

Green Grades 2009

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

SUMMARY OF TARGET

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. Target agreed to actively participate in the evaluation process. The following assessments of the company's policies and performance were made from information collected from their responses to the questionnaire, additional communications between the company and ForestEthics and Dogwood Alliance, and additional independent research conducted by ForestEthics and Dogwood Alliance.

Given the limitations of their current chain of custody (CoC) system, Target could only provide information pertaining to their marketing papers at this time, although the scope of the survey also includes all office papers bought and sold by the company as well as paper used internally. The company is developing a more robust CoC system and we are optimistic it will provide a more complete picture of their paper sourcing in the future. Target has been transparent regarding its marketing papers in all of the below categories.

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

CHAIN OF CUSTODY: Target currently has only partial commitments and procedures for identifying the forest sources of paper bought and sold by the company. The company tracks 80% of the marketing papers it uses, and plans to increase this number to 95%, but there is currently no CoC system in place for other papers used by or sold by the company. However Target is developing a CoC system that will begin to track the origins of non-marketing papers.

The company's chain of custody system for marketing papers is also limited and does not track whether the paper comes from endangered forests and other controversial sources, and also does not include independent verification of suppliers' CoC claims. Target's policy of only sourcing from ISO 14001 certified mills does create some opportunities to track its paper products; however it offers no assurance that paper from endangered forests or other controversial sources will not enter its supply stream.

Target is currently developing a more comprehensive paper procurement policy, which is an important opportunity for the inclusion of a CoC system that will cover papers bought and sold by the company beyond their marketing papers.

ENDANGERED FORESTS: Target does not yet have a strong policy or procedures for avoiding paper containing fiber from EF sources. While Target currently requires its marketing papers to be sourced from ISO 14001 certified mills, that certification primarily speaks to best manufacturing practices and does not address forest ecosystem protection or offer any degree of assurance that paper does not contain fiber from endangered forests. The company does not yet have a policy covering other paper purchases.

Without a policy in place, Target is at risk of sourcing from EFs. The company is now taking action to eliminate products sourced from Asia Pulp and Paper (APP), and we are optimistic they will decide to take action to address other likely sources of Endangered Forest fiber in their supply chain. However, the company's recent sourcing from highlights the need for a strong policy; APP's logging practices are threatening orangutan habitat as well as the habitats of the critically endangered Sumatran tiger and elephant¹.

Other risks in Target's supply chain include marketing paper from a mill that has been indirectly obtaining some of its fiber from caribou habitat and intact forest in the Canadian Boreal. In addition, Target currently purchases and sells at least one major brand of cut sheet paper produced by International Paper – a company known for controversial sourcing including endangered forest and conversion issues in the U.S. southeast². Their most controversial logging of endangered forests is occurring in the Cumberland Plateau region of the U.S. southeast. This is the world's longest hardwood forested plateau and is home to many species of plants and animals found nowhere else on earth.

To their credit, Target indicates they are "working toward a corporate policy that would include all of our paper businesses." Target has indicated they plan to use the Forest Stewardship Council definition of a High Conservation Value Forest (HCVF) as their working definition for endangered forests. This is a potentially solid definition, but of course must be coupled with a commitment and measures to avoid purchasing papers from such forests.

PLANTATIONS AND OTHER CONTROVERSIAL SOURCES: The company does not yet have any policies or consistent measures to avoid sourcing paper from plantations established at the expense of natural forests, or from other controversial sources, e.g., illegal logging, violation of indigenous peoples' rights, etc. It is not yet known whether the company's pending paper policy will include commitments and mechanisms to avoid purchasing paper from such sources.

To their credit, Target has begun to eliminate from their supply chain some fiber from converted plantations with their phase-out of APP products. As noted above, APP has also engaged in documented illegal logging in China and Indonesia³.

However, Target still currently purchases and sells other paper from plantations and other controversial sources. Examples include cut sheet paper manufactured by International Paper. Target currently sells two brands of paper that are produced

¹ Forest Clearing by Paper Giant APP/Sinar Mas Linked to 12 Years of Sumatran Tiger, Human Fatalities. World Wildlife Fund. <http://www.worldwildlife.org/who/media/press/2009/WWFPresitem11892.html>

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

³ Authorities crack down on illegal logging. China Daily, March 31, 2005. http://www.chinadaily.com.cn/english/doc/2005-03/31/content_429716.htm

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by International Paper – a company known to convert forests to plantations in the U.S. southeast⁴ and elsewhere⁵. Some of this paper is manufactured at International Paper's Courtland, Alabama mill. This mill sources fiber from the ecologically rich Cumberland Plateau in the Southeastern U.S.

In as much as Target is adopting a preference for FSC certified papers, this will also help address the conversion issue, given that the FSC prohibits the certification of plantations established through the conversion of natural forests after 1994.

RESPONSIBLE FORESTRY/FSC CERTIFICATION: Target's marketing paper policies and procedures state a preference for paper from forests credibly certified as environmentally and socially well-managed. However, the details and implementation of this preference are unclear; we do not know, for example, if weak certification systems like the SFI and PEFC are included alongside the more credible FSC. We are not aware of any other official preference for FSC certified products, including for other paper types, though Target's questionnaire response states the company "generally shows a preference towards FSC certified products."

RECYCLING AND REDUCTION: The company's marketing paper policies and procedures give a clear preference to paper manufactured with post-consumer recycled fiber, although in percentages that are significantly below what can be readily achieved for these paper types. The Environmental Paper Network (EPN) has set a minimum goal of 30% PCR content to be considered an "Environmentally Improved Paper."⁶

In June of 2007, Target adopted a policy mandating 10% PCR content for half of their weekly ad supply. In February of 2008, they will be implementing a new policy that mandates 10% PCR content and 20% pre-consumer recycled content (for a total of 30% recycled fiber content) for their marketing papers. Target reports achieving 10% PCR content in half of their weekly ad paper supply since 2005. Target is planning a test run of their weekly ad this spring with a total recycled fiber content of 50% but the PCR percentage is unknown.

The company has not indicated having strong policies or goals for the PCR content of the other papers the company sells or uses.

Target has taken some noteworthy steps to reduce its consumption of marketing papers. Its weekly ad purchasing guidelines state "In our efforts to reduce our environmental footprint...our newspaper insert circulation will be monitored to a controlled, tight radius around our stores, representing their true trade area." Target has reduced its weekly ad circulation by 7% since 2006. Beginning in April 2008, Target reduced trim size by 1%, resulting in a reduced paper consumption of 10,000 tons on an annual basis. They also are reportedly testing an online only weekly ad in the Alaska market. Target also states that they "have ongoing discussions about how to further reduce consumption."

The company does not appear to have goals for reducing its use of packaging or other paper types.

CLIMATE AND FORESTS: The company has taken initial steps towards instituting commitments and procedures to reduce its marketing paper-related greenhouse gas footprint. In April 2008, Target engaged the Institute for Sustainable Communication to compile a preliminary greenhouse gas inventory for their weekly ad supply chain, focusing on the greenhouse gas emissions that can conclusively be traced to Target's 2007 fiscal year weekly ads. It will cover their footprint from forest to newspaper. Their stated goal is to know where they have an opportunity to reduce their carbon footprint and to measure this on an annual basis.

No steps have been taken on other paper bought and sold by the company. The company does not currently have policies in place to focus its other paper purchases on low carbon paper, e.g., recycled content paper and paper not from old growth forests.

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

5 BNDES approves financing of R\$ 134 million to International Paper. Banco Nacional de Desenvolvimento Econômico e Social. http://www.bndes.gov.br/english/news/not305_05.asp

6 Paper Steps: Taking the Steps to Environmentally Responsible Paper. Environmental Paper Network. http://www.environmentalpaper.org/documents/WIYP_thepapersteps_PrintFriendly.pdf

