

GREEN GRADES⁺

A REPORT CARD ON:

CLASS: Credit Card, Insurance, and Telecom Sectors

TEACHER: ForestEthics TERM: 2011

PUPILS: American Express, AT&T, Bank of America, Capital One, Chase, Discover, GEICO, Sprint, State Farm, Travelers, USAA, Verizon

When you apply for a new credit card, shop for car insurance or sign up for a cell phone plan, you're probably looking for a fair deal and good service. **But, one thing you're likely not expecting to get with the deal is forest destruction.**

Unfortunately, that's often what we get. Companies that offer credit card, insurance and mobile communication services have a major impact on North America's endangered forests.

Forests clean our air and water, provide life-saving medicine, serve as a home to innumerable species and sustain human communities. They're simply too valuable to waste on unwanted offers that arrive in our mailboxes and other excessive paper use.

THIS YEAR'S GREEN GRADES REPORT CARD EXAMINES THE PAPER PRACTICES OF A DOZEN FORTUNE 500 COMPANIES THAT CONSUME VAST AMOUNTS OF PAPER.

ForestEthics' analysis reveals that several major companies fall far short of using best environmental practices in their paper buying. Because these companies consume so much paper—for everything from direct mail solicitations to customer billing to internal company communications—their environmental footprint extends deep into forests. And since these companies represent some of the logging and paper industry's largest customers, their choices can uniquely influence the protection—or destruction—of the world's endangered forests.

Our analysis also shows some companies improving their environmental leadership on paper issues. By reducing consumption, maximizing recycled content and utilizing only credible certification for non-recycled fiber, these corporations are positioning themselves well to respond the increased demand for legitimately green products and services.



ForestEthics follows the corporate paper trail.
Some paper trails lead to forest destruction. Others do not.

CHOOSE YOUR OWN PAPER WISELY

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 essential steps:

- 1) Minimizing overall paper use.
- 2) Maximizing the post-consumer recycled content in paper.
- 3) Choosing paper that is certified by the Forest Stewardship Council (FSC) and free of fiber from endangered forests or other controversial sources.



SINCE THE RELEASE OF FORESTETHICS AND DOGWOOD ALLIANCE'S FIRST GREEN GRADES REPORT CARD IN 2007, SOME OF THE WORLD'S MOST WELL-KNOWN OFFICE SUPPLY RETAILERS AND LARGEST DISTRIBUTORS HAVE MADE BIG ENVIRONMENTAL COMMITMENTS THAT HELP PROTECT FORESTS. [SEE THE FINAL PAGE OF THIS REPORT FOR UPDATES ON THE OFFICE SUPPLY AND SERVICES SECTOR SINCE LAST YEAR'S GREEN GRADES.](#)

GRADING CRITERIA

HOW WE USED OUR RED MARKER

To create this report, ForestEthics reviewed the policies and practices of a dozen large U.S. companies that utilize significant amounts of paper for direct mail marketing, internal office use and communication with customers. Twelve companies in the credit card, insurance and telecommunications sectors received and were asked to respond to a detailed survey about their paper policies and practices.

Based on survey results, other data that is publicly available, and each company's response to our detailed suggestions for improving its paper practices, we assigned each company an overall grade based on grades in key categories. **The following four categories* were most heavily weighted in the assignment of grades:**

- FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION
- SUSTAINABLE FORESTRY INITIATIVE (SFI) GREENWASH
- RECYCLED PAPER
- REDUCTION



What it really comes down to is:
How forest-friendly are a company's paper practices?

**In addition, we considered companies' responses in the categories of Endangered Forest Policy & Action, Plantation Conversion & Other Controversial Sources, and Other Forest Ecosystem Conservation Leadership.*

GLOSSARY OF TERMS

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION: Even in 2011, the vast majority of paper is produced using fiber coming directly from trees. ForestEthics and other leading environmental groups recognize the Forest Stewardship Council (FSC) as the only eco-label that gives credible assurance that the trees providing fiber for paper were grown and harvested using environmentally responsible methods. FSC standards help maintain a natural diversity of plant and wildlife species, minimize chemicals and water quality impacts, protect endangered areas, and respect indigenous peoples' rights. ForestEthics encourages companies to state a clear preference for FSC in their paper purchasing policies and utilize FSC certified products for paper containing non-recycled fiber.

SUSTAINABLE FORESTRY INITIATIVE (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. SFI's inadequate forest management standards have resulted in the certification of logging that threatens wildlife, creates large clearcuts, and relies on widespread toxic chemical use. Companies wishing to demonstrate their environmental credibility are advised to avoid the SFI logo and name—and the greenwashing of forest destruction it represents. The same goes for the Programme for the Endorsement of Forest Certification (PEFC), which endorses the SFI.

RECYCLED PAPER: Post-consumer recycled (PCR) paper embodies a range of environmental benefits. First among them: avoiding impacts on forest ecosystems. PCR paper also requires less energy and water in the production phase. And finding new life for old fibers keeps used paper out of the landfill where it would release methane (a greenhouse gas 23 times more potent than carbon dioxide) as it decomposed. ForestEthics urges companies to maximize the percentage of post-consumer fiber in all types and grades of paper they use, utilizing at least 30% PCR for all paper—including printing and writing papers.

REDUCTION: Reducing overall paper consumption is the cornerstone of any environmentally responsible paper policy, and is the most efficient and effective way for a company to reduce its environmental footprint associated with paper. Of course, reducing paper consumption also helps companies reduce costs. Leading companies like Sprint have set aggressive goals to reduce paper consumption using a variety of techniques—from lessening their reliance on paper-intensive direct mail marketing to shrinking the size and weight of the papers they use.

OVERALL GRADES

THE REPORT CARD

This year's Green Grades Report Card examines the paper practices of a dozen Fortune 500 companies that consume vast amounts of paper. Here you'll find which major companies are taking responsibility for their forest impact—and which companies are lagging behind.

COMPANY NAME	OVERALL GRADE	TEACHER'S NOTES
SPRINT	A	Every class has its star pupil, and Sprint is the clear sustainable paper leader in this group. With a robust paper reduction goal and a strengthened FSC preference, its top grade is well-earned.
BANK OF AMERICA	C+	Bank of America's paper policy shows respect for endangered forests. Its paper reduction target is solid. Clarifying its FSC preference and dropping SFI's greenwash certification label would bring it up a notch
CAPITAL ONE	C+	Capital One's paper policy features an FSC preference and shuns paper from valuable intact forests. But dropping SFI from its policy and setting a measurable paper reduction goal would help do more for forests.
AT&T	C+	With a new paper policy in the works, AT&T has already committed to make an FSC purchase preference and avoid SFI greenwash. Good steps for the telecom giant.
USAA	C+	We understand United Services Automobile Association (USAA) is taking steps to avoid promoting the SFI. It is also boosting FSC use in direct mail paper, but more is needed on paper reduction and recycled content.
DISCOVER	C	Discover just adopted its first paper procurement policy—and it has a clear preference for FSC. Now Discover should add detailed goals for other key criteria, such as recycled fiber and reduction.
STATE FARM	C-	State Farm is embracing an FSC preference and dropping SFI from its road atlas. Now it can be 'a good neighbor' to forests by raising the bar for recycled paper and reducing consumption in its upcoming paper policy revision.
VERIZON	C-	Verizon has some positive paper reduction practices and has steered clear of SFI greenwash. It can advance beyond average by setting measurable targets around FSC and recycled content.
AMERICAN EXPRESS	D+	While American Express uses a fair amount of FSC paper, the company utilizes an embarrassingly small percentage of recycled fiber and lacks transparency in its paper policies and goals.
CHASE	D+	Financial giant Chase uses a gargantuan amount of paper, mostly for junk mail. Though they use some FSC paper, Chase should go on a paper consumption diet and avoid the SFI greenwash trap.
GEICO	F	GEICO's famous gecko may be green, but the company's paper practices are anything but. This notorious junk mailer failed to return our survey and has no apparent paper policy. It's acting like a cave man on paper.
TRAVELERS	F	Travelers , one of America's major insurance companies, appears to be hiding behind its giant red umbrella. Simple math: No survey response + public silence on its paper practices = Failure. What did forests ever do to them?



GOLD STAR

Still room to improve...

More effort required.

Needs work...

Ugh.

FLUNK!

COMPANY GRADES⁺

PERFORMANCE INDEX

These individual report cards show the grades we assigned to each company in our four key criteria and give more information on whether or not they have adopted forest-friendly paper policies and practices.

SPRINT A				BANK OF AMERICA C+			
<p>Beyond its already strong policy and impressive transparency around paper practices, Sprint is now committing itself to: 1) shifting its billing statements paper from SFI to FSC; 2) phasing out use of the SFI logo on billing envelopes; and 3) amending its paper procurement policy to avoid fiber from endangered forests and setting a goal of purchasing 90% FSC paper by 2012, and 100% by 2017. Sprint has embraced paper sustainability, and is a true leader in this class.</p>				<p>Bank of America's paper policy requires avoidance of paper sourced from high conservation value forests or forests converted to plantations. That's good. And, the bank is pursuing aggressive numerical goals for paper reduction that give it an edge over credit card competitors like Capital One. But because Bank of America has not stated a clear preference for FSC and continues to mislead consumers by putting the controversial SFI certification on the same level with FSC, it is losing an opportunity to strengthen its brand.</p>			
FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION	FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION
A+	A-	B+	A+	D+	C	B-	A-
CAPITAL ONE C+				AT&T C+			
<p>Among the financial institutions in this survey, Capital One has a very clear opportunity to become the best performer. That's because the company's paper policy states a clear purchasing preference for FSC certified paper, respects high conservation value forests and articulates a decent near-term recycled paper goal of 10% PCR paper by the end of 2011. But Capital One still needs to add numeric metrics to its paper reduction goal and delete any endorsement of the SFI in its policies or materials.</p>				<p>Although AT&T is playing catch up, the company plans to launch a new paper procurement policy by October 2011. Even before that policy is finalized, AT&T has made some key environmental commitments: the company will give purchasing preference to FSC certified products for all new paper purchases and will avoid using the SFI logo and name in its materials. If AT&T enhances its policy with measureable, time-bound goals for recycled content and reduction, it could be a leader.</p>			
FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION	FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION
A-	C-	B	C-	B+	A-	C-	C
USAA C+				DISCOVER C			
<p>United Services Automobile Association (USAA) is still working to finalize company-wide paper purchasing guidelines. But we understand this insurance company is taking important steps to avoid promoting the SFI. And the company is making some advances with its direct mail paper by setting a minimum goal of 10% post-consumer recycled fiber (with a target of migrating toward 30%) and committing to convert to 100% FSC-certified paper.</p>				<p>Discover is one of the most improved pupils in the class. Before this year, Discover didn't have a paper policy to guide its actions. It now has a policy that gives preference to FSC-certified paper while avoiding the SFI greenwash trap. But Discover should improve further by setting measurable, time-bound goals for maximizing recycled content and reducing paper consumption.</p>			
FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION	FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION
C+	A-	C	D+	B	A	D-	D-

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STATE FARM C-				VERIZON C-			
<p>With 81 million policies in its portfolio, State Farm is an insurance goliath. Not surprisingly, they also use mountains of paper for internal operations and direct mail. State Farm is currently revising its vague current paper policy, and this new policy will state a preference for FSC. They also deserve credit for shifting their promotional road atlas from SFI to FSC. Next challenge: improve on recycled and reduction.</p>				<p>Currently the second largest telecom company in the U.S., Verizon is in the process of developing a public policy on paper procurement which should be finalized by the end of 2011. As it stands, the company gets good marks for steering clear of SFI greenwash. The company's new policy should build on its current use of FSC paper by making an explicit FSC preference, and by setting a deadline for achieving its existing recycled paper goals.</p>			
FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION	FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION
B	B-	D	D	D+	B	C	C-
AMERICAN EXPRESS D+				CHASE D+			
<p>Like its rival Chase, American Express has contributed to a recent resurgence in credit card junk mail. While American Express uses a respectable amount of FSC-certified paper in its direct mail pieces, it has no preference for purchasing recycled paper content and utilizes an embarrassingly small percentage of recycled fiber. The company also lacks transparency because it doesn't make public its paper policies or goals.</p>				<p>Chase is one of the most underperforming pupils in this class. The company reported that its paper use spiked to 114,234 metric tons in 2010—an increase mostly attributable to an upsurge in junk mail. It also makes green claims based on the faulty SFI program. Until it gets a handle on its paper use and comes clean about its fiber sourcing, Chase will continue to lag behind its competitors.</p>			
FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION	FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION
B	C-	F+	D	D	D-	D	D+
GEICO F				TRAVELERS F			
<p>GEICO is one of the largest auto insurers in the U.S., and also a major purveyor of junk mail. But because GEICO has no publicly available information about its paper policies and practices and chose not to participate in the Green Grades survey, it's impossible to ascertain its true performance. This company has lots of studying to do to take responsibility for its forest impacts.</p>				<p>Already a commercial insurance giant (with more than 30,000 employees and 2010 revenues of around \$25 billion), Travelers has recently been working to expand its share of the personal insurance market. And increased junk mail has been a marketing tool of choice. Yet Travelers did not complete its Green Grades survey, and the company's website is silent when it comes to paper policies and practices.</p>			
FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION	FSC CERTIFICATION	SFI GREENWASH	RECYCLED CONTENT	REDUCTION
F	F	F	F	F	F	F	F

EXTRA⁺ CREDIT

OFFICE SUPPLY SECTOR UPDATE

PROGRESS SINCE OUR [2010 GREEN GRADES REPORT CARD](#)

ForestEthics and Dogwood Alliance continue to engage major office companies that sell and use copy paper, packaging, and other forest products. Their performance varies, and all still need to address serious concerns flagged in our 2010 Green Grades report. Over the past several months we've also seen some positive actions, including:

- **FedEx/FedEx Office** implemented its paper recycling program, helped ensure the FSC remains the most credible certification system, and adopted a low-carbon fuel policy that should help conserve threatened forests.
- **Office Depot** launched a 100% Post-Consumer Recycled (PCR) copy paper, hit 71% FSC content in U.S. marketing papers, removed the SFI greenwash label from private brand packaging, is assessing paper's carbon footprint, and is helping to ensure the Canadian Boreal Forest Agreement (CBFA) will reach its goals.
- **PaperlinX** finalized its paper sourcing policy, is implementing a new sustainability questionnaire and chain of custody system, and agreed to help ensure the CBFA will reach its goals.
- **Staples** moved its private brand 30% PCR copy paper to FSC sources, raised its catalogs' FSC content, encourages landowner certification and climate mitigation via Carbon Canopy, and is helping to ensure the CBFA will reach its goals.
- **Unisource** expanded its FSC and recycled paper lines, offers a bagasse copy paper, and is helping to ensure the CBFA will reach its goals. A subsidiary tripled its FSC paper sales.
- **United Stationers** is shifting more sourcing to FSC, including for private brands, is expanding its paper policy and FSC preference to cover sister companies, and is helping to ensure the CBFA will reach its goals.
- Meanwhile, **Amazon, Costco, OfficeMax, Target, Walmart,** and **xpedx** made far less progress.
- **UPS** is new to Green Grades. They do not yet have an environmental paper policy, and are not addressing the forest impacts of transportation fuel choices.

CRASH COURSE ON SFI GREENWASH

We all know that greenwash is a drag on the planet and on the green marketplace. In terms of paper, what's one of the most common forms of greenwash? The Sustainable Forestry Initiative's (SFI) phony eco-label.

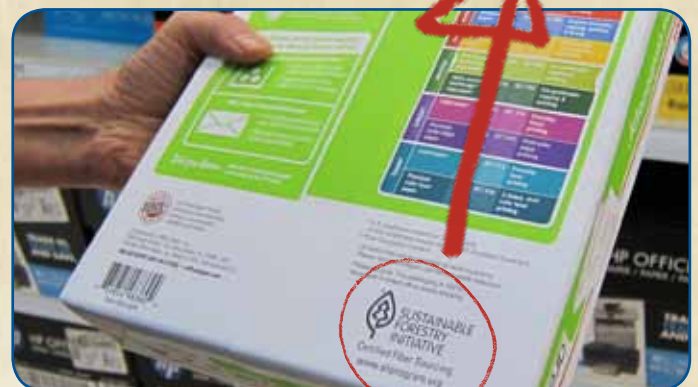
The SFI's misleading logo displays a comforting green tree symbol and proclaims that the program is "Good for our forests." **But what does the SFI program really represent?**

- **Lack of independence** – SFI was created by, and is currently controlled and funded by, the paper and timber industry.
- **Weak standards** – SFI certifies logging practices that have been associated with landslides, clear-cutting, widespread toxic chemical use and impacts on endangered species.
- **Inadequate auditing** – Compared to Forest Stewardship Council inspections, SFI's on-the-ground auditing efforts are anemic.

There is a movement brewing among leading U.S. companies to protect their brands from the risk associated with SFI's greenwash. Recently, several companies—including Allstate, Aetna, Symantec and United Stationers—made new commitments and actions either to avoid SFI-labeled products or to stop using the SFI 'eco-label' on branded paper products or company publications.

Some companies in this Green Grades report do not make any environmental claims using the SFI name or logo. Others, such as Sprint, State Farm and USAA, are taking important steps to remove the SFI logo and name from company communications, materials or policies.

Bank of America, Chase and other companies that continue to make environmental claims with the SFI's name or logo should take note—greenwash will hurt your green grade, and it hurts our forests even more.



You can make a forest-friendly paper choice by avoiding the Sustainable Forestry Initiative (SFI) label.