



www.publiceye.ch

Nominated for the Public Eye Award 2006
in the category:

ENVIRONMENT

Nominated by: Friends of the Earth England,
Wales and Northern Ireland (FoE EWNI) along
with WALHI (FoE Indonesia)

Tesco plc

Headquarters:	Hertfordshire, UK
Branch of trade:	Supermarket, food retail
Turnover / net profit 2004:	£ 33,6 billion / £ 1,7 billion
CEO:	Terry Leahy
Owned by:	Publicly-traded corporation
Employees 2004:	247'000
WEF-Participants 2006:	yes

Summary

Because of its irresponsible procurement policy, the British supermarket chain Tesco is driving the conversion of Southeast Asia's remaining rainforests into palm oil plantations, destroying the last remaining habitat of the orang-utan. Tesco buys great amounts of palm oil as an ingredient in more than 1'000 of its products. Although aware of the link between those plantations and rainforest destruction, the company has taken absolutely no action to stop sourcing palm oil from destructive producers. Friends of the Earth demands that Tesco stop buying palm oil from plantations causing rainforest destruction, human rights abuses and threats to species survival.

Information on the case and characteristics of irresponsible corporate behaviour

Palm oil plantations are nowadays the biggest cause of rainforest clearance in Indonesia and Malaysia. 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 very lowland forests that the palm oil industry favours for conversion are the only remaining habitats of the endangered orang-utan. In Indonesia, palm oil is also the most conflict-ridden economic sector and has been linked to numerous cases of human rights abuses. And, lastly, palm oil is also the most polluting rural industry in Southeast Asia.

The British multinational corporation Tesco, one of the biggest supermarket chains worldwide and number one in the UK, is a major importer and end-user of palm oil. The vegetable oil is used in over 1'000 products sold by Tesco, from margarine and cooking oil to lipstick and soap, including its own-brand bread and chips. Despite being warned for years by environmental groups that palm oil plantations are associated with rainforest destruction, as well as human rights abuses, Tesco still does not properly trace the origin of the palm oil in its products. In a survey conducted by FoE

EWNI in September 2005, neither Tesco nor any other major UK supermarket was able to give assurances that the palm oil they use is procured from non-destructive sources.

Consequences

The population of Asia's only great ape, the orang-utan, 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: palm oil plantations and corporations like Tesco linked to the palm oil trade. Without urgent intervention, the palm oil trade could cause the extinction of the remaining 60'000 orang-utans within 12 years.

The failure of Tesco to act responsibly and to stop buying products and ingredients from environmentally destructive sources shows that stronger regulation is needed to force companies to do so. The voluntary approach to corporate responsibility has failed.

Current status and demands

It would be hard for even the most ethical shopper to avoid buying palm oil. This is why Friends of the Earth believes there is an urgent need to clean up the palm oil trade. Tesco, as the UK's largest and most profitable supermarket chain, should play a leading role in increasing demand for palm oil from non-destructive sources. Past experience has shown that if Tesco wanted palm oil from sustainable sources, they would get it due to the sheer power and control this company exerts on the market. Tesco, however, has shown no will to do so. When invited by Friends of the Earth to join the Roundtable on Sustainable Palm Oil, Tesco told the group that it would be ready to actively participate when "the issues to address are clear, and there is a need and a use for our further involvement". It is hoped that Tesco will not wait for all lowland forest in Borneo and Sumatra to be cleared, and for the orang-utans to become extinct before deciding that the issue is "clear".

Friends of the Earth England, Wales and Northern Ireland and WALHI demand that Tesco:

- trace its sources of palm oil.
- stop buying palm oil from plantations causing rainforest destruction, human rights abuses and threats to species survival.
- join the Roundtable on Sustainable Palm Oil.

Detailed nomination: www.publiceye.ch/nominierungen

Further information and links:

- "The oil for ape scandal: How palm oil is threatening the orang-utan" in www.foe.co.uk/resource/reports/oil_for_ape_summary.pdf
- "The Tesco takeover" in www.foe.co.uk/resource/briefings/the_tesco_takeover.pdf
- Guardian: "Orang-utans under threat as palm oil plantations spread" in www.guardian.co.uk/uk_news/story/0,,1576681,00.html