

Green Grades 2009

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

SUMMARY OF WALMART

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. United Stationers agreed to actively participate in the evaluation process. 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, and additional independent research conducted by ForestEthics and Dogwood Alliance. United Stationers has been mostly transparent with ForestEthics and Dogwood Alliance with regards to their marketing papers and their Universal branded office paper products; however no information on other papers has been provided by the company, leaving significant questions about their origins.

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

CHAIN OF CUSTODY: WalMart does not currently have a CoC system in place for its paper products. There are no policies or procedures in place to track whether the products may have been sourced from endangered forests or plantations. This leaves their products at a risk of being sourced from these and other controversial sources. WalMart has not fully responded to the questionnaire nor shared any information on CoC with ForestEthics or Dogwood Alliance regarding their sourcing. However the company does state that they use a survey instrument to engage with their suppliers on these issues. Without seeing the survey they use we do not know if all the essential issues are covered in order to insure that no EF fiber is entering the supply chain. In addition, their policy does not contemplate 3rd party certification of their supply chain and appears to rely solely on their suppliers to ensure their wood source is known, legal, and documentable in compliance with all applicable laws.

ENDANGERED FORESTS: WalMart has a relatively new policy and procedures for avoiding paper containing fiber from EF sources, having joined The World Wildlife Fund's Global Forest & Trade Network (GFTN) program in July of 2008 and releasing their policy in early 2009. Before turning to the substance of the policy, we note a serious shortcoming regarding the scope of the commitment as it does not apply to advertising and promotional papers and therefore fails to address a major area of the company's fiber consumption.

In its policy, WalMart has pledged to avoid unwanted sources of wood including that from High Conservation Value Forests (HCVFs) and other controversial sources. WalMart's policy defines HCVFs as those forests that contain or are essential to maintaining environmental and social values of outstanding significance or critical importance. This definition is good as far as it goes; however, the policy needs to more explicitly define HCVFs. Equally important, the policy does not yet include crucial implementation language, including a clear commitment to phase-out products that do not comply with the policy, and explicit deadlines for doing so.

Based on our own research, we have determined that WalMart does currently sell papers that are sourced from endangered forests.

WalMart sells branded paper that is produced at International Paper's Courtland mill. This mill sources fiber from endangered forests on the Southern Cumberland Plateau, and has been connected to the conversion of natural forests to pine plantations.

In addition, WalMart's Sam's Club subsidiary also sells paper sourced from EFs including:

Boise X-9 paper, which is likely manufactured at Boise's International Falls mill. Much of the mill's fiber comes from the AbitibiBowater Fort Frances mill, which sources from endangered forests and caribou habitat.

Hammermill Brand papers produced by International Paper (IP). IP is known for sourcing from endangered forests and other controversial practices in the U.S. Southeast and around the world. Certain Hammermill papers are produced at IP's Courtland mill. This mill sources fiber from endangered forests on the Southern Cumberland Plateau, and has been connected to the conversion of natural forests to pine plantations.

In addition based on our knowledge of the paper industry, we are concerned that there may be EF and other controversial sources in the companies marketing papers.

To our knowledge, the company has not taken action on any of these paper related endangered forest issues. We are hopeful that this may soon change with the development and implementation of new policies as part of the World Wildlife Fund's Global Forest & Trade Network (GFTN).

PLANTATIONS AND OTHER CONTROVERSIAL SOURCES: Regarding only the paper products sold at their stores, WalMart has pledged to avoid unwanted sources of wood including that from natural forests converted to plantations with no net social and environmental benefit and other controversial sources including wood traded in a way that drives violent armed conflict and wood harvested or processed in violation of human rights. While we appreciate the language including social issues, the commitment regarding plantations should be more explicit. Despite this commitment, the policy

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does not include crucial implementation language, including a clear commitment to phase-out unwanted sources and explicit deadlines for doing so.

Based on our own research we have determined that WalMart does currently sell papers that are connected to controversial sources including conversion of natural forests to plantations and human rights issues.

In addition, Sam's Club subsidiary also sells paper sourced from EFs including:

Hammermill Brand papers produced by International Paper (IP). IP is known for sourcing from endangered forests and other controversial practices in the U.S. Southeast and around the world. Certain Hammermill papers are produced at IP's Courtland mill. This mill sources fiber from endangered forests on the Southern Cumberland Plateau, and has been connected to the conversion of natural forests to pine plantations.

To our knowledge, the company has not taken action on any of these paper related controversial forest issues. We are hopeful that this may soon change with the development and implementation of new policies as part of the GFTN.

RESPONSIBLE FORESTRY/FSC CERTIFICATION: WalMart's environmental paper procurement policy recognizes three systems (FSC, PEFC and CSA) as "Credibly Certified." While the FSC certification represents an effective tool to identify responsibly managed forests, both the PEFC and CSA are highly insufficient, and allow the certification of endangered forest logging, plantation conversion, and other controversial and unacceptable practices.

WalMart has not divulged the extent to which it is currently sourcing FSC certified papers or any commitment to increase the use of credible certified sustainable paper.

We note that WalMart has publicized its deeper use of the inadequate SFI certification. In stores by the end of 2010 all paper products in the Home Office area will be SFI certified. And in Sam's Club stores most office paper products will be SFI certified by the end of 2009.

RECYCLING AND REDUCTION: WalMart has committed to increase its use of recycled fiber, with a preference for post-consumer recycled fiber. However, the company has provided no indication of how it is achieving this goal. Despite this commitment, the policy does not include crucial implementation language, and lacks specific targets and timelines for operationalizing the commitment. In addition, our research has not found any office paper products of note containing PCR product for sale except for Jr. Legal Pads which have changed to recycled content.

CLIMATE AND FORESTS: According to their survey response, WalMart has a commitment to reduce the company's greenhouse gas footprint associated with paper or other forest products. However, a review of their paper commitment reveals no details regarding their effort and in our research we have not found any actions specifically related to forest carbon taken by the company

OTHER FOREST ECOSYSTEM CONSERVATION LEADERSHIP: While in their response to our questionnaire the company did not indicate any additional forest leadership actions, WalMart has certainly made a broad effort at making its business more environmentally responsible. Its GFTN membership, its sustainable packaging initiatives emphasizing packaging efficiency and PCR content, and its efforts at improving its solid wood supply chain could be important moves towards more environmentally responsible paper practices. In addition WalMart is supporting a project in China to share expertise on forest certification and to work together to improve the sourcing practices for wood.