



**THE SAFETY ENDEAVOUR**



The Stericycle Quarterly European Recall & Notification Index examines cumulative recall data from the RAPEX and RASFF. Each quarter, the report investigates emerging trends within the recall industry and includes scorecards with key takeaways in each category.

# The Safety Endeavour: Advances Shape the Recall & Notification Landscape

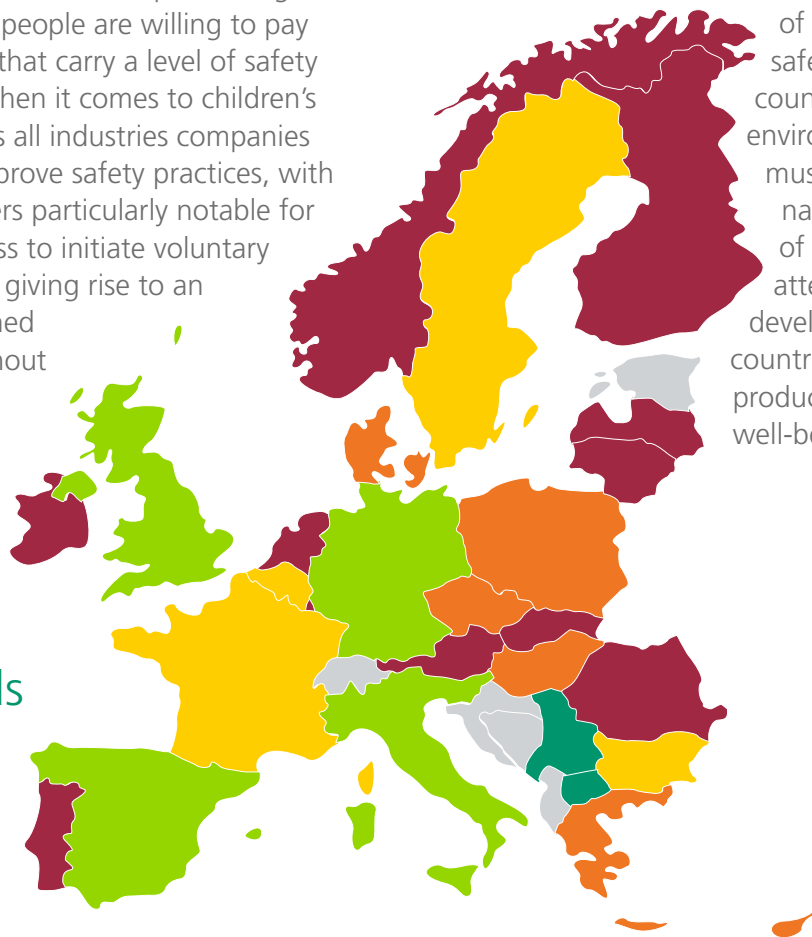
Consumer safety has been an area of increased focus throughout Europe in recent months, but concerns still linger.

The European Union has been the primary driver of this trend, implementing new regulations to tighten safety standards across industries. In the food sector, for example, laws have been enacted to minimise issues resulting from mislabelled products.

The regulatory bodies are not alone in taking a greater interest in product safety. Consumer purchasing behaviour indicates that people are willing to pay a premium for products that carry a level of safety assurance, particularly when it comes to children's toys and clothing. Across all industries companies are making strides to improve safety practices, with automotive manufacturers particularly notable for their increased willingness to initiate voluntary recalls. These factors are giving rise to an environment of heightened recall awareness throughout the EU. But does this increased awareness ease the safety burden for European manufacturers and consumers in the future?

## Q1 2015 Recalls & Notifications by Country

To answer this question, the Stericycle European Recall and Notification Index examines output from regulatory bodies RAPEX and RASFF to provide key insights into the recall and notification landscape. The data shows that efforts to improve product safety paid off in the first quarter of 2015, particularly within the automotive and consumer products industries. However, even with the improvements, the lack of a standard set of product safety regulations across countries was evident. In this environment, manufacturers must be prepared to navigate the intricacies of product recalls and attentively monitor developments in other countries that could affect their product—and the health and well-being of their customers.



>100 Recalls & Notifications

51-100 Recalls & Notifications

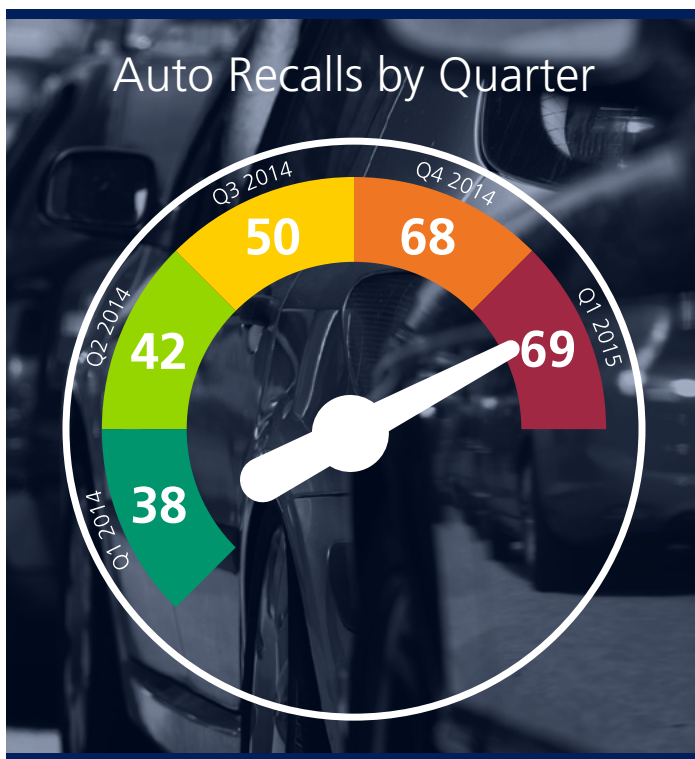
25-50 Recalls & Notifications

<25 Recalls & Notifications

# Auto Acceleration: Focus on Safety

Recalls and notifications in the automotive industry maintained their accelerated pace in the first quarter of the year, with 69 recalls and notifications, consistent with the previous quarter.

For the seventh successive quarter, Germany had the most recalls primarily due to the prevalence of auto manufacturing in that country. Further underscoring this point, both of the two automotive machinery recalls that occurred in Q1 originated in Germany.

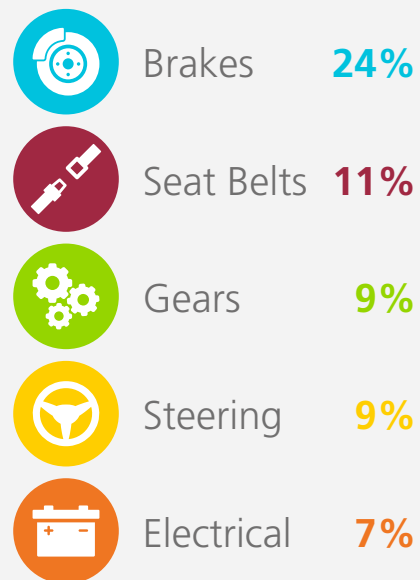


At first glance, Q1's upward trend might not signify a greater focus on safety. However, based on further insight, it's evident that the auto momentum is an indicator of a significant shift occurring in how manufacturers approach motor vehicle recalls. Every one of the 69 recalls initiated in Q1 was voluntary, an 82 per cent increase in voluntary recalls from the prior quarter. Looking back at historical data, compulsory recalls have been decreasing year-over-year—dropping from 27 per cent of 2013's recalls to 11 per cent in 2014.

This data suggests that manufacturers are increasingly seeing the benefits of voluntarily recalling vehicles rather than being forced to take action. Auto manufacturers appear to understand that, when handled sensitively, a timely and proactive recall can make the difference between a significant crisis and an opportunity to build brand loyalty. When properly executed, recalls give auto manufacturers a chance to re-engage with customers, acquire more service revenue and reinforce brand image.

## Top Causes of Q1 2015 Auto Recalls

PASSENGER CARS ONLY



Thirty-two brands initiated a recall in Q1, with 11 of these companies experiencing two or more. Many of these recalls had high safety implications, with brakes, seat belts, gearboxes and steering issues as the leading causes, contributing to 53 per cent of the quarter's activity.

# Consumer Products: The Global Challenge

According to the European Commission, in 2014 nearly 2,500 products were either stopped before they entered the EU or removed from markets due to their potential risk to consumers<sup>1</sup>.

The Commission has also prioritised information sharing between member states, setting up a website where details about dangerous non-food related products can be quickly disseminated so that appropriate action is taken throughout the EU. Last year, this Rapid Alert System attracted nearly two million visitors<sup>1</sup>, with injury, chemical risks and choking among the most frequent product hazards.

Thanks in part to this and other efforts to enhance safety processes, consumer product recalls declined by 25 per cent in the first quarter of the year. There were 422 recalls, making Q1 the lowest quarter for recall activity tracked in the last seven quarters. The toy subcategory experienced the lowest number of recalls in nearly eight quarters with 114 recalls, a 30 per cent decrease from Q4 2014. Clothing, textiles and fashions saw an even more dramatic dip to be the lowest number of quarterly recalls tracked in four years. There were 67 recalls in Q1, a 62 per cent decrease from the last quarter of 2014.

## Origin of Q1 2015 Consumer Product Recalls by Country



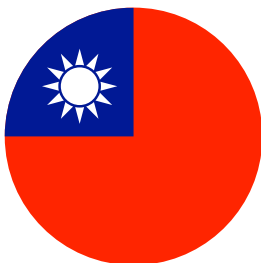
China  
**319 Recalls**



Turkey  
**11 Recalls**



Germany  
**8 Recalls**



Taiwan  
**8 Recalls**



United Kingdom  
**5 Recalls**

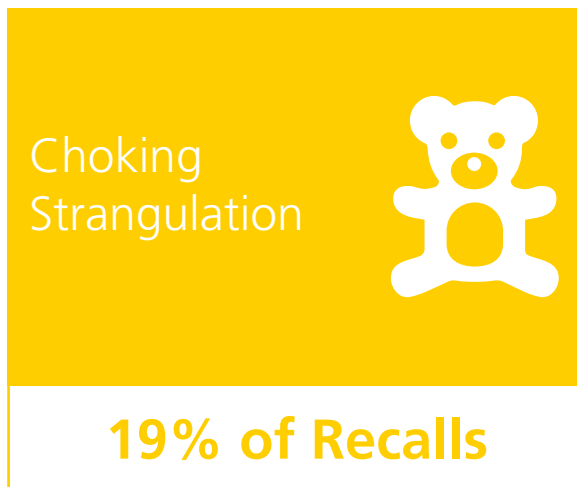
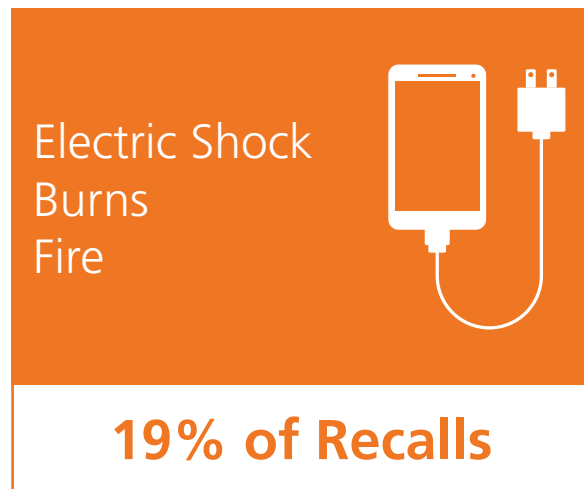


India  
**5 Recalls**

<sup>1</sup>Keeping consumers safe: nearly 2500 dangerous products withdrawn from the EU market in 2014 | [www.ec.europa.eu](http://www.ec.europa.eu)

While this trend is certainly encouraging, the analysis reveals that globalisation issues remain a primary challenge for many consumer product subcategories—with jewellery as a chief example. There were 58 jewellery recalls in the first quarter of 2015, more than all of 2013 and 2014 combined. Seventy-nine per cent of these recalls originated in Sweden, largely due to high levels of cadmium, a chemical element banned in the EU since 2012. The electrical appliance category also reflects the globalisation challenge, with recalls occurring as the result of products originating in or being shipped from countries with varying levels of safety requirements. This points to the lack of a cohesive safety standard amongst all EU countries, and underscores that regulators and manufacturers alike have more work to do in order to ensure the highest levels of consumer safety.

## Top Risks from Q1 2015 Consumer Product Recalls



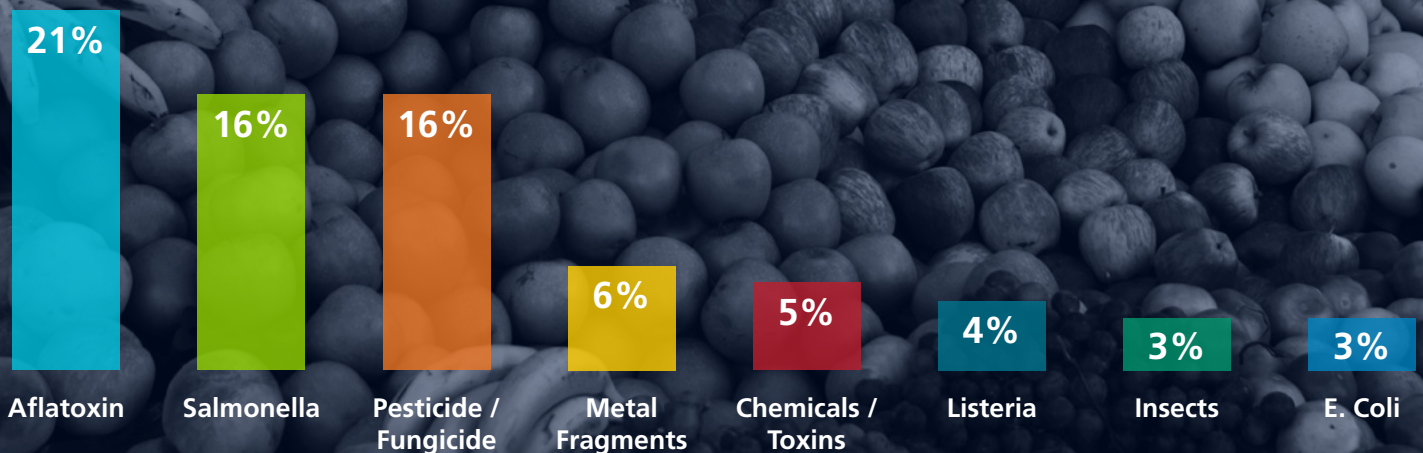
# Feeding Safety Efforts

Recent food scandals have made European consumers wary about food products, and regulators responded with new laws to improve safety.

One example is the new EU Regulation 1169/2011<sup>2</sup>, which introduced new labelling laws that require clear labelling of known allergens on processed food labels. In addition, manufacturers have implemented quality improvements in manufacturing facilities and warehouses to help ensure food safety throughout the supply chain.

The volume of food-related recall and notification activity in Q1 2015 suggests that these efforts are having a positive impact on the industry. There were 755 food recalls and notifications—comprising food, feed and food contact material—in the first quarter of the year, a decrease of 6 per cent from Q4 2014. The food subcategory was behind nearly 90 per cent of the activity, but also experienced a dip from the prior quarter, with 19 fewer recalls than in Q4 2014.

## Top Causes of Q1 2015 Food Recalls



Despite this overall drop, several food subgroups increased their number of recalls and notifications quarter on quarter, including nuts, nut products and seeds. The nut subgroup experienced a 67 per cent increase from Q4 2014, largely as a result of issues with products coming from India and China. The recalls originating in China spread to 13 countries and were primarily due to aflatoxins, a fungal toxin that contaminates crops. This highlights how quickly contaminated product, some often used as key ingredients, can penetrate the supply chain, and the critical importance of recall readiness and response for manufacturers and retailers.

The data underscores that globalisation of the food supply chain continues to cause problems for regulators. While the labelling requirement is certainly a step in the right direction, there are differences in interpretation and its adoption has not been uniform across all EU countries. With different markets frequently handling various aspects of food production, there will likely continue to be continued concern about contamination and labelling issues due to global supply chain complexities.

<sup>2</sup>New EU law on food information to consumers | [www.ec.europa.eu](http://www.ec.europa.eu)

# Planning Ahead

We can expect that safety will continue to be a concern from a consumer perspective and will ultimately impact the recall landscape.

As globalisation of the supply chain continues, we can also expect challenges to arise due to inconsistencies in manufacturing processes and standards across countries. As the Stericycle European Recall and Notification Index underscores, these issues can quickly multiply into large-scale events involving numerous companies and countries.

Developing a standard set of product safety regulations that also capture unique country requirements is an incredibly complex process. As the EU continues to combat this challenge, manufacturers must ensure that they are prepared to handle the current realities of recall execution and response, while also laying the framework to respond to tomorrow's challenges.

In this environment, there is no substitute for planning. Working closely with regulators and industry recall experts to devise a recall plan can make the difference between a company perceived as honest and transparent, and one that appears to place little value on consumer safety.

*As a lack of cohesive EU safety standards continues to create challenges, manufacturers must focus on recall readiness and customer safety to protect their brands.*



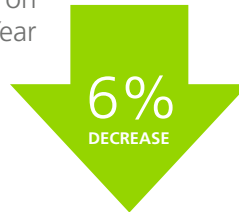
# The Recall & Notification Scorecard, Q1 2015

## Overall

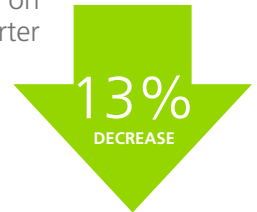
Total Recalls & Notifications



Year on Year



Quarter on Quarter

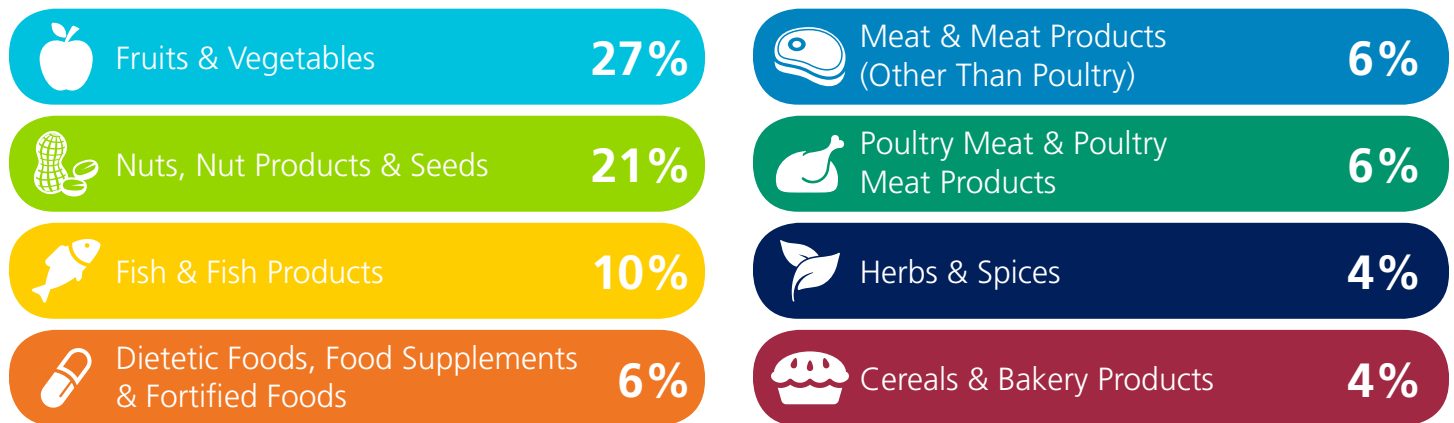


## Food Notifications

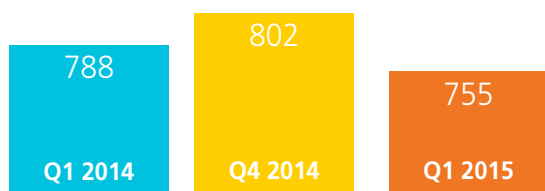
In Q1 2015, the number of recalls and safety notifications decreased by 6 per cent from the previous quarter, resulting in a drop of 47 recalls. The feed category fell by 36 per cent, while the food category only dropped by 3 per cent.

Turkey retained the number one position for the country of origin accounting for 13 per cent of all food recalls. The majority of these recalls occurred in the fruit and vegetable subgroup. Q1 also experienced a significant increase in the number of recalls from China and India mainly due to nuts and nut products.

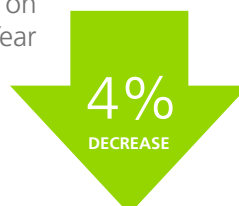
## The Top Food Recall & Notification Categories



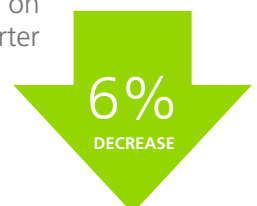
Total Food Recalls & Notifications



Year on Year



Quarter on Quarter



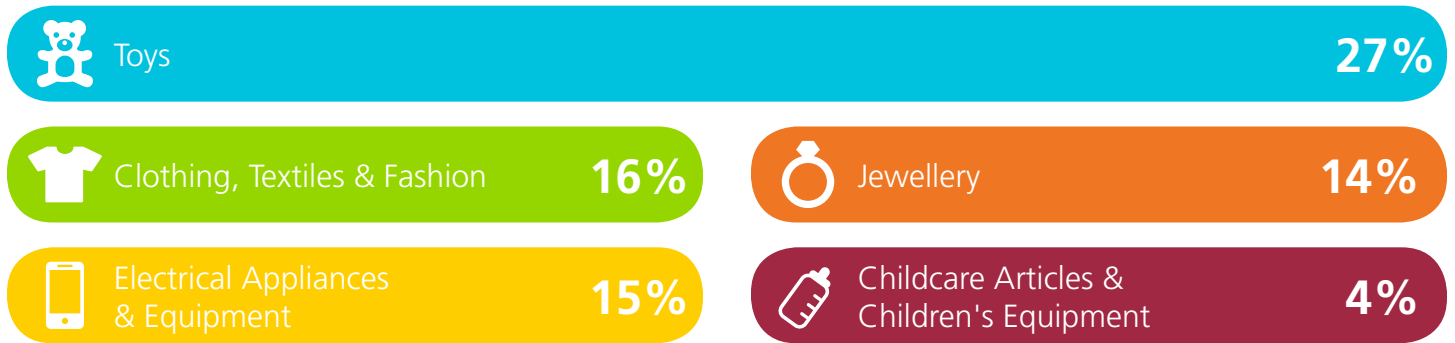
Including Food, Feed & Food Contact Material



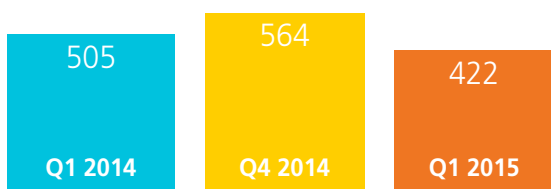
## Consumer Goods Notifications

The consumer goods industry saw the lowest quarter since Q2 2013 with only 422 recalls in the first three months of 2015. This is down 25 per cent from the prior quarter. Despite toy recalls achieving the top category for consumer products at 27 per cent, Q1 2015 was the lowest quarter for toy recalls in almost two years.

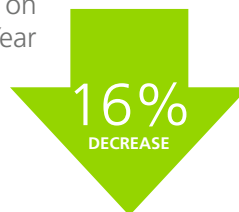
Jewellery is the fastest growing category amongst consumer recalls. There were 58 Jewellery recalls in Q1 2015, which is more than double the number in Q4 2014. This increase is primarily due to the presence of a banned chemical—cadmium. The top five categories account for 76 per cent of all notifications. Those categories are:



### Total Consumer Recalls & Notifications



Year on Year



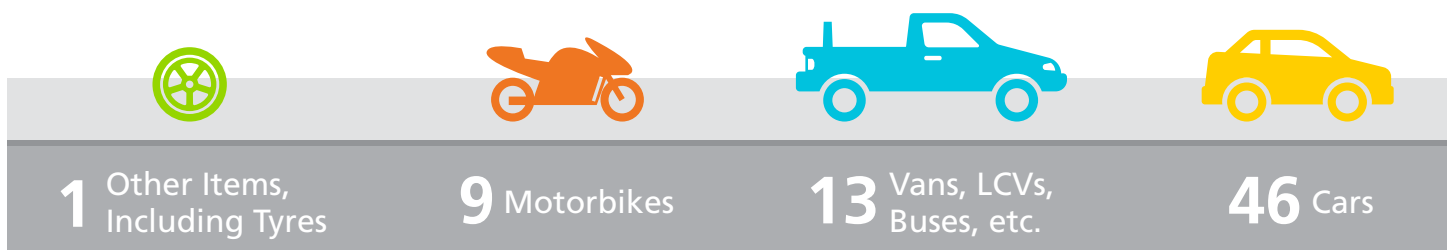
Quarter on Quarter



## Automotive

The elevated number of automotive recalls and notifications continued with 69 events in Q1 2015, just one more than the number of events in the prior quarter. In addition to heightened activity, all 69 recalls were voluntary. For the seventh successive quarter Germany remains the primary source of these recalls, accounting for 42 per cent of the total.

The categories of notification included all kinds of vehicles:



# Stericycle ExpertSOLUTIONS & the European Recall & Notification Index Explained

Stericycle ExpertSOLUTIONS is a global leader in product recalls, retrievals, returns, audits and sustainability services. ExpertSOLUTIONS offers bespoke solutions for a wide range of industries that are designed to aid companies in protecting and enhancing their brands.

## The Compilation of the European Recall & Notification Index

The European Recall and Notification Index gathers and tracks cumulative data from the primary European agencies that track recall notifications in the region. This data is segmented into multiple definitions of notifications and alerts, but collated into a central figure for the purpose of analysis. The data used for this report is current as of May 2015.

## RAPEX

Rapid alert system for the exchange of information on measures taken to prevent or restrict the marketing of dangerous consumer products with the exception of food, pharmaceutical and medical devices, which are covered by other mechanisms.

## RASFF

The RASFF provides food and feed control authorities with an effective tool to exchange information about measures taken responding to serious risks detected in relation to food or feed. The Rapid Alert System for Food and Feed tracks all food and drink recalls.



**For more information please contact:**

**Farzad Henareh**

European Vice President

**Email:** [info@stericycleexpertsolutions.com](mailto:info@stericycleexpertsolutions.com)

**Tel:** +44(0)118 918 6266

**Web:** [www.stericycleexpertsolutions.co.uk](http://www.stericycleexpertsolutions.co.uk)