

Green Grades 2009

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

SUMMARY OF UNISOURCE

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. Unisource 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. Unisource has been mostly transparent with ForestEthics and Dogwood Alliance in all seven categories within the scorecard survey, and has been one of the most transparent companies in this year's survey.

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

CHAIN OF CUSTODY: Beginning in 2008, Unisource has operated using a relatively rigorous CoC system for their certified office papers, as well as some non-certified office papers that are tracked via parallel systems, such as product procured under the FSC controlled wood standard. According to their paper policy, certified papers are defined as those that are certified by either SFI, FSC, or PEFC. The current CoC system has many elements that are necessary for a robust and effective CoC system. Unisource has a document which spells out roles and responsibilities in the company for different parts of the system, including oversight, trainings, and what actions are taken if irregularities in the supply chain are found. The document also outlines essential record keeping elements, including how certain data are recorded as well as record retention policies. According to Unisource, 78% of all paper products are tracked under this CoC system.

For all products, including those that are not tracked using the above CoC system, a supplier questionnaire is used to determine legality and origin of the product, down to the forest or plantation level. These surveys are completed on an annual basis. Furthermore, the company requires supplier statements that contain a signed guarantee that no wood originating from high conservation value forests (HCVFs) or that originates from illegal sources is used in the suppliers' products. However, Unisource does not yet require third party verification of these supplier claims. The non-FSC certification systems also do not provide an adequate means of identifying fiber from many types of endangered, controversial, or even illegal sources, and thus are unlikely to help with verifying the supplier assertions. To their credit Unisource has attempted to supplement the weaknesses of these inferior certification systems by incorporating questions in their supplier questionnaire to fill known gaps in these alternative forest certification schemes.

The above policies and practices have been phased into operation beginning in the latter half of 2008.

ENDANGERED FORESTS: In June 2009, Unisource developed its first comprehensive environmental paper policy for "printing and office papers." While it could be improved in some areas, the policy represents a tremendous step forward for the company. The policy conveys a clear intention to phase-out paper from endangered forests, stating for example that the company will work with suppliers to help them maintain compliance with the policy, and where suppliers are "unwilling or incapable of moving toward compliance," Unisource "will seek out a comparable source of supply." The policy also uses a strong definition of endangered forests that includes "intact forest landscapes, naturally rare forest types, forest types that have been made rare due to human activity, and other forests that are ecologically critical for the protection of biological diversity." The policy also seeks to avoid paper from High Conservation Value Forests (HCVFs) as defined by the FSC.

We are optimistic about the company's implementation of the policy, despite provisions that create uncertainty about how quickly or thoroughly EF sources will be identified and phased-out. As it is written, the policy and Unisource's CoC system rely heavily on supplier assurances, and it is unclear how the company intends to supplement this with more objective information. The policy also leaves the outcome unclear when direct substitutes for endangered forest paper is not available at competitive prices.

Unisource has already begun dropping some papers known to originate from endangered forests and other controversial sources. In 2008, Unisource Worldwide stopped purchasing fiber from Asia Pulp & Paper (APP), which has been implicated for controversial and sometimes illegal¹ logging practices in endangered forests in Indonesia, China and elsewhere. The company has been documented using large scale clearcuts to log some of the most ecologically valuable and carbon-rich forests on Earth. Unisource has also expressed its intent to phase out sourcing from controversial sources in Asia more generally.

The policy's adoption comes at a good time, since Unisource Canada and Unisource Worldwide in the United States source partly from mills in China. Paper from China carries significant risk, due to the challenges of tracing its sources, and the likelihood it includes fiber from Indonesia, Russia, and other regions known for endangered forest logging and other controversial practices. The policy should provide Unisource with a valuable tool for identifying and minimizing such risks. Unisource Canada also needs to make further progress phasing out papers sourced from APP.

¹ 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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Unisource also sources from at least one other supplier that utilizes fiber from endangered forest in the Canadian Boreal for some of its products. The Appleton Coated Combined Locks, Wisconsin mill sources from three pulp mills that utilize fiber from intact Boreal forest and one of these mills sources from threatened caribou habitat.

We have not yet received enough information to rule out that other EF sources than the ones listed above may still exist in their supply chain. Unisource is still in the process of reviewing their sourcing for EF and other controversial sources.

PLANTATIONS AND OTHER CONTROVERSIAL SOURCES: Unisource's new policy states "fine paper products whose origin is known to be illegal are unacceptable." Likewise, the policy states "we will take steps to determine whether we are procuring fine paper products that are derived from the recent conversion of natural forests to plantations. To the extent that we determine there is an issue, we will attempt to identify sources of comparable alternative products and transition to those." These are crucial steps forward on these two priority issues. Unisource will need to supplement its policy language with a more robust definition of "illegal logging," since the non-FSC certification systems do not consistently identify and avoid all types of illegality. The company will also need to develop measures to address other controversial sources not recognized by the policy and non-FSC certification systems, including violations of indigenous peoples' rights, and the conversion of forests to non-forest land uses.

As noted above, Unisource Worldwide has already phased-out its sourcing of APP papers likely to originate from plantation conversion and sometimes illegal logging practices in ecologically valuable and carbon-rich forests in Indonesia². We are optimistic that Unisource Canada will soon follow suit. The company has also expressed its intent to phase out sourcing from controversial sources in Asia more generally. There is also some risk the company might be inadvertently sourcing paper from plantation conversion, illegal logging, indigenous violations, and other controversial practices in Indonesia, Russia, and other regions via Chinese mills. As noted above, the company's new policy will provide an important tool for addressing this risk.

Unisource also sources a relatively small amount of paper from International Paper (IP). IP is known to source fiber from endangered forests on the ecologically rich Cumberland Plateau, and from other controversial practices in the U.S. Southeast,³ including conversion of forests to plantations and non-forest land uses.

To their credit however the company has attempted and has partially succeeded in moving sourcing away from mills that are sourcing from recently converted forest land.

RESPONSIBLE FORESTRY/FSC CERTIFICATION: The company's new policy recognizes that many of its corporate customers prefer FSC certified products, and FSC certification is one of the options for papers to be included among Unisource's "Respect" brand product line. Likewise, the FSC is the only certification system that will provide Unisource with sufficient endangered forest and controversial source assurances without being supplemented by other information.

However, the new Unisource policy provides equal recognition for the SFI and PEFC. These systems' forest management and chain of custody standards and policies do not consistently protect endangered forests and HCVFs, or consistently recognize and avoid illegal logging, forest conversion, or indigenous rights violations. The policy also lacks any stated goals for increasing the company's use and sales of FSC certified papers, even for Unisource branded papers. Because FSC uptake is not currently tracked by the company, current performance by the company in this area cannot be fully known.

RECYCLING AND REDUCTION: The company's new policy makes some positive steps towards increasing their use of papers containing post-consumer recycled (PCR) fiber. Unisource states in their policy that they "are committed to providing the largest selection of papers with recycled content ranging from 10-100% [PCR]." Additionally the company is embarking upon a promotional campaign to help market papers containing PCR fiber to their customers.

The new policy also addresses the important issue of efficiency and paper use reduction. Among other things, the policy calls for Unisource to convert marketing materials and business and customer transactions to an electronic format where possible.

² Destruction of Sumatra Forests Driving Global Climate Change and Species Extinction. Science Daily February 29, 2008. <http://www.sciencedaily.com/releases/2008/02/080226193141.htm>

³ International Paper's Southern Presence. Dogwood Alliance. <http://www.dogwoodalliance.org/content/view/38/94/>

