

“The Public Eye Awards 2006”

Nomination form A

(for companies that have excelled in socially and environmentally irresponsible behaviour)

The nominations will be made public before the Awards Ceremony. Handing in a precise, detailed and formulated nomination (please do not just send keywords, but full sentences) in the given form saves us a great deal of (editorial) work!

Nominated company or corporate group

Name: **Tesco plc**

Headquarters: **New Tesco House,
Delamare Road
Cheshunt
Hertfordshire
EN8 9SL
UK**

Turnover / net profit: **Pre-tax profits of £2.03bn (\$3.83bn)
recorded in April 2005**

Branch of trade: **Supermarket – Food retail**

Owned by: **It's shareholders**

Number of employees: **245,286 worldwide (as of Feb 2005)**

CEO: **Sir Terry Leahy**

Further information/data on the company/corporate group:

Tesco is the biggest supermarket chain in the UK with a market share of 30.5% and rising. They are also one of the top ten largest supermarket chains worldwide, if not one of the top five.

Nominated in the category (please do not tick more than one category):

environment

social rights (human and labour rights)

taxes

Reasons for the nomination:

The rationale should include detailed information and, if feasible, it should be listed according to below aspects of irresponsible behaviour of the nominated corporate group. In addition, your rationale should include a list of sources. Moreover, enclosures such as studies or newspaper articles on the case as well as film material are most welcome.

General information on the case and characteristics of irresponsible corporate behaviour

The environment is paying the price for Tesco's success. Tesco stores are energy-intensive eyesores. Its food is flown from all over the world and trucked around the

UK, contributing to climate change. The company's demand for ingredients like palm oil is turning natural forests into wildlife deserts.

Climate change gases:

When new stores open they generate more traffic. Roughly 1 in 10 car journeys in the UK are to buy food, and the CO₂ emissions generated by shopper miles may equal those generated by the food freight within the UK.

Tesco transports millions of tonnes of food and non-food products around the world by sea, road and air freight, and supports industrial agriculture which is highly fossil-fuel intensive. One study estimates that the contribution of the UK food chain to climate change is a massive 22% of total UK greenhouse gas emissions.

The large, shed-like buildings used to house supermarkets are extremely energy inefficient – the most inefficient in the retail/light industrial sector. In general, the emissions from supermarkets compare very badly to those of other food businesses: it would take more than 30 local shops and greengrocers in a town to match the CO₂ emissions from a single average size superstore.

Genetically modified foods:

Whilst over the last 6 years the major UK supermarkets have caved into consumer pressure to remove GM ingredients from their own-brand products, the one area where they have been resistant is in continuing to sell dairy and meat products from animals fed on GM cattle feed (maize and soya).

Tesco and deforestation

Palm oil is a vegetable oil found in over 1,000 products sold by Tesco, from cooking oil to lipsticks. It's an invisible ingredient but the impacts of its production are anything but. Palm oil plantations are now the biggest cause of rainforest clearance in Indonesia and Malaysia and millions of hectares of rainforest are set to be converted into new palm oil plantations, threatening some of the most wildlife rich forests in the world. The orang-utan and the Sumatran tiger are two of the species at risk. In Indonesia, palm oil is also the most conflict-ridden economic sector and has been linked to numerous cases of human rights abuses, including murder and torture. Palm oil is also the most polluting rural industry in Southeast Asia.

Consequences

Palm oil, the orang-utan and Tesco

Orang-utan conservation is in crisis. The population of Asia's only great ape is in steep decline. Already facing a multitude of severe threats, from illegal logging to the pet trade, the orang-utan is now facing a new enemy – one that may drive it to extinction. The enemy is palm oil and the corporations linked to the palm-oil trade, which include UK supermarkets such as Tesco.

Orang-utans act as a flagship species for the forests of Borneo and Sumatra. If the orang-utan is in such crisis, the survival of tens of thousands of other species is also at stake.

Wide use – Palm oil is one of the world's most popular vegetable oil. It is used in thousands of everyday products, from margarine and bread to lipstick and soap, and

is consumed by over a billion people across the world. In the UK, it can be found in 1 in 10 supermarket products.

Land-use clash – 90% of the world's palm-oil exports come from the oil-palm plantations of Malaysia and Indonesia. Most of these plantations are on the islands of Borneo and Sumatra. The very lowland forests that the oil-palm industry favours for conversion is the only remaining habitat of the orang-utan.

Corporate irresponsibility – British supermarkets all boast about their Corporate Social Responsibility (CSR) programmes and their commitment to the environment. But not a single British supermarket can guarantee that its palm oil comes from non-destructive sources.

Second biggest importer

The UK is the second biggest importer of palm oil in Europe, after the Netherlands. Palm-oil imports into the UK doubled between 1995 and 2004 to 914,000 tonnes, which represent 23% of total EU palm-oil imports. Demand in the UK and Europe is likely to increase rapidly with the development of bio-fuel plants, many of which favour palm oil as an energy source.

UK companies turn a blind eye

In the UK we all consume palm oil, so we are all unwittingly playing a part in the demise of the orang-utan. However, it is not the consumer who is responsible. It is the corporations which have been involved in this trade for many years but which have failed to ensure that they do not buy palm oil from destructive sources. The case of palm oil demonstrates that the voluntary approach to corporate responsibility has failed spectacularly.

In 2005 Friends of the Earth wrote to 96 UK companies asking them to:

- Trace all their palm oil
- Adopt minimum standards to make sure it came from non-destructive sources
- Join the Roundtable on Sustainable Palm Oil, a business initiative that aims to adopt criteria for “sustainable” palm-oil production.

Only 18 of the 96 companies responded. None were able to trace all their palm oil back to non-destructive plantation sources, and the majority did not even know where their palm oil came from. Only 15 have joined the Roundtable on Sustainable Palm Oil.

Tesco: you shop, we drop

UK supermarkets are major end-users of palm oil. Tesco sells hundreds of products that contain palm oil, including its own-brand bread and crisps. As the UK's largest and most profitable supermarket, Tesco should play a leading role in driving demand for palm oil from non-destructive sources. By September 2005 neither Tesco nor any of the other major UK supermarkets were able to give assurance that the palm oil they use is sourced from such places, and none had joined the Roundtable on Sustainable Palm Oil.

Tesco announced this month (September 2005) that it is on track to make a profit of more than £2 billion this year, but it cannot even come up with less than £2000 to join this scheme.

Tesco told Friends of the Earth that it is “ready to actively participate as soon as the issues to address are clear and there is a need and a value for further involvement.”

The problems associated with palm oil have been discussed for many years. It is hoped that Tesco will not wait for all the lowland forest in Borneo and Sumatra to be cleared, and for all the orang-utan to become extinct, before deciding that the issue is “clear”.

The failure of most UK companies involved in the palm-oil trade to act responsibly – especially supermarkets – shows that stronger regulation is needed to force companies to do so, and to stop them buying products and ingredients from environmentally destructive sources.

We know from past experience that due to the sheer power and control a supermarket has, if they say they want a prawn that is one-and-a-half inches long with 80% water content and a curve of 30 degrees, it will be supplied. If the major retailers, such as Tesco, said they wanted palm oil from sustainable sources they would get it. No questions asked.

Current status and demands made to the company

The conflict between palm oil and the orang-utan represents a classic development crisis of our time. It shows how corruption and lack of respect for the rights of the poor in developing countries combines with corporate greed and lack of accountability in the global market place.

Ian Redmond, Chairman of the Ape Alliance, said:

“Governments in countries providing finance or a market for palm oil must legislate to make their corporations responsible and accountable for their impacts. If not, it is we who will have to explain to our children in a few years’ time that the orang-utan became extinct, not because of lack of knowledge, but because of corporate greed and a lack of political will.”

This is what Tesco’s needs to do to make a start:

1. Trace their palm oil
2. Stop buying palm oil that is from plantations causing:
 - a. Rainforest destruction
 - b. Human rights abuses
 - c. Threats to species survival
3. Join the Roundtable on Sustainable Palm Oil

Sources / references

The oil for ape scandal: How palm oil is threatening the orang-utan
Summary report http://www.foe.co.uk/resource/reports/oil_for_ape_summary.pdf
Full report http://www.foe.co.uk/resource/reports/oil_for_ape_full.pdf

The Tesco takeover http://www.foe.co.uk/resource/briefings/the_tesco_takeover.pdf

Friends of the Earth press release: One in Ten Supermarket Products Linked to Orang-utan Extinction

http://www.foe.co.uk/resource/press_releases/one_in_ten_supermarket_pro_22092005.html

The Scotsman: Palm oil is killing off the orang-utan

<http://news.scotsman.com/index.cfm?id=1987522005>

Guardian: Orang-utans under threat as palm oil plantations spread

http://www.guardian.co.uk/uk_news/story/0,,1576681,00.html

Information for the organisers:

Nomination submitted by:

Name of organisation:

Friends of the Earth England, Wales and Northern Ireland along with WALHI (Friends of the Earth Indonesia).