

Green Grades 2010

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

Even today, most paper is still produced from virgin wood fiber from forest ecosystems. And prevailing forestry practices still continue to harm wildlife, water quality, climate, wilderness, and other forest ecosystem values.

Copy paper and other paper used in office settings is no exception. But by making informed paper purchasing decisions, corporate and individual consumers can reduce those impacts and be a force for change. Indeed, we've witnessed considerable progress since ForestEthics and Dogwood Alliance prompted the first office sector environmental paper policies in 2002.

SINCE THE RELEASE OF OUR FIRST SCORECARD IN 2007, SOME OF THE WORLD'S BIGGEST STORES HAVE MADE HUGE ENVIRONMENTAL PROGRESS.



Woodland caribou and many other wildlife species require more ecologically sound and protective forest practices.

This year we continue to see important progress, including more companies:

- Shifting more paper sourcing to forests credibly certified as well-managed by the Forest Stewardship Council (FSC).
- Avoiding producers like International Paper (IP) and Asia Pulp & Paper (APP) because of their Endangered Forest logging, conversion of forests to unsustainable tree plantations, and promotion of genetically engineered trees in places such as the US South and Indonesia.
- Rejecting the greenwashing claims of the Sustainable Forestry Initiative (SFI).
- Adopting new and improved environmental paper policies.

CHOOSE YOUR PAPER WISELY

Whether you're buying paper for a Fortune 500 company or your child's education, environmentally and socially responsible paper use begins with three essential steps:

- 1) Minimizing your use of paper.
- 2) Avoiding paper from Endangered Forests, unsustainable forest management, 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.



Green Grades can also help you decide which companies are better sources for environmentally responsible paper. If you're considering a company we did not evaluate, take a hard look at their policies and paper sources (see Key to Report Card, page 2).

Some companies' efforts are also paying double dividends by leveraging conservation initiatives such as the Canadian Boreal Forest Agreement and projects to improve forestry practices in the US South. Both regions are major paper sources (see Forest Ecosystem Spotlight, page 6).

Meanwhile, the trade in paper from Endangered Forests and other controversial and unsustainable sources remains a problem. Industry-biased certification schemes such as the SFI also continue to provide green "cover" for such sources, so we now rank companies on whether they avoid or support this play (see Greenwash Report, page 6).

Consumers should applaud the progress—and exercise discretion. All of the companies have room for improvement, and some have done little to ensure their products are environmentally responsible. Questions also remain about companies not covered in our scorecard.

Green Grades **KEY TO REPORT CARD**

In grading the following topics, we considered whether the companies have strong policy commitments, use robust supply chain mechanisms to meet those commitments, act promptly on known concerns, have any remaining problems in their product lines, take advantage of opportunities to offer more ecologically sustainable products, and transform the marketplace.

CHAIN OF CUSTODY: To be environmentally responsible, office products companies first need to know where each paper product comes from, and if those sources involve Endangered Forests and other controversial and unsustainable practices. Suppliers' claims should also be independently verified.

ENDANGERED FORESTS: The world's last remaining intact forest landscapes, imperiled species' habitats, old growth ecosystems, rare forest types, and other high conservation value forests need to be protected from logging—not turned into paper products. Office products companies need to avoid such products, and phase out Endangered Forest suppliers that may already be in their supply chains.



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PLANTATIONS & OTHER CONTROVERSIAL SOURCES: Still a common source of paper products, plantation-style forestry eliminates much of the wildlife, biological diversity, water quality, and carbon storage of natural forests by intensively growing only one or two tree species and using frequent logging cycles and chemical applications. Office companies should also avoid sourcing from illegal forest management and trade, operations that violate indigenous peoples' rights, genetically modified trees, other particularly controversial and unsustainable practices, and companies that convert forests to non-forest uses.

SFI GREENWASH: The Sustainable Forestry Initiative (SFI) was created by the timber industry to greenwash business-as-usual logging and other controversial and unsustainable practices. Office companies shouldn't undercut their environmental goals or mislead customers by giving preference to SFI products or using SFI's phony eco-label, which does not ensure that products come from genuinely well-managed forests. The same goes for the Programme for the Endorsement of Forest Certification, which merely re-brands the SFI.

RECYCLING AND REDUCTION: Office companies should maximize sales and use of post-consumer recycled (PCR) paper, since PCR fiber typically uses far less energy and water, eliminates waste, and has no impact on forest ecosystems. Since the most sustainable approach to paper is to use less of it, companies should also reduce consumption for marketing, internal operations, and shipping.

FSC CERTIFICATION: Responsible forest managers harvest forest products while maintaining a natural diversity of plant and wildlife species, minimizing chemicals and water quality impacts, protecting endangered areas, and respecting indigenous peoples' rights. The Forest Stewardship Council (FSC) is still the only eco-label to provide meaningful assurances of such balance. Office companies should give preference to paper from FSC-certified forests and maximize their FSC product offerings.

OTHER LEADERSHIP: As large purchasers of forest products, office companies can—and should—encourage suppliers and governments to protect and restore forest ecosystems, and adopt more ecologically balanced forest management practices. Some companies are also recognizing that protecting forests is a good way to keep carbon in trees and soils, and out of the atmosphere.



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For more information, visit www.forestethics.org or www.dogwoodalliance.org.

Green Grades OFFICE RETAIL SECTOR

While they still have room to improve, these companies have the best track record overall, with environmental paper policies dating back as far as 2002. They are also the first office companies with which Dogwood Alliance and ForestEthics worked.

	Chain of Custody	Endangered Forests	Controversial Sources	SFI Greenwash	Recycling & Reduction	FSC Certification	Other Leadership	Overall Grade
FedEx Office	B+	A-	B	A	C	A	A	A-
Office Depot	A-	B-	B	B-	B	B	A-	B
Staples	B+	B-	B-	B-	B	A	A	B
OfficeMax	C+	C-	C+	F	C+	C	C-	C-

OFFICE RETAIL COMPANY HIGHLIGHTS

Get the full story on each company's performance at www.forestethics.org/green-grades-summaries-2010

FedEx Office

A-

FedEx Office's policy covers the basics, and the company has aggressively avoided paper from Endangered Forests and unsustainable plantations in Indonesia and elsewhere, though they still offer a small amount of third party brand paper from the US South. The company was the first in the sector with a solid preference for FSC paper, and avoids SFI greenwash. FedEx Office has also encouraged suppliers and governments in the US South and Canadian Boreal to manage their forests more sustainably. The company can go further in sourcing recycled paper, but has a new internal paper recovery program.

Office Depot

B

Office Depot does the best job of tracking its forest sources, has the most detailed paper policy, and is the most systematic about avoiding paper from Endangered Forests in Indonesia. The company also helped leverage conservation gains in the Canadian Boreal, is shifting more of its paper to FSC, and has committed to phasing-out use of the SFI logo on Office Depot brand papers by early 2011. While some of its paper still comes from plantations and Endangered Forests in the US South, Office Depot is engaging the supplier and supporting projects to improve other private landowner practices there.

Staples

B

Staples has particularly ambitious goals for shifting to FSC and recycled paper, and is making good progress. The company also avoids the worst Indonesian Endangered Forest logger, supports conservation in the Canadian Boreal, and is helping to improve forestry practices in the US South. But Staples still sources from tree plantations and Endangered Forests in the US South for some of its house-brand paper, and gives partial recognition to the SFI in its paper policy.

OfficeMax

C-

OfficeMax is slowly improving, now offering a significant array of recycled and FSC-certified papers, while avoiding controversial Asian sources. However, their policy has huge gaps, and their chain of custody system relies on paper-thin schemes such as the SFI. OfficeMax also sells paper from Endangered Forests and plantations that are replacing natural forests in the US South, displays the SFI greenwash logo on its house brand papers, and is counted as a "supporter" by the SFI.



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Green Grades **WHOLESALER/DISTRIBUTOR SECTOR**

Many companies buy their office paper directly from wholesalers and distributors. While progress can be more difficult for such companies because of their business model, this year PaperlinX/Spicers joined Unisource and United Stationers in making important strides forward.

	Chain of Custody	Endangered Forests	Controversial Sources	SFI Greenwash	Recycling & Reduction	FSC Certification	Other Leadership	Overall Grade
United Stationers	B-	C	C+	B-	C+	B+	B+	B-
Unisource	B-	C+	B+	C-	D+	C	C+	C+
PaperlinX/Spicers	C	D+	C-	C-	B	B	C	C
xpedx	D+	D-	D-	F	D	D+	D	D-

WHOLESALER/DISTRIBUTOR COMPANY HIGHLIGHTS

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United Stationers

B-

United Stationers has a relatively strong policy for this group, and the policy now guards against plantations and no longer recognizes the SFI. The company also avoids Indonesian forest destroyer APP, is committed to shifting its SFI-certified Universal brand paper to FSC sources, and is strengthening its chain of custody system. United Stationers is also helping to leverage conservation gains in the Canadian Boreal. While United Stationers is still sourcing some third party brand paper from the US South, the company is now engaging the supplier.

Unisource

C+

Unisource just expanded its Endangered Forest policy to cover its Canadian operations, has the best chain of custody system among this group, is committed to avoiding controversial Indonesian sources, and is largely avoiding one of the worst suppliers from the US South. The company is also interested in supporting other conservation initiatives. However, Unisource's policy and product advertising strongly perpetuate SFI greenwashing, and the company could also do more to promote recycled paper.

PaperlinX/Spicers

C

PaperlinX/Spicers is adopting a new paper policy for its North American operations, which have a strong offering of FSC papers, plans to address sourcing concerns in the US South, and is phasing out paper from APP, the worst logger of rare Indonesian forests. We are hopeful the company will also eventually eliminate APP and other controversial sources from its other operations, and disassociate Spicers Discovery brand paper from SFI greenwash.

xpedx

D-

As the distribution arm of International Paper, xpedx remains synonymous with tree plantations and other unsustainable practices in the US South, and its SFI certification greenwashes these and other destructive practices. While xpedx is also making more FSC papers available, and avoids fiber from Indonesia, it lacks an environmental paper policy and has no credible mechanism for avoiding fiber from other Endangered Forests and other controversial sources.



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Green Grades **MASS MARKET RETAIL SECTOR**

The “superstores” are a growing part of the office supply sector. While they are starting down the path toward greater sustainability, they have the furthest to go overall.

	Chain of Custody	Endangered Forests	Controversial Sources	SFI Greenwash	Recycling & Reduction	FSC Certification	Other Leadership	Overall Grade
Target	C-	D+	C-	A-	C	B-	C	C
Walmart/Sam's Club	C-	D-	C-	C-	D+	D-	B+	D+
Costco	F	D-	F	B	C	F	D	D
Amazon.com	F	F	F	C-	D-	F+	F	F+

MASS MARKET RETAIL COMPANY HIGHLIGHTS

Get the full story on each company's performance at www.forestethics.org/green-grades-summaries-2010

Target

C

Target is clearly heading the right direction, albeit slowly. The company avoids paper from Indonesian forest destroyer APP, is engaging a supplier involved with converting natural forests to plantations in the US South, and just adopted a new paper policy that gives preference to FSC paper and avoids SFI greenwash. However, Target should also develop more detailed guidelines to consistently avoid Endangered Forests and other controversial sources, while maximizing its use of FSC and recycled paper.

Walmart/Sam's Club

D+

While Walmart/Sam's Club is known for other sustainability initiatives, its paper practices have not kept pace. Its paper policy has major gaps, relies on SFI greenwash, and does not address millions of tons of newspaper inserts. The company also sources from International Paper and other suppliers connected to Endangered Forest logging and tree plantation conversion. Walmart/Sam's Club also actively touts the SFI as “green,” and is even trying to increase some of its SFI product lines.

Costco

D

Costco no longer appears to be sourcing from Indonesia. But, the company's lack of an environmental paper policy and other safeguards and goals leaves them at risk of sourcing from other Endangered Forests and controversial sources. Indeed, one of Costco's larger volume papers comes from SFI greenwashed plantations and other controversial sources in the US South. To its credit, Costco is avoiding other forms of SFI greenwash, is reducing its paper consumption, and offers some FSC papers and a tree-free copy paper in some stores.

Amazon.com

F+

Amazon.com does not have a meaningful paper policy or other basic safeguards and goals. Indeed, the company appears to have no problem with buying and selling paper from Endangered Forests and other controversial sources, including in the US South. Some Amazon.com subsidiaries are also using the SFI greenwash logo on their paper-based packaging, and Amazon.com has publicly expressed support for the SFI.



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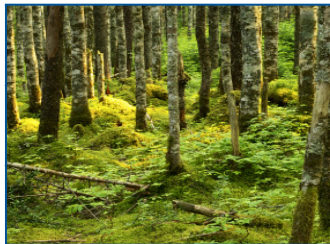
Green Grades EXTRA CREDIT

FOREST SPOTLIGHT

North America's Boreal Forest stretches through Alaska to the Atlantic. The Canadian portion alone is the largest terrestrial carbon sink on Earth and home to sensitive species such as wolverine, woodland caribou, and more than 300 birds. **The new Boreal Forest Agreement provides a roadmap for conserving significant portions of the Canadian Boreal ecosystem.** Supply chain actions and other leadership by paper companies played a major role in enabling the Agreement. With continued market vigilance, we are confident the protected areas and sustainable forest management required by the Agreement will be fully developed and applied, with necessary support from governments and First Nations.

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 on Earth and Southern forests are the most biologically diverse in North America. 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 also one of the world's leading 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. **Logging intact natural forests also releases an enormous amount of greenhouse gases; globally, deforestation accounts for 18% of all**



Deforestation accounts for 18% of all greenhouse gasses.

greenhouse gas emissions.

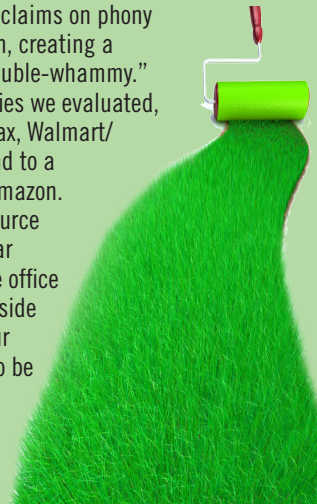
Office companies can help by considering the impact of different papers. Generally, they should avoid paper from old growth forests or forests being converted to plantations, and seek paper with high recycled content.

THE GREENWASH REPORT

Today, consumers are at risk of being swept up in a tsunami of misleading "greenwash," and the Sustainable Forestry Initiative (SFI) is one of the biggest wavemakers. Originally created by a timber industry trade association, the SFI claims to certify "sustainable" forestry. But it still lacks sufficient independence from the companies it "certifies" and still fails to require fundamental change to business-as-usual logging practices. The SFI even rubber-stamps the logging of endangered species' habitats and rare old growth forests in the US, the conversion of forests to plantations, and other particularly unacceptable and ecologically unsustainable practices.

Several of the office sector companies we evaluated are careful to avoid passing-along the SFI greenwash. Others are making progress in reducing it, though they have further to go and are hampered by mis-informed customers who demand SFI products.

Meanwhile, some companies seem happy to let customers sink or swim. These companies go out of their way to pass-along the SFI's claims, and even base their own environmental claims on phony SFI certification, creating a greenwash "double-whammy." Of the companies we evaluated, xpedx, OfficeMax, Walmart/Sam's Club, and to a lesser extent Amazon.com and Unisource are of particular concern. Some office companies outside the scope of our report may also be complicit.



ABOUT GREEN GRADES

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 convey opportunities for improvement.



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