

By registered post and email

Tesco plc
Tesco House
Shire Park
Kestrel Way
Welwyn Garden City
AL7 1GA

Direct Dial: 020 7650 1232

Email: rgama@leighday.co.uk

Your Ref:

Our Ref: CDA/RGA/00658059/1

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Attn: Anna Turrell, Head of Environment, Anna.Turrell@tesco.com; Alice Ritchie, Sustainable Agriculture Manager, Alice.Ritchie@tesco.com; Ken Murphy, CEO, ken.murphy@tesco.com; John Allen CBE, Non-Executive Chairman, john.allen@tesco.com; Giles Bolton, Responsible Sourcing Director, Giles.Bolton@tesco.com

Dear Tesco plc

Tesco poultry supply chain and the environmental degradation of the River Wye Catchment

Introduction

We act for River Action which, as you know, is a registered UK Charity launched in February 2021 that aims to tackle river pollution resulting from UK food supply chains by placing direct pressure on major agricultural suppliers and producers. The group has formed in response to concerning evidence that reveals the declining state of many of the UK's rivers, including data from the Environment Agency in 2020 that showed for the first time that no river in England met quality tests for pollution.

The purpose of this letter is to set out the environmental damage that Tesco's poultry supply chain is causing the River Wye and its tributaries, and to require Tesco to take urgent action to remedy that before it is too late.

It is unacceptable for a national retailer like Tesco to support (and indeed require) intensive chicken production at the expense of, and without regard to, the health of

local environments, including the rivers on which communities including their farmers depend.

Background to the issues

The Wye Valley has one of Europe's largest concentrations of intensive livestock production. Our clients believe that a key reason behind this is the pressure on the region to satisfy the demands of Tesco, as the largest customer of the primary egg producer (Noble Foods) and its primary broiler producer (Avara Foods) in the Wye catchment.

There has been a dramatic growth in recent years in the number of chickens being intensively reared in the Wye catchment. It is estimated there are now well over 20 million chickens in the Wye catchment area within permitted intensive poultry units ("IPUs") alone (i.e. IPUs holding in excess of 40,000 birds). In 2019 Tesco switched to Avara Foods as its largest supplier of fresh chicken. The awarding of this supply contract has led to the expansion of Avara's presence in Hereford, with the significant expansion of Avara's Hereford chicken processing factory to meet this increased demand. Avara has also been attempting to expand its hatcheries, and, as recently as June 2022, announced it has applied to build an extension at its hatchery in Shobdon.

Evidence from Lancaster University's recently published RePhoKUs Report provides unequivocal data on the excessive phosphate loads of Wye catchment soils and the contribution of agricultural pollution to these. The report indicates that the Wye is facing an existential crisis, largely due to nutrient-rich run-off from the chicken excrement produced by the increasing number of intensive poultry farms across the Wye catchment. It is estimated that around a quarter of the UK's farmed chickens are located in the region, with over 1,400 factory farming sheds in the catchment. Water quality throughout the catchment continues to fail current standards due to high phosphate concentrations (limits are being exceeded at 31 points along the river catchment), with modelling suggesting 60-70% of the total phosphate load now comes from agriculture resulting in 3,000 tonnes of excess phosphorus. High phosphate levels cause algal blooms, which effectively choke the river – reducing oxygen levels, destroying wildlife, biodiversity and causing species loss in the catchment.

The situation on the river has reached a state of emergency. If this situation continues to be left unaddressed, the River Wye faces ecological collapse. For example, ranunculus (a highly protected keystone plant species), once abundant,

has depleted between 90-95% over the past three years, in addition to significant reductions in salmon, invertebrates and swan numbers. There is already a long legacy of phosphate reserves accumulated within the catchment soils, posing further environmental risk – the soils of many fields hold enough phosphate to satisfy the land's natural use for seven or more years without the further regular dumping of chicken manure from the IPUs.

Urgent action required from Tesco

Our clients believe urgent action is required from Tesco in the short, medium, and long term to avoid environmental disaster and believe, at a minimum, the following commitments are necessary:

1. A commitment to reach LEAF Marque standard for fresh produce applying to its poultry supply chain by the end of 2022.
2. Audit all suppliers against agreed standards by the end of 2022.
3. Significantly increase its funding of the work being undertaken by the Wye and Usk Foundation to carry out the above.
4. Make public its environmental risk assessments relating to its poultry supply chain, and gain commitments from suppliers to change their practices to ensure pollution ceases in the immediate future. For example, we refer to our Plan to Save the Wye which calls for all IPUs in the Wye catchment to have a Manure Management Plan approved by the Environment Agency or Natural Resources Wales by the end of 2022, and for all free-range egg producing IPUs to have a Nutrient Runoff Mitigation Plan approved by the end of 2022.
5. Make the appropriate financial investments to support suppliers in meeting these required standards.
6. Sever relationships with suppliers who are not able to meet these standards within a reasonable timeframe.

Correspondence with Tesco to date

We note that there has been ongoing engagement between River Action and Tesco regarding their concerns and the actions required of Tesco to address them. Our clients are frustrated that it does not appear that Tesco is any closer to a solution than when River Action first raised awareness of the issue with Tesco 18 months ago. The recent (much delayed) meeting on 23 May 2022 offered no new information from the previous meeting almost six months beforehand. Instead, just

days after the 23 May meeting, it was announced in the agricultural press that Tesco had entered into new five-year contracts with polluting egg producers.

Our clients' discussions with both Noble and Avara have also resulted in no affirmative action, as they remain under pressure from their customers, like Tesco, to meet their poultry demands – without any obligation being imposed on them by their customers to adhere to appropriate restrictions and standards.

Summary

Evidence demonstrates that if these problems continue to be ignored, the River Wye will face ecological deterioration beyond a state of repair. High phosphate levels creating algal blooms will continue to suffocate river life, destroying biodiversity and wildlife. With only a short period of time left to save it from ecological death, it is now clear to our clients that Tesco is playing a key role in what will ultimately become the death of the River Wye. As a nationally significant river, it is paramount Tesco steps up and leads the way in driving change across the river catchment, rather than risking what could become a national scandal if time runs out to save the Wye.

Please respond to this letter by 30 July 2022, setting out how it intends to implement the remedial actions outlined above (within the timeframes indicated) and, where it is unable to implement an action within the requisite timeframe, to provide detailed reasons as to why it cannot do so.

Our clients' position is reserved as to all legal remedies open to them to address the issues identified in this letter, including (but not limited to) any potential claims in connection with mismanagement by Tesco directors, in breach of their duties under the Companies Act 2006. We refer to you, by way to example, to section 172, which requires the directors to act in a way that they consider would be likely promote the success of the company for the benefit of its members as a whole, taking into account: the likely consequences of any decision in the long term; the need to foster the company's business relationships with suppliers; the impact on the community and environment; and the desirability of the company maintaining a reputation for high standards of business conduct. We also note that under section 174 of the Act, Tesco directors must exercise reasonable care, skill, and diligence in the discharge of their duties.

We look forward to hearing from you.

The supportive members of River Action's advisory board are listed below. They have requested that their names are added to the letter so that Tesco understands the strength of their support for the issues identified by River Action.

Yours faithfully



Leigh Day

Charles Watson
Founder and Chair, River Action

Francesca Carnibella
Ruth Chambers
Marina Gibson
Isabella Gornall
James Macpherson
George Monbiot
Lord Randall
Feargal Sharkey
James Wallace
Members of the River Action Advisory Board