

Green Grades 2009

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

SUMMARY OF OFFICE DEPOT

The ForestEthics and Dogwood Alliance Office Sector Scorecard assign grades for the forest-related environmental performance of corporate paper sourcing in the following areas:

- 1) Chain of Custody Systems
- 2) Endangered Forests
- 3) Plantation Conversion and Other Controversial Sources
- 4) Sustainable Forestry
- 5) Recycled and Reduction
- 6) Climate and Forests
- 7) Other Forest Ecosystem Conservation Leadership

Scope of survey: all office and marketing papers bought and sold by the company, including office papers used for internal operations.

In December, 2008, a questionnaire was mailed to companies that were selected to be included in the 2009 ForestEthics and Dogwood Alliance Office Sector Scorecard. Office Depot agreed to actively participate in the evaluation process. Office Depot has been mostly transparent with ForestEthics and Dogwood Alliance; however, Office Depot still has not been completely transparent in some areas, as we are part of the sourcing information section of the questionnaire was incomplete. This presents some challenges in evaluating the company in this area. The following summary of the company's policies and performance are based on information collected from their responses to the questionnaire, additional communications between the company and ForestEthics and Dogwood Alliance, as well as independent research conducted by ForestEthics and Dogwood Alliance.

Green Grades Report Card:

Office Depot's Environmental Performance in Seven Crucial Forest-Related Categories:

CHAIN OF CUSTODY: Office Depot's current CoC system is currently leading the industry. Their CoC system started in 2005 and tracks an estimated 95% of cut-sheet paper and 84% of marketing paper, which together constitute the majority of Office Depot's paper purchases. In addition there are plans to increase their CoC tracking to cover 100% of both their marketing and cut-sheet paper. We do not know if Office Depot has CoC mechanisms for their other papers; if not, this gap could leave the company at risk of inadvertently sourcing from endangered forests and controversial sources (though we do know that for at least one specific controversial source, the company has been looking at these secondary sources of paper).

Office Depot's CoC system is based partly on CoC certification per the FSC, SFI, PEFC, and CSA forest certification systems. The non-FSC systems are not sufficient by themselves to determine if fiber originates from endangered forests, since those systems do not adequately define or identify endangered forests in the first place. However, Office Depot also employs a supplier questionnaire that is one of the most detailed and comprehensive questionnaires for the sector, and specifically addresses important topics, including large intact forests, imperiled species, and plantation conversion, that are not adequately covered by the non-FSC certification systems. The questionnaire also encourages suppliers to provide fiber sourcing maps. Areas where the questionnaire could be further improved include using a more comprehensive definition of imperiled species, and expansion of its definition of illegal logging to cover all types of illegal forest management practices.

Office Depot also conducts training for their suppliers to educate them on Office Depot's expectations for CoC systems, forest sourcing, and certifications.

For the past 3 years, the auditing firm PricewaterhouseCooper has independently verified Office Depot's environmental claims, including those related to certification, chain of custody and recycled content. Office Depot is the only office supply company that obtains independent verification of suppliers' information. While their auditing process may still have room for improvement, this is an industry leading practice that we would like to see implemented among all office supply companies.

ENDANGERED FORESTS: Office Depot defines endangered forests as rare and vulnerable forests, forests containing exceptional biodiversity value, forests subject to unsustainable management, or illegally logged forests. This definition of endangered forests is a relatively thorough one, although it should be refined to also include frontier forests and roadless areas, as well as a comprehensive definition of what constitutes "unsustainable logging practices." The policy states the company will refuse to offer "preferred status" to suppliers that are participating in the destruction of endangered forests, and that non-preferred suppliers will be phased out. This commitment has been in place since 2004.

Office Depot has taken important actions to eliminate EF sources from its supply chain. In 2008, Office Depot switched over more of its remaining CSI, SFI, and uncertified sources of marketing papers from endangered and controversial forest sources in the Canadian Boreal to FSC certified fiber after discussions with ForestEthics, Dogwood Alliance, and Greenpeace, for a total of roughly 50% shifted. This is a significant increase over the 20% switch in 2007 but still leaves half of the company's marketing paper originating from endangered forests in the Canadian Boreal.

In 2004, Office Depot eliminated Asia Pulp & Paper as a primary supplier, one of the first companies in this sector to do so. Office Depot has since been working to also identify and eliminate all secondary sources of APP fiber in an effort yet to be fully matched by its competitors. The company has succeeded with all but one product group, and indicates that the situation with that product group will also be changing soon.

However, Office Depot is still sourcing fiber from at least 3 endangered forest areas.

In Quebec, Office Depot is still sourcing fiber for a portion of its marketing papers from Abitibi-Bowater's Laurentide and Kenogami mills, which obtain fiber partly from intact forests, endangered caribou habitat, and areas important to a proposed regional protected areas network.

The company also continues to sell some other papers likely to originate from endangered forests. Examples include some cut-sheet paper manufactured by the Boise International Falls mill, which use pulp from Abitibi-Bowater's Fort Frances mill in Ontario, which sources from threatened caribou habitat in the Canadian Boreal. Another example is papers produced by

Green Grades Report Card:

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International Paper (IP), including Hammermill brand cut sheet paper and Office Depot brand inkjet paper. IP is known for controversial sourcing in the U.S. Southeast¹, including from endangered forests in the Cumberland Plateau.

Office Depot has been relatively transparent with ForestEthics and Dogwood Alliance about its fiber sourcing, except for some significant categories such as cut-sheet papers. As a result, we can not rule out the possibility the company is also sourcing from other endangered forests.

PLANTATIONS AND OTHER CONTROVERSIAL SOURCES: Office Depot does have a commitment in its paper procurement policy to not extend preferred status to suppliers sourcing fiber from illegally logged forests or from plantations converted from natural forest. However, as with endangered forests, Office Depot does not otherwise have an unequivocal commitment to avoid fiber from such sources, nor does the company's policy address problems with existing plantations or the conversion of forests to non-forest land uses.

Nevertheless, Office Depot eliminated APP as a direct supplier, due to APP's connection to forest conversion, illegal logging, and other controversial practices. Office Depot's sourcing of FSC certified papers also provides some assurances for these papers, given that the FSC prohibits the conversion of forests to plantations and other uses, and the certification of plantations established through conversion post-1994.

However, as noted above, Office Depot still sells Hammermill brand cut sheet paper and Office Depot brand ink jet paper, both of which are produced by International Paper—and forest conversion to plantations and non-forest development are among the practices that make IP a controversial source in the US Southeast².

RESPONSIBLE FORESTRY/FSC CERTIFICATION: Office Depot's environmental paper procurement policy does not give preference to FSC certified papers over papers certified by the SFI and other weak and potentially misleading certification systems that are endorsing endangered forest logging, plantation conversion, and other controversial and unacceptable practices. However, as of 2008, Office Depot's supplier questionnaire has stated that the company will give preference to FSC certified paper over others "where all other things [e.g., price, quality, etc.] are equal."

As a practical matter, Office Depot is also making significant shifts towards the use of FSC certified paper. As noted above, the company is increasing the FSC content of its marketing papers to 51.4%, over its prior content of 25% FSC. In addition Office Depot has engaged with its suppliers to help bring to market a store-brand FSC certified 30% PCR paper sourced from the US South. This represents a very large shift toward FSC certified papers for Office Depot and FSC forestry in the U.S. South.

RECYCLING AND REDUCTION: Office Depot's policies and procedures give a clear preference to paper manufactured with post-consumer recycled fiber. Their policy has contained this preference since 2004. The policy states a goal of achieving an "average of 30% PCW recycled fiber and alternative fiber content for all of the paper products we distribute."

Office Depot also has the following goals for these specific paper types:

- Cut-sheet paper: 15% combined average PCR for all paper sold, to be met by 2010.
- Cut-sheet paper used internally: 30% combined average PCR for all paper used, met in 2005.
- Other papers: "continuous improvement"

Of the companies we surveyed, Office Depot maintains the most comprehensive data for tracking PCR content. Office Depot's policy has a stated goal of 30% combined average PCR content for all paper products distributed by the company. It is not known if the company has yet achieved this goal. The company is making good progress towards its goal for cut-sheet paper, having achieved 10.7% PCR average in 2007, has exceeded its goal for cut-sheet paper used internally, having achieved 32.2% average, and has achieved 27% PCR for folders, boxes, and "personal care" paper products.

¹ International Paper's Southern Presence. Dogwood Alliance. <http://www.dogwoodalliance.org/content/view/38/94/>

² International Paper's Southern Presence. Dogwood Alliance. <http://www.dogwoodalliance.org/content/view/38/94/>

