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Building Resilience for a Sector in Transition

20th November 2020

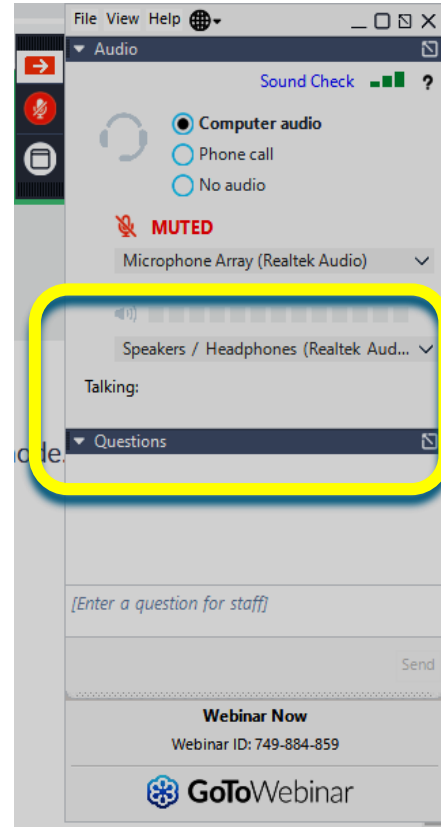


Topics that we'll cover today



- David Thomson - FDF perspective inc update on Brexit
- Nicola O'Neill - Marsh Advisory support to help F&B Resilience
- Nicola Saltman - Mercer Employee Benefits support
- Dr Gary Stephenson - Devro
- Mark Bruce – Borders Biscuits

YOU CAN SUBMIT QUESTIONS AT ANY TIME. TYPE THEM IN THE BOX.
Any questions we don't get to answer, we will answer afterwards, by email.
Otherwise, email us directly: info@fdfscotland.org.uk



- David Thomson - Intro and FDF perspective inc update on Brexit
- Robert McEwan - Introduction - Marsh
- Nicola O'Neill - Marsh Advisory support to help F&B Resilience
- Nicola Saltman - Mercer Employee Benefits support
- Mark Bruce - Borders Biscuits
- Dr Gary Stephenson - Devro
- David Thomson : Round up/ Summary
- Q&A

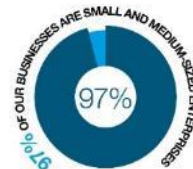
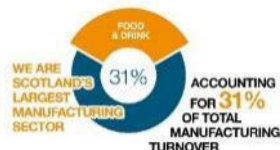
Ambition 2030

David Thomson

FDF Scotland Members



Food and Drink Manufacturing in Scotland



Our Ambitions - Scotland



Ambition 2030 sets out:

- Turnover of £30bn by 2030
- Responsible, profitable industry
- Fairness in supply chains
- Enhanced exporting
- Innovation as key to growth

But ... 2020!

Coronavirus

- Exports down c14% in Quarter 1
- Hospitality industry – and those supplying them - in turmoil
- Changing consumer behaviour

EU Exit

- Simply, what are the rules? (And what is our relationship with the EU?)

Climate Emergency

- But what does this mean for Scottish consumption and production?

Health and calories

- Easing off on hard pressed businesses, or reason to do more?

Gaining resilience – from within and with support from government

Building or rebuilding exports – in Europe and beyond

Value in the supply chain – making sure farmers and fishermen benefit

A proposition for the climate emergency

Contacts

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www.fdfscotland.org.uk

Robert McEwan – Marsh

Nicola O'Neil - Marsh

Nicola Saltman - Mercer

Marsh – Food and Beverage Practice



Marsh (FDF affiliate member)

- Global Risk Advisor and Insurance Broker.
- Marsh Corporate represent over 30% of FTSE 350 Food and Beverage (F&B) companies.*
- Marsh Corporate represent many Business Insider Scottish Top 500 F&B companies.
- Marsh Commercial represent many SME F&B companies across the UK.



Food and Beverage Practice

- Research and Development, Shared Knowledge, Constant client feedback.
- Specialist Products Recall Team.
- Extensive market knowledge and expertise and 'Benchmarking' Capability.



Marsh Advisory

- Wide range of Risk Advisory support delivered on a Project/Fee basis.
- Nicola O'Neill - Building Resilience in food and beverage companies.
- Nicola Saltman - Marsh Mercer Benefits – supporting employee Health and Wellbeing.

We represent over

45%

of the world's leading food and beverage companies.*

We advise

70%

of the top 10 European food and beverage companies.*

We represent over

30%

of FTSE 350 food and beverage companies.*

*Based on Marsh data as of August 2020

Riskometer

How comprehensively do you insure and manage your key risks, and what solutions are available to plug the gaps?



Marsh's proprietary **Riskometer** tool seeks to qualitatively assess the **extent to which your existing insurance coverages and risk management actions mitigate a set of industry- and client-specific risks**. Industry-specific risks are pre-identified by Marsh's Industry Practice Leaders and objectively scored out of 5 for frequency and severity (1=Low, 5=High).



Intended to be completed collaboratively, the outputs of the Riskometer tool will help clients **identify potential gaps in their existing risk financing and risk management programmes**, whilst simultaneously **highlighting available solutions to plug some of these gaps** (either insurance products or risk solutions). The visual outputs of the tool include a heat map of your risk profile.



For Marsh clients, this tool will be integral in the formulation of **multi-year, collaborative risk mitigation and risk improvement plans**; led by Client Relationship Leaders and Client Executives.

Food and Beverage Sector: Organisational Resilience Overview

Resilience is the ability of organisation to continue and adapt in the face of change and business disruption. It requires oversight of all aspects of risk within an organisation and a systematic approach to managing threats and opportunities.

Recent discussions with clients across the food and beverage sector have highlighted the following areas as being key components of an organisational resilience framework.



Business Continuity Management.



Supporting business recovery following a disruption, e.g. fire at a key food manufacturing site.



Crisis Management.



Protecting reputation and stakeholder communication, e.g. in response to COVID-19 outbreak at a key site.



Enterprise Risk Management.



Alignment of risk with strategic objectives: changes to risk/insurance in response to the 'new-normal'.



Supply Chain Risk Management.



Understanding third party risks and external exposures, e.g. Brexit.



IT and Cyber Risk Management.



Protecting critical infrastructure, data and information as digitisation increases throughout food processes.



Operational Risk Management.



Managing people, property, product, and asset related risks.

Supporting Employee Health, Wealth, and Financial Wellbeing



Employer Considerations

- Employee Benefit Health Check
- Use benefit plans to manage people risks (Key Person cover/Mental Health/Talent Shortages)
<https://www.mercer.com/our-thinking/health/merc-marsh-benefits-managing-people-risks-with-benefit-plans.html>
- Choose suppliers carefully lock in rate guarantees and flexible options for premiums.
- Communications



Employee Health/Wealth and Financial Wellbeing

- Value added solutions from Insurers
 - Early intervention
 - Employee assistance programmes
 - Mental health online workshops
 - Link with health and wellness strategies
- Financial Wellness
<https://www.uk.mercer.com/our-thinking/dealing-with-the-impact-covid19/employer-financial-wellbeing-resources.html>

Dr Gary Stephenson
Global Regulatory and External
Affairs Director
Devro Plc



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External events, predictability and adaptability

All Predictable

COVID 19 - *Global Spread of new disease*

Human - HIV, Ebola, SARS, CJD

Animal - BSE, ASF, FMD, HPAI

UK EU Exit - *Political*

US/China; EU/Russia;

Environmental – *Long-term*

Carbon, Water, Plastic Use



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COVID19 - Being prepared

Business Continuity – Teams and plans

Each site has a team and plan – we test regularly.

Pandemic influenza has been a scenario 2017/2019.

SARS-Cov2 – first appeared in China.

Production plant in China – triggered continuity plan

Global – Incident Management team (biweekly-weekly)

Local – Business Continuity Team (daily-weekly)

learn form your experience



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COVID19 - Understanding the threat & responding

All sites prepared end Feb 2020

Understanding

- Respiratory virus spread person to person

Responding

- Control person to person contact
 - Social distancing (reduce number of people contacts)
 - Home working, No visitors, Distancing (to and at work), Travel
- Health checks
 - Entry temperature, questionnaire
 - Increased hygiene – regular, hand contact and sanitisation
 - Wellbeing of those working remotely
- Structure – Ventilation, People flow, Workstations,
- COVID response plan
 - Safe room, Training, Track and Trace, Isolation procedures and testing



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Outcome

- All sites
 - Continued to operate through COVID
 - When cases – track, trace & isolate.
- Sites coming out of COVID – (China/Australia/Japan)
 - New normal learnings – less travel, more flexibility.
- Sites in COVID (Europe and US)
 - All continued operating
 - Some people availability challenges due to our isolation policies but continued full customer supply.
 - Meetings/Travel/Offices
 - We can do a lot remotely– a glimpse of the future
 - More flexible, Less travel/commute, Improved IT

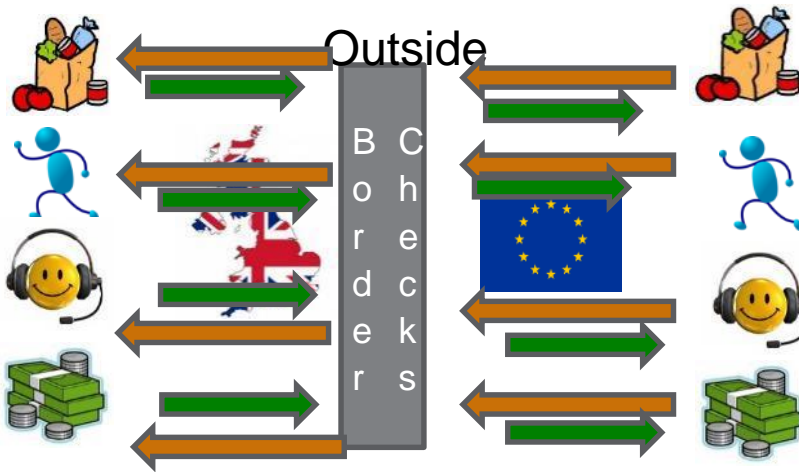
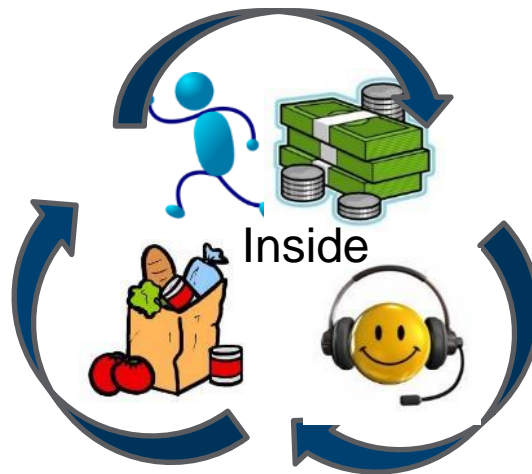




Planning since 2017



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All Goods new requirements

Customs declarations

Import/export licence

Tariffs

Taxes

Additional requirement for all Products of Animal Origin
(POAO) into EU





Animal health – Disease control in the EU.

- Approved countries only
 - Waiting for EU to add UK and UK to add EU

Food Standards



Human health – Control in the EU.

- Only approved manufacturers
 - Waiting for EU to add UK establishments and UK to add EU.

Export Health Certificate

- Official Veterinary Certificate.
 - EU just changed them all

Food Labelling

Specific EU requirements

- EU Health/Idmark – GB instead of EU
- Address in EU if B2C





Customs checks

- Infrastructure
 - dedicated animal derived product Border Inspection Post.
 - Dedicated laboratory for product testing
- Resource
 - Trained vet and food inspection expertise.
 - Customs staff
- Process
 - must have above paperwork checked at Border
 - A set percentage of product must be taken for analysis.
 - Customs declaration documentation is needed
- Costs
 - Tariffs need to be paid



Preparing

- Planning
 - We know what is needed (have done since 2017)
 - We are ready - government are not.
 - Expect 6 month of disruption
 - Extreme Jan-Feb, Easing Mar- Apr, Settling May-June
 - 3 months buffer
 - Product
 - Raw material
 - We have production facilities all over the world and will adapt.



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Mark Bruce
Commercial Director

Border Biscuits





FDF 20th November 2020
Building Resilience for a sector in transition

FEBRUARY/MARCH 2020

Environment

Covid 19

Brexit

Legislation

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THE EARLY MONTHS

Crisis
Management

Management

Planning for the
longer term

Fast implementation of new ways of working

- Social distancing
- Temperature checks
- New policy creation (at speed)
- Reshaping the business to new demand patterns
- Working from Home/Teams Meetings
- etc

Employee
Wellbeing

Business
Health

Our established Risk Management process was invaluable

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WHERE ARE WE NOW?

Second wave – further uncertainty

Medium and long term planning – agility is key

Resilience and creativity

Understanding what is a temporary shift and what is long term. For example

- “Big Shop is back”
- A change in the way we work

INNOVATING HOW, WHERE & WHEN WE WORK

AUDITS & ASSESSMENT CONFIRMED:

ROLE: Clarity at individual role level on how best to work from home and what cannot be done away from the office

INDIVIDUAL: Personal health and wellbeing means that whilst risk is too high for some staff to visit office, many others struggle to work from home

SPACE: Recognition that not everyone's home life / space is conducive to regularly working from home



REPURPOSE
WORKSPACE
REWRITE NORMS ON
HOW WE OPERATE
LASTING CHANGE
TO ROLES



**COMPLEX AND ONE SIZE
DOESN'T FIT ALL**

(Working from Home if you can)



- IMPROVE WELLBEING
- REDISCOVER CREATIVITY
- RE-ESTABLISH COHESION
- PROVIDE DEVELOPMENT
- MORE ENJOYMENT

EXAMPLES BEING EVALUATED . . .

OFFICE SPACE:

- Extend availability of offices
- COVID secure "On-siting"
- More engaging common spaces
- Less desks
- Segregated areas

WORKPRACTICES:

- Rotating functions onsite
- Meeting blackouts & Core hours
- Dark Days Hours (mid day break)
- Very flexible hours

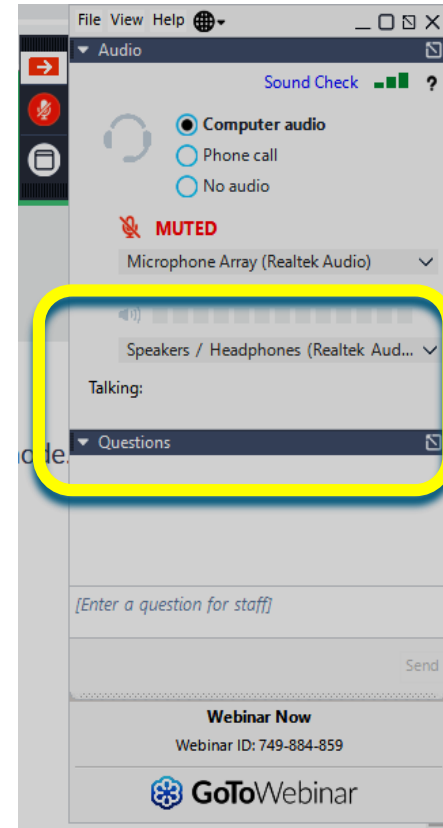
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passionate about
food & drink