

## Broken Promises: Tesco and GM animal feed

27 June 2013

In April 2013 Tesco led the UK supermarket retreat from commitments to consumers to use non-GM animal feed. The move particularly affected poultry and egg production, but for some companies the erosion was much more profound.<sup>1</sup>

Tesco's 2013 policy change completed a long slide from a once admirable position. In 1999 Tesco wrote to its feed suppliers announcing it was aiming for "complete elimination of GM ingredients from animal feed."<sup>2</sup> This was echoed in 2001 when the company announced it would "phase out" GM-fed eggs, poultry, pork and fish.<sup>3</sup> These were welcome announcements - moving to non-GM feed is a stepping stone to more sustainable European food production weaned off soya (both GM and conventional) and the damaging factory farming it fuels.

Yet by 2009, ample time to have made good on its 1999 commitments, Tesco was selling very few non-GM fed animal products, and it was telling concerned customers using non-GM would put "too much pressure" on farmers.

### Fine words, failure to act

Reneging on its non-GM animal feed commitments has deeper impacts than might at first appear.

Supermarkets are in business to make money, and few do a better job of it than Tesco. The company commands one third of the UK grocery market and more than 10% of all UK retail sales.<sup>4</sup> Tesco claims it is harnessing this vast market power and "using our scale for good", saying, "*Our scale already enables us to create value for our customers. Using our scale for good is about taking that idea one significant step further and creating greater value for society as a whole.*"<sup>5</sup>

The company's revamped corporate social responsibility report, now called *Tesco and Society*, was published a matter of days after the company dumped non-GM feed. It repeatedly attempts to reassure customers and investors that Tesco is an upstanding business in both global and local markets:

- Group Corporate Affairs Director Rebecca Shelley says, "We know that success is not ours by right, it has to be earned,..and **we are all too aware that with that scale comes responsibility.**"<sup>6</sup>
- Chairman Richard Broadbent says, "Tesco is a large company and its activities affect the lives of many people in societies around the world...Corporate responsibility is neither new nor optional...For the Board therefore, whose role is to define and uphold the values of the business, corporate responsibility is not only an ethical issue. It is also a strategic issue...**So when we talk about our value of using our scale for good in society, we think in terms of creating opportunities, having respect for both people and products and supporting choice for everyone...**[These ambitions] are a direction of travel for an organisation which attaches great importance to understanding and discharging its full accountability to all whose lives it touches."<sup>7</sup>
- CEO Philip Clarke says, "**At Tesco, we want to put in more than we take out. And we want that to apply to everything we do in our business strategy and in our relationship with society as a whole...**Today our customers are asking us: how do you help? What do you stand for? Are you part of the problem, or part of the solution?..Whether it's trading responsibly, reducing our impact on the environment, being a great employer, or supporting local communities, doing the right thing matters to Tesco. Failing in these areas is a risk to the business and a loss to society...Nowhere is that more apparent than in the

way we manage our global supply chain...**Our promise is simple: if it isn't on the label, it won't be in the product.**"<sup>8</sup>

- On relationships with suppliers the report says, "**Our strong belief is that we cannot build a sustainable business on an unsustainable supply chain.**"<sup>9</sup>

It is difficult to see how Tesco meets any of these aspirations with its policy on GM animal feed.

### **Availability of non-GM soya**

Brazil's soya crop is 20-25% non-GM, making it the main source globally.<sup>10</sup> At the time of writing less than 60% of Brazil's non-GM soya is certified for the market, so there is plenty of capacity to expand certified volumes to meet increased demand. Soya farmers need assurance they will recoup the investment needed to secure certification, so long-term contracts are needed to secure non-GM supplies.

Farmers contracted to Tesco are in a similar position. The company uses short-term contracts, so its suppliers fear the risk of using more expensive certified non-GM soya in feed if contracts may not be renewed and they might then struggle to recoup their costs. GM Freeze has long maintained that if UK supermarkets made long-term contracts with suppliers requiring non-GM feed use the supply chain would feel confident in placing the long-term orders non-GM soya growers need (probably in Brazil) and more non-GM soya would be grown, certified, supplied and fed to livestock. If farmers are encouraged in this way to grow and certify more non-GM soya the supply will increase and prices will become less volatile.

This is the normal operation of market forces Tesco claims to be tapping into by "using scale for good", but despite having had over a decade to make good on its promises to "completely eliminate" GM animal feed, the company simply has not used its considerable market power as it could and should to get rid of GM animal feed.

### **What shoppers want**

In 2010 GM Freeze conducted a GfK/NOP poll that showed 89% of Tesco shoppers want labels on food from GM-fed animals. Fewer than 40% of all shoppers were aware that GM is used in this way, and 72% said they would pay more for meat, milk and eggs from animals reared on non-GM feed.<sup>11</sup> In January 2013 the UK Food Standards Agency published qualitative and quantitative research showing that around two thirds of people want all uses of GM products in food to be labelled to uphold their right to know and to enable them to avoid GM if they wish. The demand from UK shoppers is clear – they don't want GM in the food chain and they want labels to help them avoid it.

Not only is Tesco failing to uphold its own values, it is failing to listen to its customers and denying choice. Rather than spending a £1 billion on face lifts for its shops, Tesco should have aligned its grand corporate posturing with the action on GM animal feed shoppers clearly want.<sup>12</sup>

### **Notes**

<sup>1</sup> GM Freeze, undated. "[Tell M&S 'No!' to GM animal feed](#)" and "[Tell the Co-op 'No!' to GM animal feed](#)"

<sup>2</sup> Organic Consumers Association, 20 December 1999. "[UK Supermarket Chains Ban Meat from Animals Fed GE Feed](#)"

<sup>3</sup> Greenpeace, 25 January 2001. "[Tesco and Asda act to phase out meat and dairy products](#)"

<sup>4</sup> BBC, 5 June 2013. "[What happened to Tesco's mojo?](#)"

<sup>5</sup> Tesco plc, undated. "[Using our scale for good](#)"

<sup>6</sup> *Ibid*

<sup>7</sup> Tesco, 23 May 2013. [Tesco and Society](#). P 3

<sup>8</sup> *Ibid*, pp 4-5

<sup>9</sup> *Ibid*, p 37

<sup>10</sup> IMCOPA, October 2012. Presentation to the European Soy Event

<sup>11</sup> GM Freeze, 15 June 2010. "[Two-thirds Want GM to be Kept Off their Plates – New opinion poll](#)"

<sup>12</sup> BBC, *op cit*