



INDEX FRESH®
SEMINAR
— SERIES —



TESCO GLOBAL AVOCADO SUPPLY

The importance of GlobalGAP
in our supply chain

RYAN LARKAN | TESCO GLOBAL AVOCADO SUPPLY
SUPPLIER RELATIONSHIP MANAGER USA, CANADA AND MEXICO

INTRODUCTION



Ryan Larkan

Supplier Relationship Manager
USA, Canada and Mexico

Background

BSc Agriculture from South Africa and worked in the produce supply base as a Technical Manager in the UK for over 7 years before joining Tesco and relocating to California. Have been with Tesco for 5 years. I was the Technical Manager for Westfalia UK before joining Tesco.

Categories : Produce, grocery and proteins.

Key UK lines include: Sweet Potato; Blackberries; Grapes; Cherry; Top Fruit; Avocado



INDEX FRESH

TESCO
Every little helps

TESCO

Founded in 1920

Market leader in the UK with about 28% retail market

Currently 5th largest retailer globally

UK; Central Europe; Thailand; China; Malaysia; India (Japan, South Korea and USA operations sold)

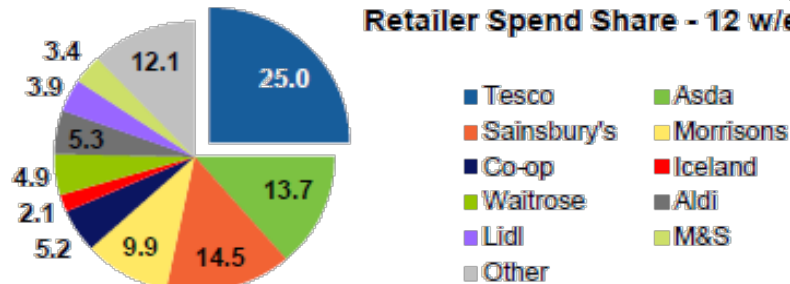
Tesco branded products available in over 28 countries



Market Performance



Retailer Spend Share - 12 w/e



Stores (as of 04/02/2016)

3,535 UK stores, including:



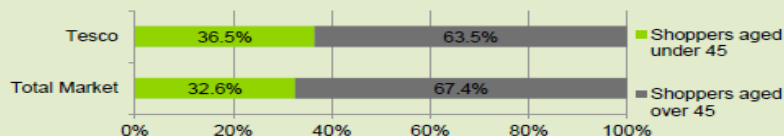
Key Information

Group Sales	£48.4bn
Group Operating Profit	£944m
UK & ROI Revenue	£43.1bn
UK & ROI Operating profit	£505m
UK& ROI Operating Profit Growth (at constnat exchange rates)	+1.4%

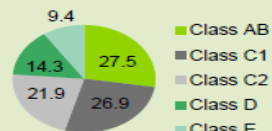


Demographics

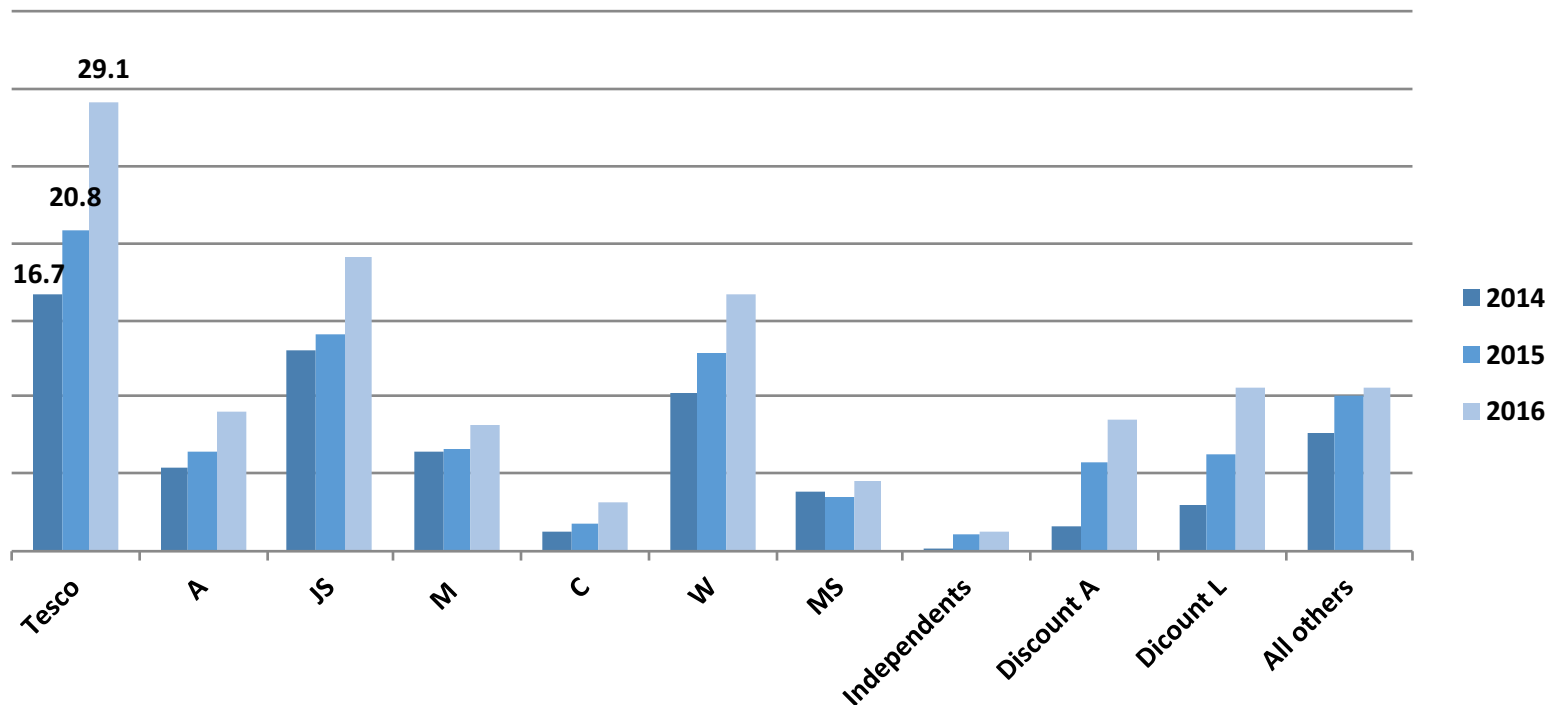
(Shoppers)



Social Class – Tesco



AVOCADO MARKET SHARE



HOW WE RETAIL AVOCADOS UK



INDEX FRESH™

TESCO
Every little helps

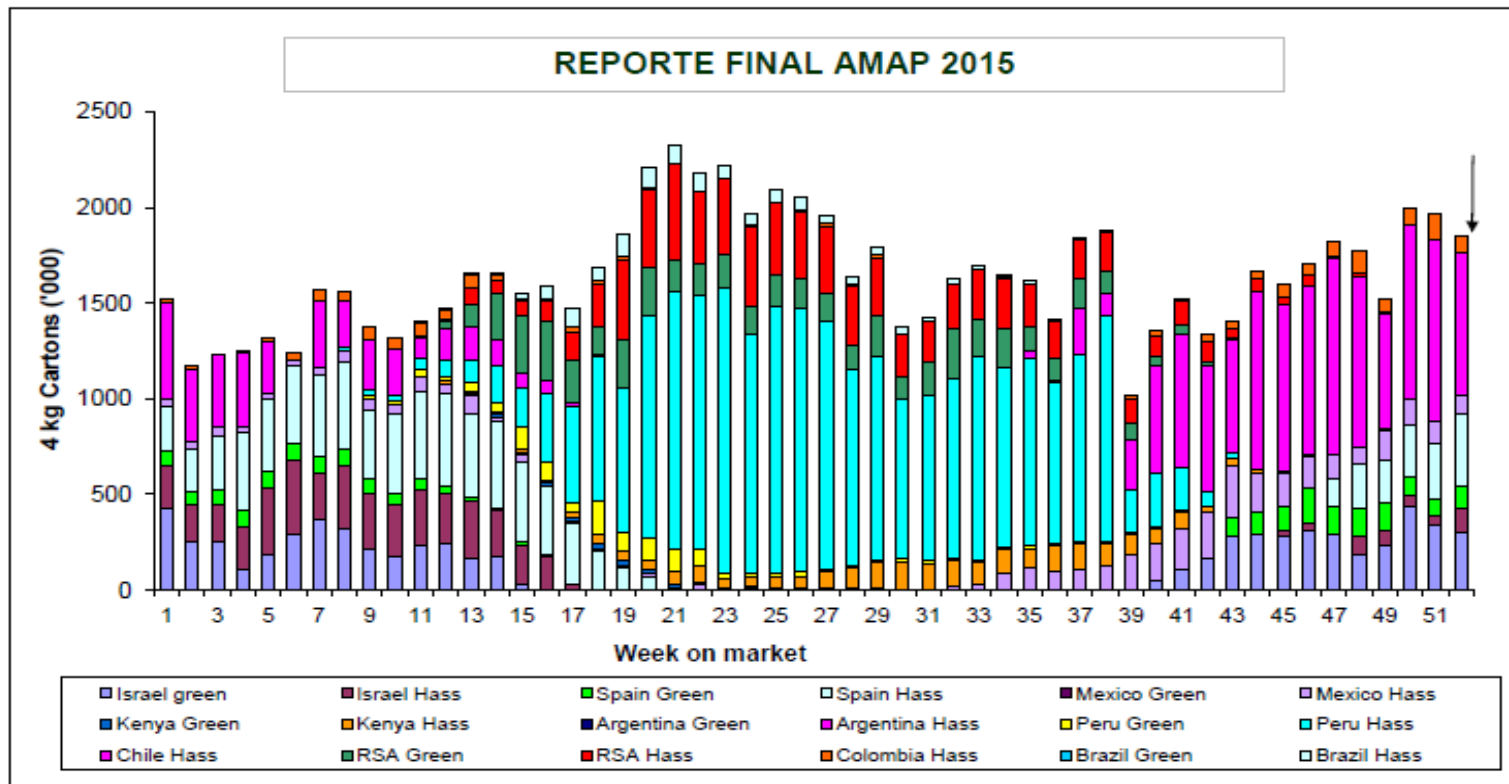
STORE SHELF



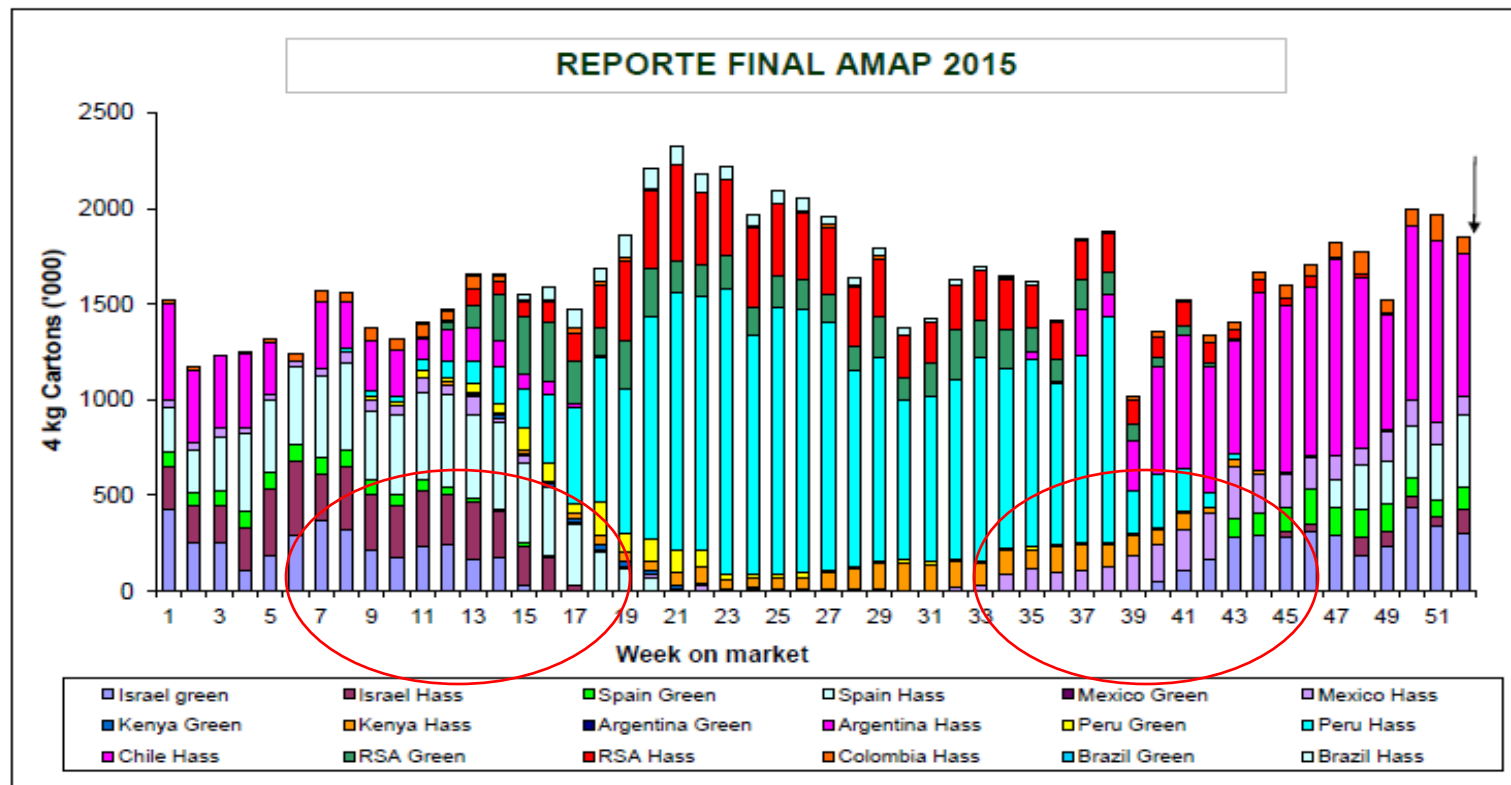
INDEX FRESH™

TESCO
Every little helps

WORLDWIDE AVOCADO EXPORTS



WORLDWIDE AVOCADO EXPORTS 2015 (EUROPE)



SUPPLYING TESCO UK

Currently we have 1 service provider – Greencell

They manage ripening and DC delivery. They manage weekly orders.

We have suppliers that work directly with Tesco and others that work directly with Greencell.

Tesco set season volumes and negotiates prices with direct suppliers and sets seasonal volumes with all suppliers based on previous performance (quality and price).

Greencell is owned by Westfalia however operates separately and we source from a wide range of suppliers outside of the Westfalia group without any preferential treatment.



TESCO IN ASIA

Thailand

Tesco Lotus

1815 Stores

Largest business outside of
Tesco UK



California no access

Mexico no access

For access to Thailand California needs to
lobby the dept of ag. CAC is working on
this and could have progress for 2017

All product we ship to Thailand can start
with national GAP but must achieve
GlobalGAP the second year.

China

Partnership with CRE (aka CRV)

Sourcing office in HK buys for CRE and Wholesale
customers (Yuanxing and Greatsun)

CRE and Tesco combined over 3000 stores

California no access but expected in 2017

Mexico access from Michoacán and Jalisco

GlobalGAP min requirement.



- How do we supply these markets?
- We have a buyer in Thailand and China - Source separately although they work closely together
- Work with service providers who supply DC or other customers (China).
- My vision is to work with the right SP who may develop a ripening program.



SOURCING GREAT PRODUCTS

Why it matters

As a business, we depend on strong, open, honest partnerships with our suppliers.

As our founder, Jack Cohen, once said: we're all traders together, and we need to work together to offer our customers the best products and service. Customers expect great products but they also expect us when sourcing these products to help tackle the environment and social challenges they care about. By having strong relationships with suppliers and using our reach and expertise we can ensure the products we source are not just great quality and affordable but also sustainable.



Percentage of suppliers who feel satisfied with Tesco

2015/16	70%
2014/15	58%

GAP STANDARDS – BENEFITS TO RETAILERS



- Source certified products that meet the baseline requirements for food safety and hygiene.
- Cut your exposure to product safety risk.
- Ensure your sourcing by developing a network of reliable producers.
- Benefit from GLOBALG.A.P.'s traceability system. All GLOBALG.A.P. producers are identified in the GLOBALG.A.P. Database with a unique 13-digit GLOBALG.A.P. number (GGN), which allows you to monitor your producers and validate their certificates.
- Access our GLOBALG.A.P. Database to review your producers' certification audits.
- Benefit from GLOBALG.A.P.'s unique world-class system including the Integrity Program, which assures certification reliability and high auditing performance.
- Network of more than 140 GLOBALG.A.P. certification bodies.
- Work with your growers on add-on improvement plans for food safety and sustainability to enhance the quality of your food supply.
- It's designed for you – both retailers and producers worked together to create it.

GAP STANDARDS



GAP standards are important to make sure certain minimum standards in place. For Tesco it is all about ensuring product is safe and legal and brand protection as we retail everything (in produce) under the Tesco name.

Every site benefits from 3rd party inspection.

Good practice would be to move to unannounced audits.

- ☞ Management systems and commitment – engage in certification as a company culture of responsibility, rather than independent audits of facilities.
- ☞ Continuous improvement in food safety management systems to ensure confidence in the delivery of safe food to consumers.
- ☞ Risk assessment based program

GlobalGAP is a globally recognised standard.

GFSI takes the food safety elements from GlobalGAP but is not as robust. It is a good starting point designed to reduce audit fatigue but now seems to be another audit option available.

GAP STANDARDS

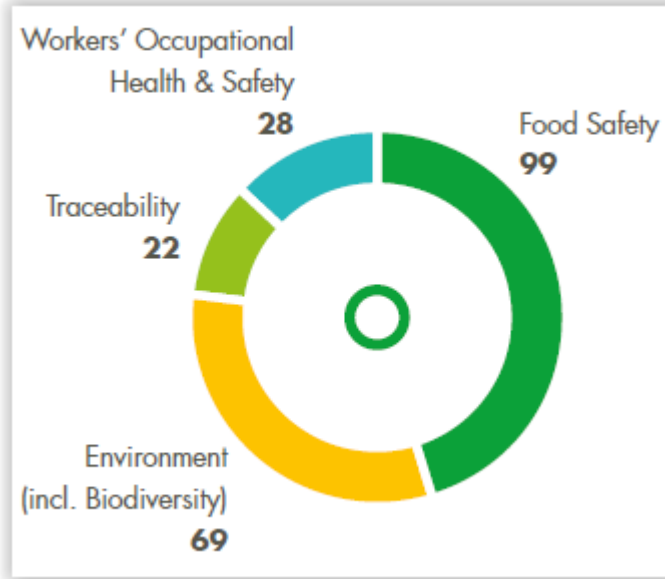


GAP standards are important to make sure certain minimum standards in place. For Tesco it is all about ensuring product is safe and legal and brand protection as we retail everything (in produce) under the Tesco name.

Every site benefits from 3rd party audit
Good practice would be to not

- Management systems and responsibility, rather than
- Continuous improvement
- delivery of safe food to customer
- Risk assessment based process

GlobalGAP is a globally recognised standard
GFSI takes the food safety element as the



as a company culture of
ensure confidence in the

robust. It is a good starting
point designed to reduce audit fatigue but now seems to be another audit option available.

TESCO UK NEW REQUIREMENTS





GLOBALG.A.P.

INDEX FRESH™

SOCIAL RESPONSIBILITY



Core Value: Every little makes a big difference

-  **Sourcing great quality, affordable and sustainable products**
-  **Making a positive contribution to the communities where we operate**

Tesco is committed to following the ETI (Ethical Trade Initiative) guidelines and our customers expect when they buy any Tesco branded product it is being responsibly sourced.

All suppliers must be on SEDEX and SAQ completed

All **Americas** Medium and High risk countries must be audited against the SMETA audit by a company called SIPAS.

USA = MEDIUM risk

MEXICO = HIGH risk

These are based on the current laws or lack of laws in place around wages, working hours, working ages and such.

EVERY LITTLE HELPS



We have listened to our customers - we are addressing what matter most to them and meeting their expectations in product quality and integrity.

We have listened to our suppliers - we are reducing the burden and barriers to supply and are focusing on technical standards that will help suppliers and their communities.