

Green Grades 2009

A Report Card on the Paper Practices of the Office Supply Sector

It's easy to take paper for granted. But by making informed decisions about paper purchasing, corporate and individual consumers can make a positive difference for the world's forests, endangered wildlife, climate change, water quality, and indigenous communities.

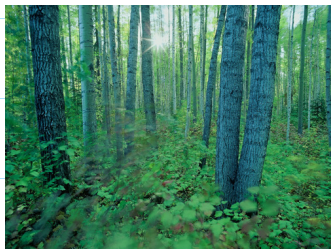


Photo © Garth Lenz

Whether you're buying paper for a Fortune 500 company or your child's first day of school, environmentally and socially responsible paper use begins with three easy steps:

- 1) Minimizing your use of paper.
- 2) Avoiding paper from Endangered Forests and other controversial sources.
- 3) Choosing paper with a high percentage of post-consumer recycled content, and with Forest Stewardship Council (FSC) certification for the remaining content.



Photo by JD Taylor

Campaigns conducted by ForestEthics and Dogwood Alliance prompted the first environmental paper policies from the office supply sector in 2002. Since then, many retail companies have worked with us to make dramatic improvements in their paper sourcing practices, earning some top grades in the process.

Since the release of our first scorecard in 2007, some of the world's largest distributors, wholesalers, and "big box" stores have also stepped forward—while others remain at the bottom of the class.

Highlights of Green Grades 2009

- Companies are using their purchasing power to benefit the environment. Most of the retailers are making large shifts away from controversial sources to Forest Stewardship Council (FSC)-certified paper.
- Several companies took steps to avoid using paper from endangered caribou habitat, and to encourage Canadian governments and forestry companies to better protect caribou in the Boreal Forest.
- Several companies, having finally acknowledged International Paper's controversial Endangered Forest logging and its role in converting forests to sterile tree plantations, are moving to other suppliers.
- In addition to the office retailers, three new companies are phasing-out paper from Asia Pulp & Paper and other companies harming Endangered Forests and communities in Indonesia.
- Two wholesalers/distributors adopted promising new environmental paper policies, and have begun addressing concerns with their supply chains.
- Still, there is much work to be done. Some of the companies do not have meaningful paper policies, are sourcing large amounts of paper from controversial sources, and are perpetuating the greenwashing of the Sustainable Forestry Initiative (SFI) and other industry-driven "certification" schemes. And since most companies still have at least some Endangered Forest fiber somewhere in their supply chain, consumers should buy Forest Stewardship Council (FSC) and recycled content paper regardless of where they shop.

Green Grades Report Card: KEY TO REPORT CARD

Green Grades Evaluates the Companies' Environmental Performance in Six Crucial Forest-Related Categories:

CHAIN OF CUSTODY: To ensure that its paper has been responsibly sourced, a company first needs to know the paper's origins and how those forests are managed. While tracking the geographic origin of paper is becoming more common, few office products companies proactively obtain information sufficient to identify paper from Endangered Forests and other controversial sources, and fewer still independently verify suppliers' claims.

ENDANGERED FORESTS: Much of the paper we use at home and at work comes from ecologically precious forests in the Canadian Boreal, the Southern US, and Indonesia. These and other Endangered Forests include the world's last remaining intact forest landscapes, imperiled species' habitats, old growth ecosystems, rare forest types, and other high conservation value forests. Due to these forests' uniqueness and/or vulnerability, they must be protected from logging.

We graded office companies on whether they have strong policies and practices for avoiding paper from Endangered Forests, whether they have such paper in their supply chains or are at risk of it, and whether they have acted promptly to eliminate known Endangered Forest products from their supply chains.



Photo © Garth Lenz

PLANTATIONS AND OTHER CONTROVERSIAL SOURCES:

Sterile tree farms, planted where biologically diverse natural forests once stood, are the other major unsustainable source of paper. Plantation-style forestry typically yields one or two species of trees—and little else. Missing are other plant species, habitat for wildlife, and the robust carbon storage found in more natural forests—in other words, most of the forest. Water quality and watersheds suffer from frequent logging and chemical applications. Here we also consider illegal forest management and trade, violations of indigenous peoples' rights, and the conversion of natural forests to non-forest land uses like subdivisions. We graded companies on whether they have effective policies and procedures for avoiding paper from such sources, whether any such sources are in their supply chains, and if so, what's being done to correct the problem.

RESPONSIBLE FORESTRY/FSC CERTIFICATION: Responsible forest managers produce paper and other forest products while maintaining a diversity of plant and wildlife species, minimizing use of chemicals and impacts to water quality, and protecting endangered areas. Of the many eco-labels for paper products, only the Forest Stewardship Council (FSC) provides meaningful assurances that such practices are being used. We graded companies on whether they give preference to FSC-certified papers and whether they're setting and meeting goals for increased sales of FSC paper. We also noted if they undercut these goals by relying on Sustainable Forestry Initiative (SFI), Programme for the Endorsement of Forest Certification (PEFC), or other certification labels that greenwash Endangered Forest logging and other controversial practices.

RECYCLING AND REDUCTION: Producing paper from post-consumer recycled fiber typically uses far less energy and water, eliminates waste, and has no impact on forest ecosystems. We asked if companies have strong preferences and goals for selling paper with high percentages of post-consumer recycled fiber. And since the most sustainable approach to using paper is to use less of it, we also asked if they're reducing the amount they use for marketing, internal operations, shipping, and other purposes.

OTHER LEADERSHIP: Office supply companies are among the world's largest purchasers of forest products. Thus they have the opportunity—and responsibility—to encourage their suppliers and governments to be better stewards of the world's forests. Those that have displayed real leadership deserve applause and support. We also considered other forest-related environmental leadership actions taken by companies.

Green Grades Report Card: OFFICE RETAIL SECTOR

These traditional office supply companies have the best track record overall, with environmental paper policies dating back as far as 2002. These are also the companies that ForestEthics and Dogwood Alliance first worked with in the office sector. Most have made important gains since our last scorecard—but still have room to improve.

| | Chain of Custody | Endangered Forests | Plantations & Controversial Sources | Responsible Forestry & FSC-Certification | Recycling & Reduction | Other Leadership | Overall Grade |
|--------------|------------------|--------------------|-------------------------------------|--|-----------------------|------------------|---------------|
| FedEx Office | B+ | A- | B | A | B- | A | A- |
| Office Depot | A- | B- | B | B- | B | B | B |
| Staples | B | B- | C- | A- | B- | A | B- |
| OfficeMax | C+ | D+ | C+ | C- | C | C | C |

OFFICE RETAIL COMPANY HIGHLIGHTS

Get the full story on each company's performance at www.forestethics.org/green-grades-summaries-09

FedEx Office

A-

FedEx Office's paper policy isn't the most detailed, but the company hasn't hesitated to avoid paper from caribou habitat, Indonesian forests, and other Endangered Forests, and has just made a major shift away from tree plantations in the US South. The company was also the first with a solid preference for credibly-certified paper (i.e., FSC), and has just announced that most of the paper used in its copy centers will be from FSC sources in the US. FedEx Office has also done the most to encourage its suppliers and governments to manage their forests more sustainably.

Office Depot

B

Office Depot does the best job of tracking its forest sources, has the most detailed paper policy, has been the most systematic about avoiding paper from Indonesian Endangered Forest logger Asia Pulp & Paper (APP), and does the best job of tracking its use of post-consumer recycled paper. The company is also using more credibly-certified paper for marketing paper, shifting its branded copier paper to FSC, and is beginning to look at the carbon footprint of its paper. But some of its paper still comes from caribou habitat in Canada and tree plantations in the US South.

OfficeMax

C

OfficeMax is improving: sourcing more FSC paper, and earning good grades for transparency on some items. However, their Endangered Forest policy has big gaps, and their chain of custody system relies heavily on weak "certification" schemes like the Sustainable Forestry Initiative (SFI). The company did recently encourage a key supplier to respect First Nations' traditional rights in Canada, and they have avoided controversial Asian sources. But too much of their paper still comes from caribou habitat and other Endangered Forests in the Canadian Boreal, and from tree plantations in the US South.

Staples

B-

Staples is making great progress towards very ambitious goals for moving its paper to FSC-certified sources, including for its branded copy paper. It has stopped sourcing from controversial Indonesian source Asia Pulp and Paper, has lobbied for protection of Endangered Forest in the Boreal, and is supporting a project to improve forestry practices in the US South. But the company has a ways to go in getting its newly acquired Corporate Express units up to speed, is still sourcing from tree plantations in the South, and sells other paper brands linked to Endangered Forests in the Boreal.

Green Grades Report Card: WHOLESALER/DISTRIBUTOR SECTOR

Many companies buy their office paper directly from wholesalers and distributors, so this year we included four such companies in our survey. Unisource and United Stationers have been making rapid progress toward using more sustainable paper practices. We're optimistic they'll do even better over time. Meanwhile, the other two companies' practices remain highly questionable.

| | Chain of Custody | Endangered Forests | Plantations & Controversial Sources | Responsible Forestry & FSC Certification | Recycling & Reduction | Other Leadership | Overall Grade |
|-------------------|------------------|--------------------|-------------------------------------|--|-----------------------|------------------|---------------|
| Unisource | B | C+ | B+ | C- | D+ | C | C+ |
| United Stationers | B- | C- | C+ | C- | C | C+ | C |
| PaperlinX/Spicers | F | F | F | F | D- | F+ | F |
| Xpedx | F+ | F | F | F | D- | F+ | F |

WHOLESALER/DISTRIBUTOR COMPANY HIGHLIGHTS

Get the full story on each company's performance at www.forestethics.org/green-grades-summaries-09

Unisource

C+

Unisource has been the most proactive company in its class. They adopted a paper policy earlier this year with clear intent to avoid Endangered Forest sources, and are surveying their suppliers to identify potential concerns. They also committed to avoiding all controversial Indonesian paper sources, started moving away from tree plantation sources in the Southern US, and are examining their suppliers' greenhouse gas footprints. The company has more work to do, and is not yet giving serious preference to recycled or credibly-certified paper (i.e., FSC), even for its own branded paper. But they're off to a great start.

United Stationers

C

United Stationers company is a fast learner. They just released a new paper policy that expands on a long-standing commitment to avoid fiber from old growth forests. The company could give greater preference to recycled and credibly-certified paper (i.e., FSC), but is taking its Endangered Forest commitment seriously, and has already worked with a supplier to ensure they no longer receive fiber from Indonesian forest destroyer Asia Pulp and Paper. We're hopeful the company will also move quickly to address its connections to Endangered Forests in the Canadian Boreal and tree plantations in the US South.

Xpedx

F

Xpedx is synonymous with unsustainable forest conversion and tree plantations in the US South, as the distribution arm of International Paper. The company lacks an environmental paper policy and relies too heavily on the substandard Sustainable Forestry Initiative (SFI) certification system. While they also sell FSC and recycled content paper, they sell far too much from Endangered Forests and controversial sources. They declined to seriously participate in the survey, so additional questions remain about their sourcing.

PaperlinX/Spicers

F

PaperlinX and its subsidiary Spicers appear to lack a strong environmental paper policy, and source a lot of paper from Endangered Forests, plantations, and other controversial sources, including caribou habitat in the Boreal, International Paper in the Southern US, and Asia Pulp and Paper in Indonesia. To their credit, they offer a number of FSC-certified papers, but don't appear to give these credibly-certified papers preference over others. They did not complete our survey, so questions remain about their sourcing practices.

Green Grades Report Card: GENERAL RETAIL SECTOR

“Big box” stores—and their virtual cousins like Amazon.com—are a growing part of the office supply sector, so we also included four of the bigger players this year. Two of these superstores are starting down the path toward greater sustainability, but overall, this sector has the furthest to go.

| | Chain of Custody | Endangered Forests | Plantations & Controversial Sources | Responsible Forestry & FSC Certification | Recycling & Reduction | Other Leadership | Overall Grade |
|---------------------------|------------------|--------------------|-------------------------------------|--|-----------------------|------------------|---------------|
| Target | C- | D | C | C- | C | D+ | D+ |
| WalMart/Sam's Club | C- | D- | C- | D- | D+ | B+ | D+ |
| Amazon.com | F | F | F | F+ | D- | F | F |
| Costco | F | F | F | F | C- | F | F |

GENERAL RETAIL COMPANY HIGHLIGHTS

Get the full story on each company's performance at www.forestethics.org/green-grades-summaries-09

Target

D+

Target is taking some encouraging steps forward, including by initiating development of a new paper policy and phase-outs of paper products from Endangered Forests and starting with a commitment to avoid paper originating with Indonesian forest-destroyer Asia Pulp and Paper. We're optimistic the company will adopt a policy that keeps them moving toward the front of their class, and that they'll address some possible connections to Endangered Forests in the Canadian Boreal.

WalMart/Sam's Club

D+

WalMart/Sam's Club is known for its promising sustainability initiatives, including for wood and packaging. However, its paper practices haven't kept pace. Its paper policy is missing some key elements, and does not address millions of tons of newspaper inserts. The company is also sourcing from International Paper and other suppliers connected to Endangered Forest logging and tree plantation conversion. They started working with other conservation groups, so hopefully next year their grades will go up.

Costco

F

Costco offers some good recycled papers and is reducing some of its own paper consumption, but buys and sells paper from far too many Endangered Forests and other controversial sources, including paper from Asia Pulp and Paper, International Paper (including the Hammermill brand), and the Boise International Falls mill that's connected to caribou habitat destruction. The company ignored our survey, so questions remain about their sourcing practices, but they appear to lack a strong environmental paper policy and other key supply chain measures.

Amazon.com

F

Amazon.com does not have a meaningful paper policy or other key paper- and forest-related sustainability measures, but appears to have no problem with buying and selling paper from Endangered Forests and other controversial sources in the Boreal, Southern US, and Indonesia. The giant online retailer ignored our survey, so questions remain about their paper sourcing practices.

Green Grades Report Card: EXTRA CREDIT

Forest Spotlight

Stretching from Alaska to the Atlantic, **Canada's Boreal Forest** is the largest remaining intact forest on the planet. It's also our largest source of fresh water, the largest terrestrial carbon sink on Earth, and home to sensitive species such as wolverine, polar bear, woodland caribou, and more than 300 birds. Canada's Boreal is being clear-cut at a rate of almost two million acres per year—mostly to produce paper products. As these forests are destroyed, so too is the forest's ability to shield us from climate change. The iconic Woodland Caribou—the reindeer of holiday lore—has already been wiped out from over 50% of Canada's forests, and will not survive into the next century if this habitat destruction continues.

From the Gulf Coast, Ozark Mountains and Southern Appalachians to the pine woods and swamps of the East Coast, **Southern US Forests** house an abundance of plant and animal diversity and pristine watersheds. Many of the region's plant and aquatic species can be found nowhere else in the world and Southern forests are the most biologically diverse in North America—and in many cases, the world. Unfortunately, the Southern US is the largest paper producing region in the world, with 2% of the world's forests used in production of approximately 20% of the world's lumber, pulp and paper. Countless plant and wildlife species are at risk of disappearing forever and an important region for carbon storage will be lost if we continue with business as usual forestry practices.

Paper production is one of the world's largest causes of climate change. The paper and forest product industry's energy consumption is the third highest in the world, behind only the petroleum and chemical industries. To make matters worse, logging intact natural forests releases an enormous volume of greenhouse gases. Globally, deforestation accounts for 18% of all greenhouse gas emissions released into the atmosphere every year. Office companies can do their part by beginning to track the greenhouse gas footprint of different papers. Absent more specific data, they should avoid paper from old growth forests or forests being converted to plantations, and seek paper with high recycled content, which will help lower greenhouse gas footprints.

The Greenwash Report

Here are some examples of where companies are putting a fresh coat of green paint on a less than eco-friendly reality:

If what I were saying were true, then I wouldn't be lying: Xpedx cites its parent company's "long history of environmental stewardship." Too bad that parent company is the notorious **International Paper**. IP is a big supporter of the Sustainable Forestry Initiative's certification scheme, and uses it to greenwash **Endangered Forest logging** and the conversion of natural forests to plantations.

A fox has never had a better plan for protecting the henhouse: The **Sustainable Forestry Initiative** claims to "consider all forest values" and help consumers identify "responsible" and "sustainable" forest products. But there's nothing sustainable about an eco-labeling scheme that fails to protect endangered species and the **last old growth forests in the US**, ignores most types of illegal logging in **Indonesia**, and rubber stamps business as usual industrial logging.

But what would you expect from a timber industry trade association?

The old "Paper is Green By Definition" routine: The sustainability section of **PaperlinX/Spicers'** website is an incredible resource if you're looking for statements that are framed as 'green', but are really justifications for inaction:

"The fact that paper is made from a renewable resource and is completely recyclable has become increasingly important to consumers the world over."

Consumers do indeed value recycling, and Paperlinx's own grade of **'D minus' in Recycling and Reduction** isn't doing anyone any favors. And what's renewable about permanently **destroying caribou habitat** and other Endangered Forests?

About Green Grades

Using a brand-new set of metrics, we graded the companies based on their responses to a comprehensive questionnaire and independent research conducted by ForestEthics and Dogwood Alliance. We then shared our draft findings with each company, to ensure their accuracy and to convey opportunities for further improvement. We rewarded companies with a strong track record and/or rate of innovation. Several companies chose not to respond to the questionnaire, and this lack of transparency—and the resulting environmental risks—are reflected in their grades.