

# *Green Grades 2009*

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

### **SUMMARY OF COSTCO**

*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. Costco informed us that they prefer not to participate in survey projects. Consequently, this summary of Costco's performance is based solely on information collected from independent research conducted by ForestEthics and Dogwood Alliance. Given that Costco has not been transparent with ForestEthics or Dogwood Alliance for the seven categories surveyed, the possibility remains that positive and/or negative aspects of the company's policies and sourcing practices are not fully reflected in our evaluations.

# Green Grades Report Card:

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

**CHAIN OF CUSTODY:** To our knowledge, Costco does not have a policy or procedures in place sufficient to identify whether specific paper products might originate from endangered forests. As a result, the company and its customers are likely at risk of inadvertently purchasing paper from such sources.

Costco does carry a brand of FSC certified papers, available at some stores, which, by the nature of the FSC, must bear CoC certification and assurances that the paper is not sourced from controversial sources.

**ENDANGERED FORESTS:** To our knowledge, Costco does not have meaningful policy or procedures for avoiding paper containing fiber from EF sources.

ForestEthics and Dogwood Alliance have found Costco to be carrying products that likely contain fiber from endangered forests. For example, Costco carries paper manufactured by the Boise International Falls mill (Boise SPLIX, and X-9 multipurpose paper). This mill purchases fiber from endangered forests in the Canadian Boreal, including the habitat of endangered caribou.

Additionally, Costco carries products that likely contain fiber from Asia Pulp & Paper (Day Runner products). APP is widely known for its controversial and sometimes illegal<sup>1</sup> logging practices in endangered forests in Indonesia, China and elsewhere<sup>2</sup>. The company has been documented using large scale clearcuts to log some of the most ecologically valuable and carbon-rich forests on Earth.

Costco also carries paper manufactured by International Paper (Hammermill). International Paper is known for controversial sourcing in the U.S. southeast<sup>3</sup>. Areas that IP sources from include the ecologically significant Cumberland Plateau.

To our knowledge, Costco has not taken any action to purge its supply chain of papers sourced from companies engaged in the destruction of endangered forests. Given the company's lack of transparency, we can not rule out the possibility that the company sells other papers with endangered forest connections.

**PLANTATIONS AND OTHER CONTROVERSIAL SOURCES:** To our knowledge, Costco does not have any policies or procedures in place to avoid sourcing paper from plantations established at the expense of natural forests, or from other controversial sources such as illegal logging, the conversion of forests to non-forest land uses, or violations of indigenous peoples' rights.

However, we do know that Costco carries paper manufactured by International Paper. A number of IP mills source from plantations established at the expense of natural forests in the US South and elsewhere. IP also has plans to convert much of its remaining forestlands to non-forest development. Likewise, the Costco products sourced from Asia Pulp & Paper are at high risk of being sourced from forest areas converted to a plantations and/or illegally sourced fiber.

We are not aware of any steps taken by Costco to eliminate and avoid papers sourced from plantations or other controversial sources.

**RESPONSIBLE FORESTRY/FSC CERTIFICATION:** We are also not aware of any Costco policies or procedures giving preference to paper from forests credibly certified as environmentally and socially well-managed by the FSC, nor has the company shared any goals or timelines for increasing the proportion of its papers that are from credibly certified forests. A formal paper procurement policy could help address the above concerns.

Although Costco has earned an FSC CoC certificate, our research shows that they currently offer for sale only one FSC certified paper, which is reportedly not available at all stores.

1 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>

2 Authorities crack down on illegal logging. China Daily, March 31, 2005. [http://www.chinadaily.com.cn/english/doc/2005-03/31/content\\_429716.htm](http://www.chinadaily.com.cn/english/doc/2005-03/31/content_429716.htm)

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

# Green Grades Report Card:

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

**RECYCLING AND REDUCTION:** To our knowledge, Costco has no policies or procedures giving preference to paper manufactured with post-consumer recycled fiber. As with the preceding topics, we could find no evidence of such requirements on the company's website or in its public statements. As a result, the company may be missing out on important opportunities to reduce impacts to forest ecosystems, and to reduce its paper-related greenhouse gas footprint.

To their credit, Costco does offer some 100% Post-Consumer Recycled (PCR) papers in some stores. Likewise, Costco uses a 10% PCR content paper for its newsletter, "Costco Connection." This is a step in the right direction, though it is below the 30% PCR needed to be considered an "Environmentally Improved Paper" by the Environmental Paper Network<sup>4</sup>. We also do not know if PCR fiber constitutes a significant percentage of the company's overall paper sales.

The company also has programs to recycle paper and cardboard in-store, and encourages the reuse of shipping boxes for other purposes.

**CLIMATE AND FORESTS:** To our knowledge, the company does not have any policy level commitments or systematic procedures to reduce its forest products-related greenhouse gas footprint, such as by avoiding papers from the logging of old growth forests, or by preferring papers with high post-consumer recycled content. However, as noted above, the company does appear to be taking at least some steps to reduce its internal consumption of paper products, which will help reduce the company's footprint.

**OTHER FOREST ECOSYSTEM CONSERVATION LEADERSHIP:** Costco does not appear to have taken any actions to encourage governments and/or supplier companies, their suppliers, or other companies to improve forest ecosystem protection and restoration.

<sup>4</sup> "What's In Your Paper? The Paper Steps". Environmental Paper Network. [http://www.whatsinyourpaper.com/index.php?option=com\\_content&task=view&id=4&Itemid=46](http://www.whatsinyourpaper.com/index.php?option=com_content&task=view&id=4&Itemid=46)