



TESCO

Vision and Perspectives on Food Safety at Tesco

Nick Ball



FDF Seminar, Santiago
23rd November, 2006

Introduction

- Tesco – background history
- General approach to management of food safety in Tesco
- General methods of protecting customers
- Food safety in Produce
- Trends and issues

Tesco - Background

History

- Started as a market stall in London in 1919
- First Tesco store opened in London in 1929

Development

- Built superstores and centralised distribution system in the UK during the 1980s
- New strategy to focus on customers in 1990s
- Moved from number three to number one in the UK
- Invested to make lives easier for our customers
 - Tesco Personal Finance, Tesco.com, Tesco Mobile

Every little helps

TESCO


Tesco today

Group

- Sales £41.8 bn, underlying pre-tax profit £2,251m*
- Market leader in the UK with 1897 stores
- Over 2,711 Stores in 12 markets across Europe and Asia
- 366,000 staff worldwide
- 30 million customers a week worldwide

Asia

- 450 stores in China, Japan, Malaysia, South Korea, Thailand

Europe

- 364 stores in Czech Republic, Hungary, Poland, Slovakia, Turkey & Ireland

* Figures refer to
financial year 2005/6

Every little helps

TESCO

Tesco 4 Part Strategy

Success depends on a clear strategy and excellent delivery.

- Core UK Business
- International growth
- Non-Foods
- Retail Services

Every little helps

TESCO


Core UK Business



- Market leader: 1,897 stores
- 4 store formats
 - Extra, Superstores, Metro, Express
- Stores supported by network of 30 Distribution Centres
- Clubcard loyalty scheme with over 11 million active households
- Own label brands - from Value to Finest

Every little helps

TESCO

Food Safety in Tesco

Tesco approach is influenced by:

- Experience
- Customers
- Legislation
- Risk

Food Safety in Tesco

Tesco approach is influenced by:

- Experience
 - Botulism
 - E. coli
 - Hepatitis
 - Mad Cow / BSE
 - Foot & Mouth
 - Avian Flu
 - Sudan 1
 - DDT
 - Dioxins

Every little helps

TESCO

Food Safety in Tesco

Tesco approach is influenced by:

- Customers
 - Very easy to scare
 - Vote with their feet
- They ask for lots of things of their supermarket
 - Consistent quality
 - Value for money
 - Good choice and range
 - Great staff
 - Safe food
 - A fair deal for workers in our supply-chains
 - Production without damage to their environment
- Tesco success: listen to customers hard

Every little helps

TESCO


Food Safety in Tesco

Tesco approach is influenced by:

- Legislation
- Mostly driven by customers: customer protection
- Plethora of legislation in all countries
 - E.g.: EU
 - Pesticide Legislation
 - EU: Pesticides must be approved in the country of use if not approved in the EU.
 - Max Residue Levels are set by the EU; or if not Codex.
 - Food Safety Act 1990 and EU equivalent legislation
 - Retailers & Manufacturers can use the defence of showing 'Due Diligence and took all reasonable precautions'.
 - EU and Individual Country labelling legislation
 - Minimum labelling requirements and rules about nutrition & health claims.

Food Safety in Tesco

Tesco approach is influenced by:

- Risk
 - Risk to customers
 - Risk to the Tesco brand
 - All risk are categorised:
 - Low
 - Medium
 - High
 - Judgements made by Technical teams

Protecting the Tesco Brand

Tesco approach is managed by:

- Trading Law & Technical Dept.
 - Group
 - Ensures Tesco trades safely & legally
 - Policies & Principles
 - Operating countries
 - Local application of policies
- Technical Teams
 - Qualified & experienced Product Technical Managers
 - Implement policies
 - Set quality standards
 - Categories
 - TL&T
- Suppliers
 - Partnership

Every little helps

TESCO

Protecting the Tesco Brand

Tesco Policy:

It is our policy that all Tesco products must be safe & legal and that we will do what we can to ensure that working conditions of people working for our suppliers will meet or exceed relevant international standards

- Approval & Management of sites
 - All Primary sites approved and managed by a Tesco TM
 - Primary suppliers accountable for approving and managing secondary sites
- Approval
 - Capability to produce
 - Labour standards
 - Safe & legal production
- Management
 - KPI's
 - Visits
 - Legal & safe audits
 - Ethical assessment

Every little helps

TESCO


Protecting the Tesco Brand

Tesco Policy:

It is our policy that all Tesco products must be safe & legal and that we will do what we can to ensure that working conditions of people working for our suppliers will meet or exceed relevant international standards

- Safe & Legal Production
 - Tesco Audit
 - Recognised Technical standard
 - BRC
 - IFS (Higher level)
 - SQF 2000 (Level 3)
- Applies to:
 - UK
 - Group Sourcing
- International Operating countries

Every little helps

TESCO


Food Safety in Produce

Produce :

- Tesco rules apply
- Supplementary Requirements for farming
 - Physical contaminants
 - Microbial contaminants
 - Chemical contaminants

Every little helps

TESCO

Food Safety in Produce

Physical contaminants:

- Metal
- Stones
- Dirt
- Hair
- Cigarette ash
- Insects
- Bird droppings
- Food

Every little helps

TESCO

Food Safety in Produce

Microbial contaminants:

- Bacterial
- Fungal

Chemical contaminants:

- Pesticides
- Fertilisers
- Cleaning chemicals
- Lubricants

Farm Assurance

Tesco Policy:

- UK
 - Tesco Natures Choice
 - Inception in 1989 in response to customers
 - First protocol in 1993
 - 100% application by March 2007
 - Partnership with suppliers
- Group Sourcing
 - EurepGAP
 - Ultimate aim is TNC
- Tesco Operating Companies
 - Stepped approach

Every little helps

TESCO

Issues & Trends

Issues:

- Different protocols & Standards
 - EurepGAP, SQF, QS
 - BRC, IFS, SQF
 - ISO 22000, HACCP
- Demands from Retailers
 - Tesco, M&S, German retailers, US retailers
- Demands from developing markets:
 - Asia
 - Central Europe
- Legislation:
 - EU pesticides

Every little helps

TESCO

Issues & Trends

Trends:

- Health
 - Food intolerance
 - Obesity
- Globalisation of food production
- Continual improvement
- Customers
 - Traceability – where does it come from
 - Seasonal / local
 - Social responsibility
 - Food as an 'experience' – avoid the bland
 - Food miles
- Brands
 - Honest, compassionate, fair, trustworthy

Every little helps

TESCO

Tesco – Every Little Helps

Thank you

Every little helps

TESCO
