



Applying Lessons Learned from the COVID-19 Crisis: Ten Critical Changes to Advance Smarter CPG Industry Regulatory Policy

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TEN POLICIES TO MAKE SMARTER REGULATORY POLICY PERMANENT

Transportation

1. Improve 'Hours of Service' Rules
2. Safely Modernize Truck Weight Limits

Inspections

3. Develop and Implement Modernized Routine Inspection and Third-Party Audit Models
4. Expand Government Capabilities to Provide "Speed of Business" Regulatory Response to Stakeholders
5. Expedite Creation of Just-In-Time Best Practice Documents

Labeling Disclosure

6. Expand Digital Disclosure of Product Information
7. Accelerate Process to Substantiate Product Efficacy Claims
8. Maintain Food Labeling Flexibility
9. Remain Solution-Focused to Ensure Accurate Information is Available to Consumers

Manufacturing

10. Adopt "Switch and Notify" for Supplier Changes

OVERVIEW

The COVID-19 pandemic created unprecedented challenges for the consumer packaged goods (CPG) industry, demanding new approaches to manufacturing processes and temporary changes to government policies and regulations. Many of these crisis-driven actions have since proven to be as safe and even more efficient at achieving the goals of pre-crisis public policy and should be made permanent. The experience of the pandemic demonstrates that regulators and industry can work together to swiftly and effectively improve the regulatory environment.

Following are ten such policies. They address outdated or flawed pre-pandemic policies that were changed in response to COVID-19. They work not only for today's changed operating environment but will continue to produce better results for consumers and businesses for years to come – from lower costs and greater productivity, to faster speed-to-market and a better consumer experience.

Realizing the benefits of these policy changes will require strong industry commitment and new investment, as well as true partnership between the CPG industry and government. But we believe the important lessons learned in the COVID-19 pandemic should not go to waste as we return to a more conventional regulatory environment.



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Transportation

1

ACCOMPLISHED

Improve 'Hours of Service' Rules. In response to the coronavirus' impact on trucking shortages, the federal government temporarily eased trucking Hours of Service rules to keep goods moving. In response, drivers and carriers delivered impressively for American consumers, with no change to the industry's high safety standards or performance compared to pre-COVID-19 operations. Drivers' and carriers' record during the crisis recently convinced the Federal Motor Carrier Safety Administration to permanently revise Hours of Service rules; FMCSA increased maximum driving time, expanded driver hours for adverse conditions, adjusted required break times and modified off-duty requirements. The increased Hours of Service flexibility will enable drivers and carriers to efficiently manage complex schedules while adhering to responsible rest and safe operating protocols. They will also enable vital links in the supply chain to continue delivering high-demand products to stores across the country. Finally, the federal government's actions underscore that regulatory changes implemented during the initial response to COVID-19 can be swiftly and permanently adopted to both improve industry's performance and advance the public good.

2

Safely Modernize Truck Weight Limits. The coronavirus pandemic essentially created a nationwide pilot project testing the safe operation of heavier trucks on U.S. highways. Throughout the crisis, millions of tons of consumer goods were delivered more efficiently and just as safely as before COVID-19. The industry's strong results demonstrate it is time to permanently allow trucks to haul more goods by establishing a new, national standard for truck weight limits. The safe operation of heavier trucks across state lines during COVID-19 underscores that modern trucks and skilled drivers are more than capable of meeting a new standard without any compromise on safety. Many states have already raised their truck weight limits, but until today's low federal limit is permanently raised, the safer and more environmentally efficient interstate shipment of consumer goods will not be possible. The federal government should move to increase gross weight limits to 91,000 pounds.

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Inspections

3

Develop and Implement Modernized Routine Inspection and Third-Party Audit Models. COVID-19 has illustrated it is possible to facilitate efficient regulatory oversight by inspectors – and verification of suppliers by auditors – through alternative approaches that replace certain in-person practices. This approach can streamline unnecessary in-person interaction, potentially saving hours of time for individual facilities and days worth of time and resources for companies with multiple facilities, as well as for government agencies and departments. FDA's recent two-tiered pilot inspection program for food manufacturers is a great example of how inspection systems can be modernized – a practical solution that is feasible for industry, meets regulatory requirements and does not compromise worker or product safety.

4

Expand Government Capabilities to Provide "Speed of Business" Regulatory Response to Stakeholders. During the COVID-19 crisis, regulators have been timely and responsive to stakeholder questions. Most regulatory agencies and departments have mechanisms in place for this dialogue, but typically the speed of the response and the provision of practical solutions vary between regulatory bodies. Making common questions available to the general public can take weeks for clearance. This process should be refined to follow the speed of response experienced during the COVID-19 crisis. The model used for AskFSIS is one that provides general policy clarity as well as information specific to each company. This framework should be implemented across agencies and departments.

5

Expedite Creation of Just-In-Time Best Practice Documents. During the COVID-19 crisis, multiple just-in-time industry best practice documents were created by the Food and Beverage Issue Alliance and "blessed" by CDC and FDA in particular. A process for expeditiously creating these documents, clearing them and subsequently sharing the documents with appropriate federal and state government agencies for their concurrence (as opposed to clearance) and then posting on the web was established and implemented. These documents were fit for use, timely and served to help numerous individual facilities and establishments. This process and expectation should be the new normal; the federal government should partner with industry to achieve this goal.

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Labeling Disclosure

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Expand Digital Disclosure of Product Information. The COVID-19 crisis has dramatically impacted consumer shopping behavior and driven a massive migration to online purchasing. While the latest Nielsen data shows in-store purchases of CPG has risen 45 percent vs. 2019, online purchases have grown by more than twice that rate, increasing by a whopping 91 percent. These 100 million online buyers lack access to paper labels and physical product information on the package. Nonetheless they are using digital technology to adequately evaluate product ingredient information, nutritional facts and other labeling disclosures. This massive adoption of digital product disclosure offers real-world validation for instituting a uniform, systematic expansion of digital disclosure. A modern digital disclosure system can provide consumers accurate, comprehensive product information that can evolve at the speed of technology. The current crisis shows consumers are not only ready for it, they are already embracing it.

7

Accelerate Process to Substantiate Product Efficacy Claims. From degreasers to disinfectants, consumers want the most appropriate product for cleaning and disinfecting, particularly with the onset of COVID-19. Securing EPA approval to make a label claim – that a product kills the novel coronavirus, for example – ordinarily entails a three- to six-month process. In response to the pandemic, EPA pledged to cut this approval and registration process in half. This is a welcome improvement and could even be accelerated with the goal of cutting the process to one or two weeks on a permanent basis, enabling manufacturers to respond quickly to evolving consumer and institutional cleaning needs.

8

Maintain Food Labeling Flexibility. Labeling flexibility created in response to the pandemic should continue to allow product targeted toward one stream in the supply chain, i.e. restaurants and institutions for foods, to be easily redirected to another part of the supply chain, i.e., grocery store shelves; this should be the new normal and not the exception. Industry and agencies can work together to develop those core minimum requirements where product safety is not impacted that will provide nimble solutions when the supply chain is challenged.



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Labeling Disclosure *(continued)*

9

Remain Solution-Focused to Ensure Accurate Information is Available to Consumers.

Regulators have been able to be flexible and solutions-oriented during the pandemic as it pertains to product labeling; for example, industry members have been able to define scenarios resulting from the pandemic that required labeling flexibility (recycled raw material claims, variety pack offerings, etc.) and offer a plan for addressing issues. These plans were shared with the appropriate regulatory agencies for decision-making, and the agencies typically responded within a week and allowed the flexibility requested. This flexibility prevented food waste and allowed new disinfectants to get to market – this should be the new normal. Using digital disclosure was often part of the solution to assure transparency relative to consumers.

Manufacturing

10

Adopt "Switch and Notify" for Supplier Changes. Manufacturers must often make supplier sourcing changes on short notice. EPA regulations required manufacturers of certain formulated products to shut down production lines and request advance approval when changing suppliers of inert or active product ingredients. This multi-month process disrupts supply chains and requires costly, time-consuming shut-down and restart procedures at facilities. With extraordinary demand for cleaning products surging during the COVID-19 crisis, the EPA moved to a "switch and notify" policy for manufacturers changing suppliers of select commodity ingredients. To maintain efficient supply chains moving forward, EPA should adopt "switch and notify" as permanent policy for these commodity ingredients.