



Shortlist 2009

Public Eye Global Award

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**Nominated for the Public Eye Global Award 2009
by Clean Clothes Campaign, Holland:**

Tesco plc.

Based in:	Hertfordshire, UK
Industry:	Retail
Turnover / Net Profit:	USD 94'554 million/ USD 5'604 million (2007)
CEO:	Terry Leahy
Owned by:	Shareholders
Workforce:	Over 400 000 (2007)

In Brief

Cheap is sexy – like many other stores the giant British retail chain Tesco sells clothes at dumping prices. What most customers don't know is that these ultra-cheap textiles are manufactured under conditions that violate international labor laws. The true costs are borne by the seamstresses in Bangladesh because Tesco exerts enormous pricing pressure on its contractors – with fatal consequences for the local textile industry. The seamstresses in Bangladesh – mostly women and migrants – toil up to 80 hours per week to meet Tesco's steadily shrinking turnaround times. What little pay they receive for their efforts is not enough for a decent human existence. Overtime is mandatory but overtime pay is totally inadequate. Such questionable pricing policies have allowed Tesco to successfully establish itself in the non-food business. As a market leader Tesco should be obliged to make sure that its dozens of suppliers meet a certain level of fairness in their manufacturing standards.

Irresponsible Corporate Behavior

Much to the delight of bargain hunters at Tesco stores, the British retailer uses its market domination to buy and sell clothing at very low prices. Tesco can only do this because it makes lopsided deals with its suppliers in Bangladesh: by keeping its own cost down it leaves all the risk to the foreign suppliers. In fact, Tesco is so dominant it can change orders, lower prices, or delay wage payments practically at will. Forced to keep manufacturing cost low, the suppliers turn around and exploit their workers at every turn. Tesco doesn't care about the miserable working conditions in its textile factories in Bangladesh. It only has eyes for clothes with a tiny price tag – regardless of the impact this has on the textile industry in the country of origin.

Consequences

For the suppliers in Bangladesh meeting Tesco's price demands means holding down labor costs. This hurts the textile workers, for the most part young women and migrants. They work for a pittance and in precarious conditions. In this way Tesco undermines its own minimal wage standard of £22 a month. Overtime is mandatory but underpaid, even though the workers put in 80 hours per week. To meet deadlines for large orders they routinely toil up to 16 hours a day. Still, Tesco does not hesitate to change prices or the size of orders, or cancel them altogether at short notice. Without commitment to purchase the suppliers are often stuck with goods produced to specification. Also, workers also have practically no job security. Change is not in sight because outspoken union activists often get their pay docked or are simply let go. Health and safety measures also fall victim to the cost-cutting imperative. Workers manipulate dangerous machines or poisonous substances without protections and many have only limited access to sanitary installations and water. In 2006 the BBC reported that 12-year-olds were making clothes for Tesco. To prevent a larger scandal the company claimed that the alleged children were actually malnourished adults. And then, of course, there is the glaring discrepancy in pay: Tesco CEO Terry Leahy received £ 4.6 Mio pounds in 2006. With this sum 25,000 textile workers could be paid for an entire year.

Current Situation and Demands

Tesco has been a member of the Ethical Trading Initiative (ETI) since 1988 but does not abide by its code of ethics. We call on Tesco to stop paying lip service and take action to actually improve the scandalous situation of the people who manufacture its clothes in Bangladesh. This includes fair pay for textile workers, the right of free assembly, an end to the discrimination of women, and the creation of permanent jobs. Tesco still claims that its suppliers do not violate any rules and by announcing its inspection visits gives local managers plenty of notice to clean up and hide the real conditions in their factories. Instead of making sure that their suppliers comply with international labor standards, the retail giant simply switches partners when bad practices come to light.

For More Information:

- <http://www.guardian.co.uk/world/2006/dec/08/clothes.ethicalliving>
- <http://news.bbc.co.uk/2/hi/business/6219274.stm>
- http://www.cleanclothes.org/ftp/06-12-Fashion_Victims.pdf
- <http://www.cleanclothes.org/ftp/06-09-cleanupfashion.pdf>