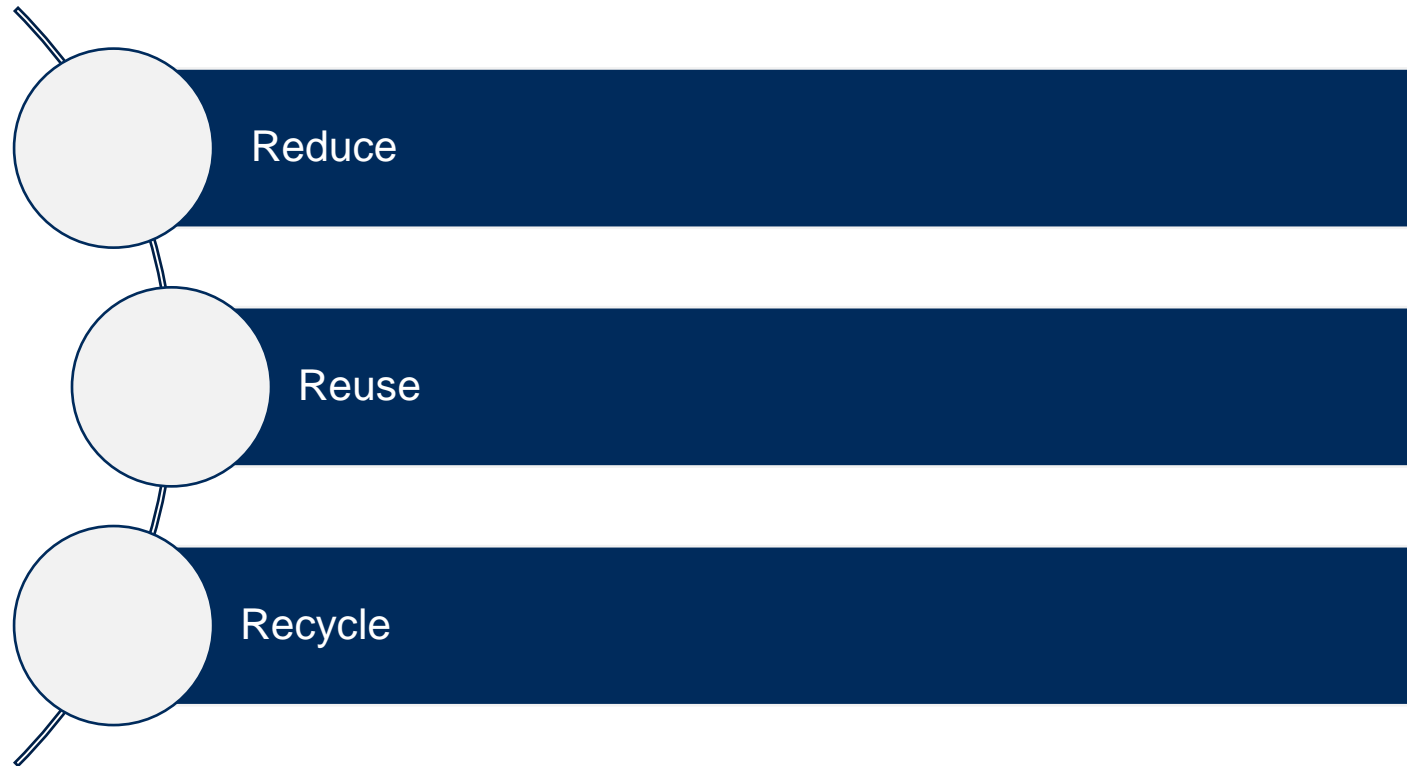


**Managing
pesticide
pollution**



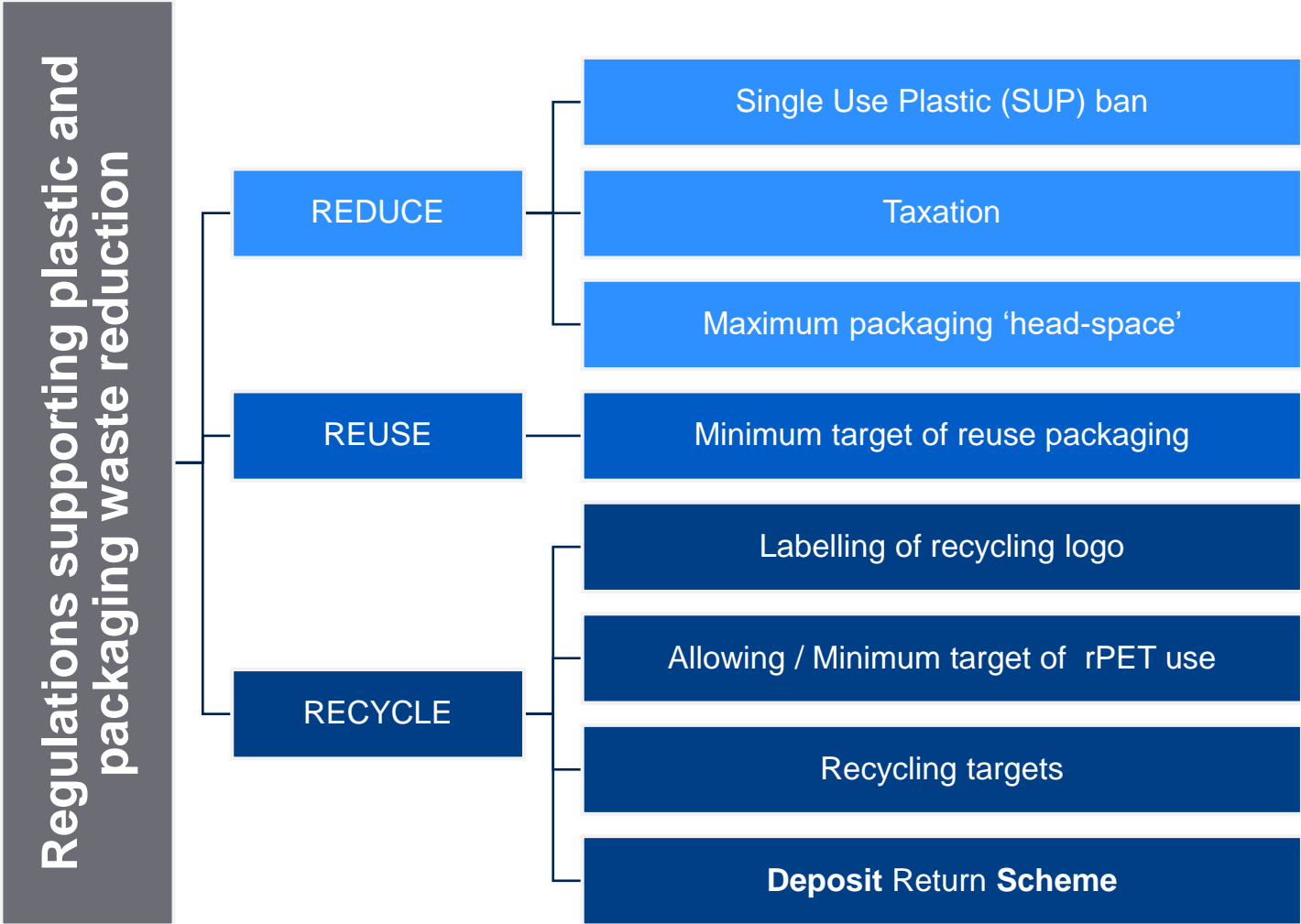
**Keeping up
with plastic
and packaging
regulation**

Regulations supporting the reduction of plastic / packaging waste: fastest moving regulatory change driven by the sustainability agenda



**Keeping up
with plastic
and packaging
regulation**

The EU paved the way for sustainability regulations around the world, issuing guidance to tackle issues across the supply chain



Increasing number of European markets are considering taxation on plastic packaging

- **UK:** The Plastic Packaging Tax Act 2022 came into force on 1 April 2022
- **Italy:** The plastic packaging tax, which was previously scheduled to enter into effect on 1 July 2021 (after postponements from 1 January 2021 and 1 July 2020), will not come into force until 1 January 2024
- **Belgium & Netherlands:** discussion on possibility of introducing a plastic tax
- **Argentina:** The government is working on the development of a packaging law, which may include a tax (single use plastic tax) for those companies using non-recyclable plastics
- **Columbia:** Tax on single-use plastic products used for wrapping, packaging or packing goods has been established
- **South Africa:** Considering an upstream plastic tax and a single-use plastic tax

Spain

[Law No 7/2022](#) of 8 April 2022 on residues and contaminated soils for a circular economy – introduced a tax on non-reusable plastic packaging from 1 January 2023:

- Products within scope:
 - Non-reusable packaging containing plastic
 - Semi-finished plastic products intended to obtain non-reusable packaging containing plastic (e.g. thermoplastic preforms or sheets)
 - Products containing plastics intended to allow the closing, marketing or presentation of non-reusable packaging (e.g. caps)
- Tax rate: 0.45 euro per kilogram of **non-recycled plastic**

‘Reuse’ of packaging is increasingly being discussed and encouraged around the world

EU Draft Regulation on Packaging and Packaging Waste (30/11/2022)

- Regulatory harmonisation
- Packaging minimisation and waste prevention
- Packaging recyclability
- Plastic recycled content
- **Reuse, refill**
- Harmonised labelling

- **France:** A target of 20% reduction of single-use plastic packaging by the end of 2025, of which at least **half will be achieved through reuse**
- **Vietnam:** New EPR system and recycling obligations with targets to encourage reuse of glass packaging
- **Chile:** From February 2023 consumers must be able to give back empty returnable plastic bottles to supermarkets
- **Morocco:** Moroccan supermarkets tackling Single-Use Plastics (MOSSUP) project launched piloting a reusable food container scheme

Health and wellness

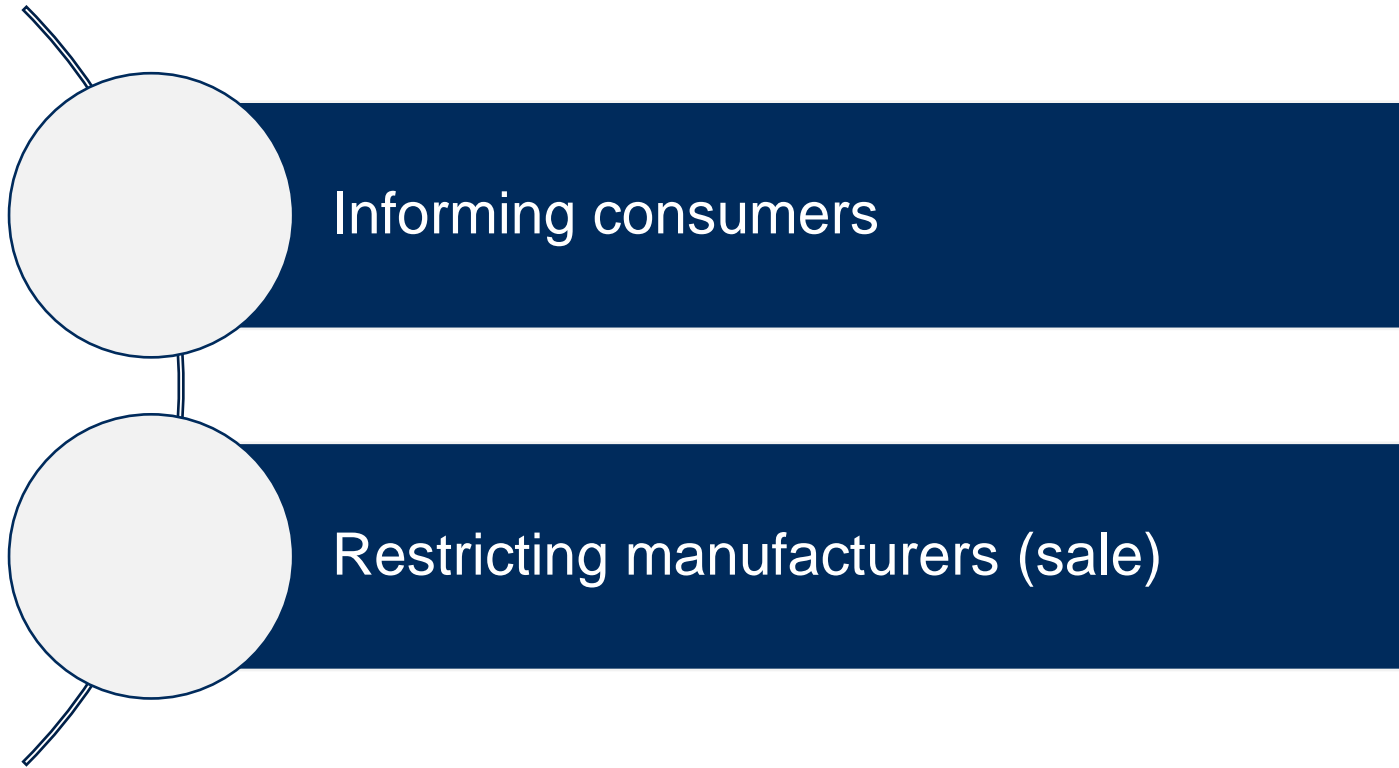


Health-and-wellness-driven regulations have been around for two decades, however additional regulations and changes are still coming

Latin America, especially Chile, may be seen as forerunner for health and wellbeing regulations around the world

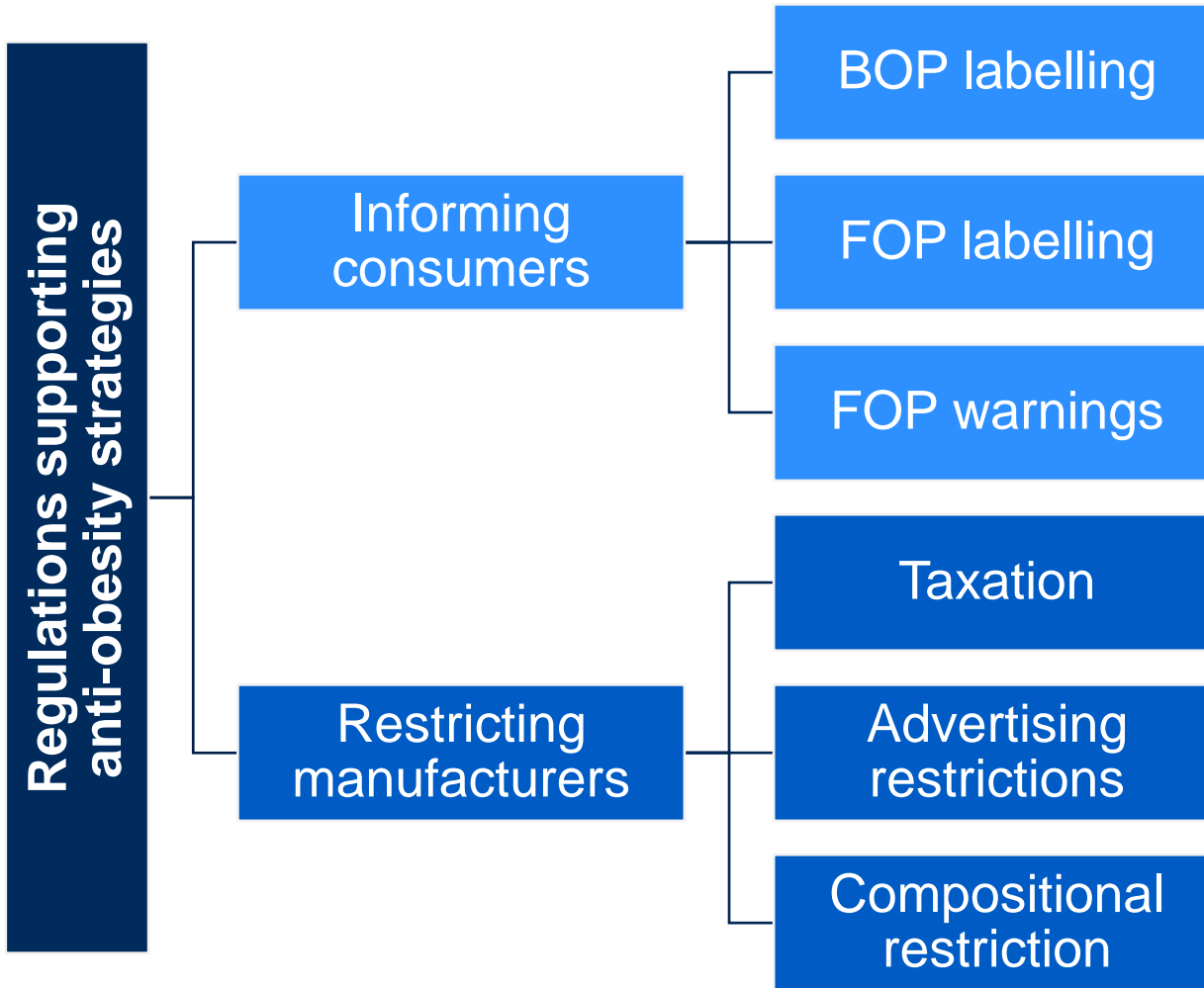


Regulation to support anti-obesity strategies can be broadly divided into two categories



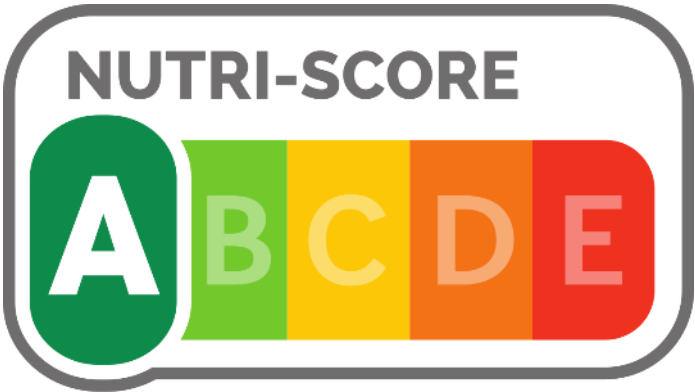
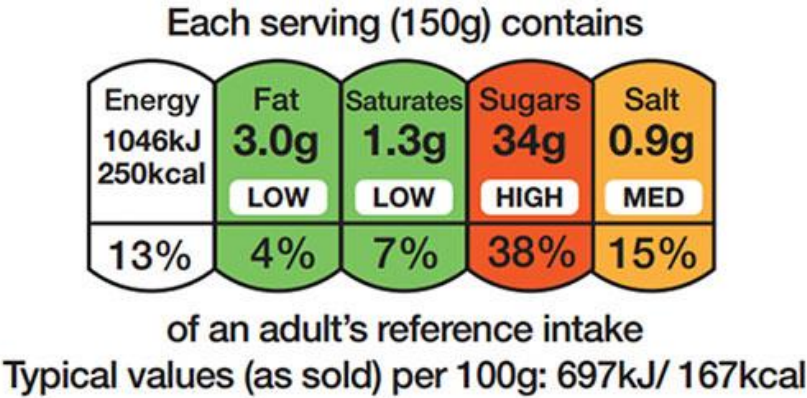
**Mitigate
'unhealthy/
less healthy'
products**

Health-and-wellbeing-driven regulations started with informing consumers – now moving to restricting manufacturers



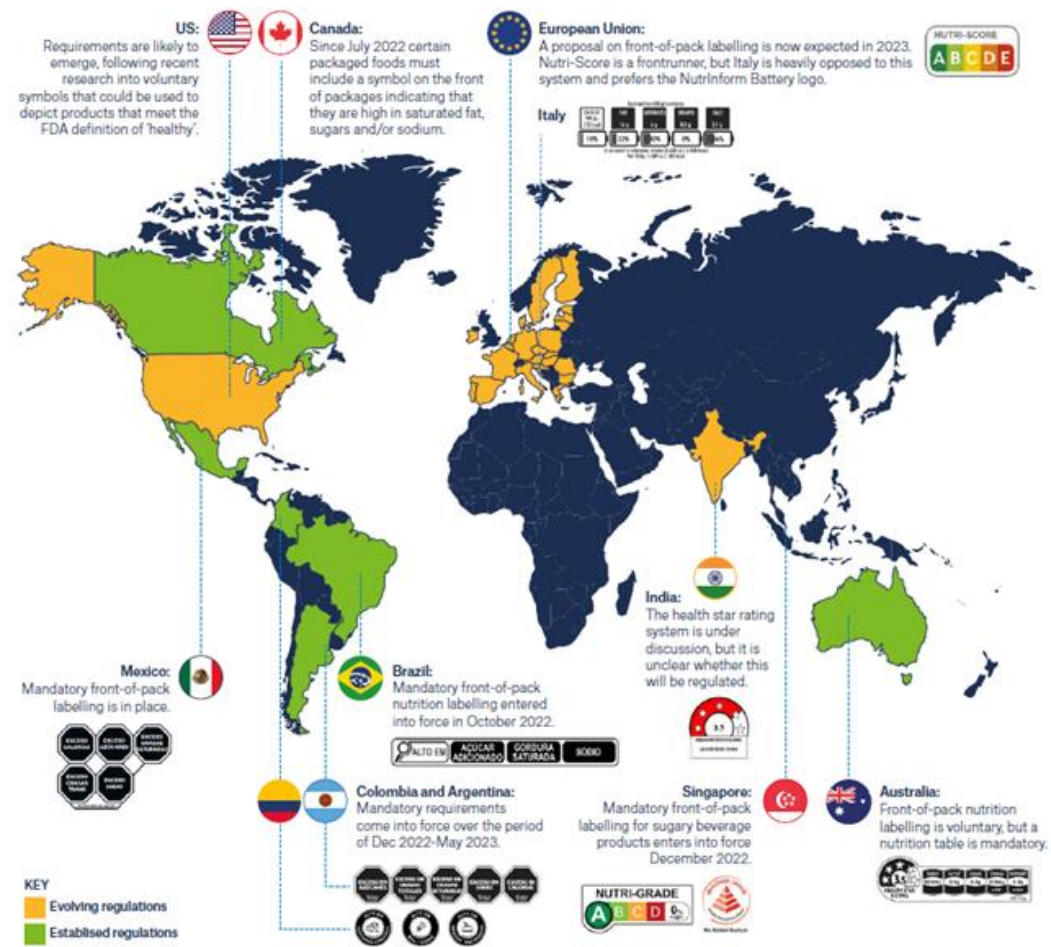
In the last two decades, nutrition labelling has been evolving from BOP nutrition labelling to FOP nutrition labelling to FOP warning

Nutrition Facts			
Serving Size 2/3 cup (55g)			
Servings Per Container About 8			
Amount Per Serving			
Calories 230		Calories from Fat 72	
		% Daily Value*	
Total Fat 8g		12%	
Saturated Fat 1g		5%	
Trans Fat 0g			
Cholesterol 0mg		0%	
Sodium 160mg		7%	
Total Carbohydrate 37g		12%	
Dietary Fiber 4g		16%	
Sugars 1g			
Protein 3g			
Vitamin A		10%	
Vitamin C		8%	
Calcium		20%	
Iron		45%	
* Percent Daily Values are based on a 2,000 calorie diet. Your daily value may be higher or lower depending on your calorie needs.			
	Calories:	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g



Higher in Wholegrains

Front-of-pack labelling strategies continue to be challenging, potentially causing global trade barriers



Colombia: Amendment of nutrition labelling and FOP warning seal requirements (13 December 2022)	
Warning seal format – Resolution No 810 (Previous)	Warning seal format – Resolution No 2492 (Modified)

Taxation has been seen as a win-win for governments looking to raise money and take a visible stance against obesity

Israel

- The new Minister of Finance announced that one of his first acts will be the **cancellation** of the Sugar Tax on beverages
- Despite the success of the tax in reducing sugar consumption, it is perceived by the **new government as a political tax**

Colombia

- Establishing a tax for **highly-processed sugar-added beverages** (e.g., soft drinks, fruit and vegetable juices, etc.) and **ultra-processed foodstuffs high in added sugars, sodium or saturated fat**

Morocco

- An internal consumption tax to be imposed on products containing sugar, such as non-alcoholic beverages made with flavoured fruit juices (soda and nectar) and biscuits, confectionary, jams... from 2024



Quality and safety



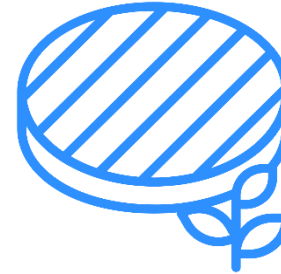
Quality and safety is always top of the agenda and the biggest priority. However, with innovation progressing, new concerns and challenges arise

Safety is our biggest priority and has been for a long time

The members we interviewed unanimously said that safety is always at the top of their agenda

We're investing even more in safety at the moment

Safety is a high priority for all parts of the business



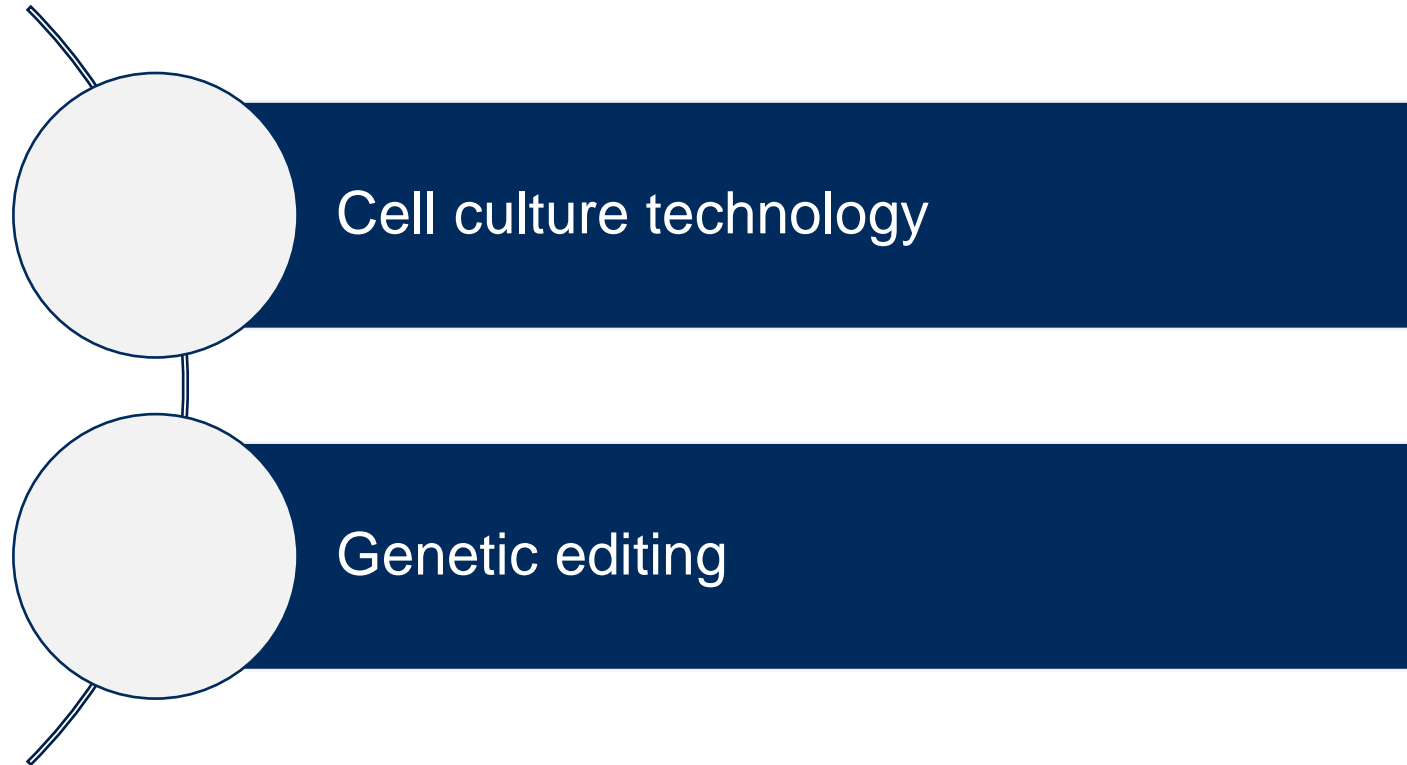
Improve new product standardisation (i.e. plant-based products)

Improve / update allergen regulation



Review of new biotechnologies




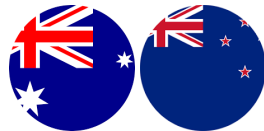
Whilst biotechnologies could pave the way for protection of the food supply chain, these need to be validated in terms of safety



**Review of new
bio-technologies**

Genetic editing

Regulators around the world are still working on the frameworks and guidance – there appears to be a universal approach to separate GE technology from GMO regulations

				
Timeline	Pre-2022	March 2022	2023 - 2024	Future
Situation	<ul style="list-style-type: none"> US at the forefront, recognising that Genetic Editing (GE) is not classified as Genetic Modification (GM) Does not regulate GE which is regarded as a conventional breeding technique US drafting a guidance for foods derived from plants produced using GE BR and AR follow the US's stance on GE 	<ul style="list-style-type: none"> Previously established under GMO classification (1985) Genetic editing exempted from GMO regulation in March 2022 Guidelines for safety assessment of GE plants now available – provide a pathway for regulatory requirements 	<ul style="list-style-type: none"> UK previously accepted the EU position that gene-edited foods fall under the scope of the GMO Directive UK is now moving to exclude GE from the regulatory requirements applicable to GMO The EU is also re-evaluating the rules for these technologies If moved out from under GMO, may be a possibility to go through the Novel Food Approval process 	<p>Currently proposing:</p> <ul style="list-style-type: none"> To amend the definitions To include specific product-based criteria for excluding certain foods from pre-market safety assessment and approval as GM food

First crispr-edited food to enter Japanese market in December 2020

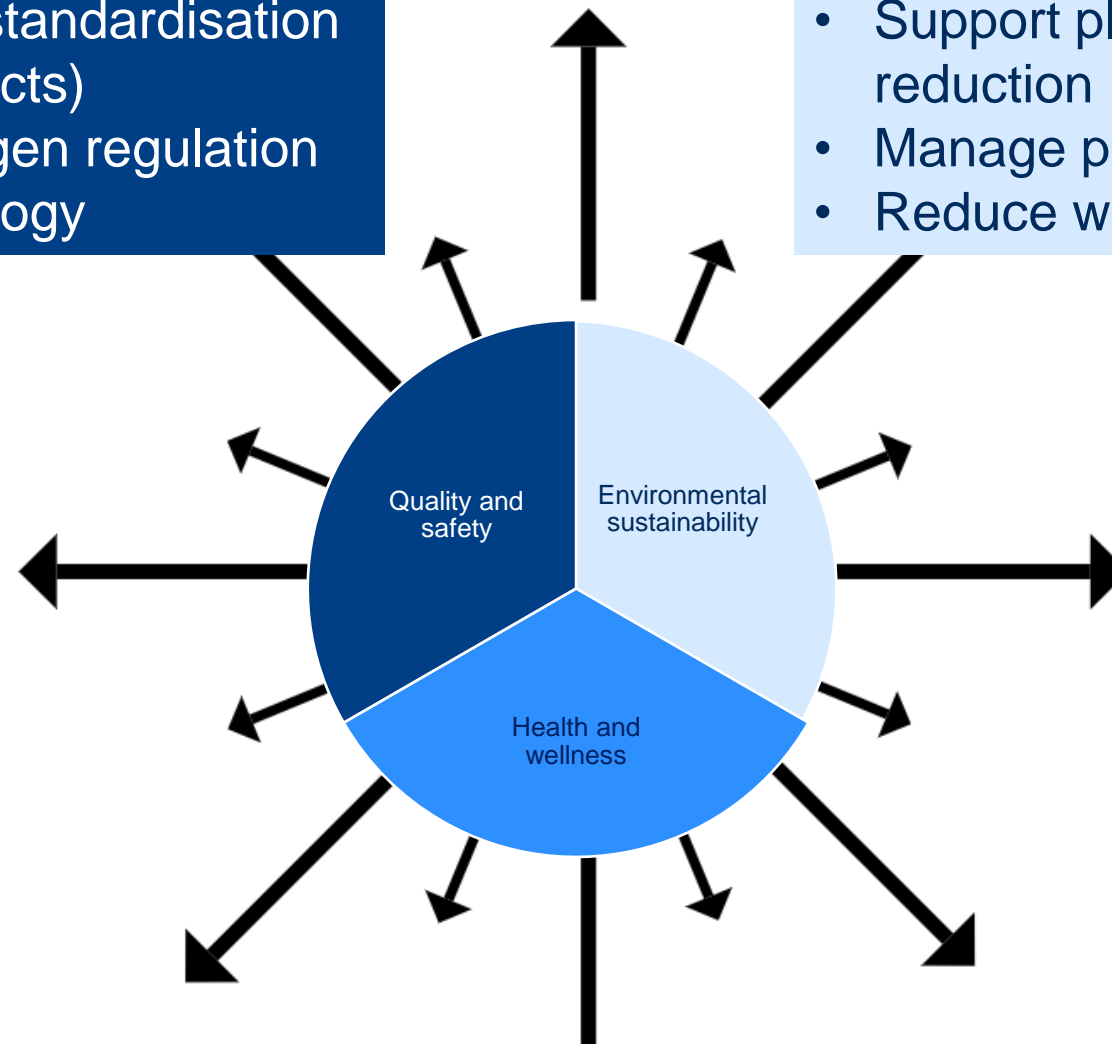


Conclusions



- Improve new product standardisation (i.e. plant-based products)
- Improve / update allergen regulation
- Review of new technology

- Support plastic and packaging waste reduction
- Manage pesticide pollution
- Reduce water wastage



- Support production of products that confer health benefits
- Mitigate 'unhealthy / less healthy' products

3 Takeaway messages

1. Three industry drivers – environmental sustainability, health and wellness, quality and safety – pose challenges and opportunities for food and beverage businesses at present
2. Localisation / regional divergences are creating complexity and trade barriers
3. Health, sustainability and novel production techniques are leading to regulatory change and a volatile regulatory landscape



Q&A Session | Regional regulatory leads



Mark Moss
Europe Lead



Cristina Losada
LATAM &
Australasia Lead



Sara Boubakri
Middle East &
North African Lead



Meng Li
Asia Lead



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