

By **MONICA SHAW**, Editor

Grappling with green

Large customers of paper products like FedEx Kinko's are forming partnerships with paper companies like International Paper to attain environmental goals and address consumer concerns

Not so long ago, forest products companies and pulp and paper mills had only to answer to governmental agencies and local communities about their environmental performance. Times have change dramatically, especially in the last 5-10 years, as non-governmental organizations (NGOs), fueled by a younger, more skeptical consumer, have an additional litany of questions about how forest products are created and consumed.

NGOs are not the only groups raising such questions. Many large customers of paper products are opening a dialogue with their suppliers as a way to address consumer concerns, while others see environmental stewardship simply as a good way to do business.

Many of the questions raised by these customers are good ones, since the answers point to the sustainability inherent in paper products. And, while the increased interest may sound like a headache, it actually opens the door to stronger customer-supplier partnerships, as is the case between International

Paper (IP) and FedEx Kinko's Office and Print Services, a Dallas, Texas-based operating company of FedEx and a leading provider of document and business services.

In December 2004, FedEx Kinko's announced that it had shifted from 10% to 30% post-consumer recycled content for the copy papers used in its full-service area. It designated IP as a key player in this effort to boost overall paper and packaging recycled content.

"With paper playing the kind of role it does for us, it is important for us to walk the talk from an environmental standpoint," says FedEx Kinko's vice president of global sourcing, Steve Grupe.

To get a feel for the commitment and challenges associated with new ways of doing business and a new generation of consumers, as well as their impacts on paper suppliers like IP, *Pulp & Paper* spoke with Grupe, as well as Larry Rogero, director of environmental affairs for FedEx Kinko's.

"One of the advantages of our business is that we are heavily dependent upon a renew-

able resource, but paper must be provided in a way that reduces the amount of virgin material over time and in a way that ensures sustainable forestry management practices are used when land is harvested and reforested," says Rogero. "Our competitors put forth a large effort in these areas, but we want to be a leader in reducing environmental impact. We also want consumers to know that when you enter a FedEx Kinko's, you have an opportunity to make a purchasing decision that will have a reduced environmental impact."

Although the new dialogue between customer and paper supplier can forge a strong partnership, it creates extra work for pulp and paper companies in the area of environmental reporting (see article, p. 39). However, organizations like Metafore are seeking ways to bridge the environmental evaluation and reporting gap between customers and paper suppliers (see sidebar, p. 33)

Evolving procurement policy

In December 2004, FedEx Kinko's announced that it was taking action to "dramatically reduce its ecological footprint" by increasing the recycled content of the paper used in high-speed, behind-the-counter copiers at more than 1,100 of its U.S. Office and Print Centers. Accounting for 35-45% of total paper consumption, behind-the-counter is the company's highest paper consumption area. Overall, FedEx Kinko's has more than 65 paper selections, including cover and text papers and resume and executive card stock.

Moving from 10% to 30% post-consumer recycled content in the highest paper consumption area would raise FedEx Kinko's annual post-consumer recycled content to 26.2% — a number compatible with the goal of 30% post-consumer content across all paper and packaging. This goal was adopted in March 2003 as part of the company's Forest Based Products Procurement Policy. Still, says Grupe, the company "had a strong

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track record of being very proactive and open to listening to other groups and viewpoints long before 2003. It has allowed us not to be pressured into doing some of the things that others have."

According to Rogero, the company has been measuring and reporting its use of post-consumer recycled content paper since 1997, when such consumption was annually

around 6% for the company. "We were gradually improving, but it became evident that white papers were where we would see our biggest bang," he describes.

The 2003 procurement policy marked yet another step in the company's evolving environmental strategy and reflects its corporate culture regarding the environment, says Rogero.

"When Kinko's started in the 1970s near Santa Barbara, Calif., there was a recognition of the environmental impacts it could create," Rogero describes. "As we went from one store to 800 in the early 1990s, the footprint of our forest-based consumption grew, and we adopted policies regarding recycled content and chlorine-free options."

By 1994, customers using self-serve

evaluating sustainability

Metafore develops tool to bridge environmental gap

The concept of a non-profit, environmentally focused NGO that is pro-business may sound far fetched given some of the activist organizations that track forest products companies, but Metafore is just that. Founded by David Ford, formerly of the National Forest Products Association before creation of AF&PA, this NGO is focused on building bridges between businesses, forest products companies, and more campaign-oriented NGOs.

In addition to Metafore's broader goals of connecting business prosperity with forest integrity and community success, its Paper Working Group is specifically focused on developing the environmental paper assessment tool (EPAT) to help paper producers communicate better with suppliers about the environmental impacts throughout a paper product's lifecycle. Formed two years ago, the group is comprised of 11 major companies, including International Paper and FedEx Kinko's, as well as NGOs.

"Paper manufacturers are getting mixed signals from customers about what attributes constitute environmentally preferable paper, causing a sort of inertia," Ford describes. "For example, which forestry certification is appropriate - SFI or FSC? Those are assessment tools, not an end result. With the EPAT tool, we're looking at these papers in terms of their lifecycle, where certification is a small piece of the pie."

Defining environmentally preferable

Because of such confusion and the varied goals businesses have, the Paper Working Group defines environmentally preferable as a set of seven interconnected outcomes, including efficient use of raw materials; waste minimization; conservation of natural systems; clean production; community and human well-being; credible reporting and verification; and economic viability.

First, the EPAT enables consistent reporting of information from paper manufacturers, and the environmental indicators in the EPAT are measurable and within the normal range of attributes monitored by the pulp and paper industry. The data provided will be both grade and mill specific. Second, the tool allows buyers to emphasize the environmental attributes of paper that they

find most important. Finally, individual buyers incorporate the EPAT results, along with other considerations, before making a paper purchase.

By the end of 2005, Ford says the web-based EPAT will be ready for use, initially by those in the Paper Working Group. It will eventually become publicly available, most likely with a fee attached for data housing. The tool will offer dual benefits, says Larry Rogero, director of environmental affairs for FedEx Kinko's.

"It will allow customers of paper to evaluate how a particular paper manufacturer fits its goal, but it will also show the forest products industry how it can improve relative to the competition," Rogero explains.

Environment is critical to customer brands

According to Ford, who serves as president and CEO of Metafore, both NGOs and forest products companies are used to "working in a conflict model." However, by involving businesses at the end of the supply chain, that dynamic is shifted. But what motivates this business concern about forest products' impact on the environment?

"Most companies are not involved because of the average consumer's explicit request for a specific set of attributes related to paper, but are doing so because they feel it helps their brand," Ford explains. "Some view it as risk management, while others view it as an opportunity to demonstrate leadership. However, with companies like Staples, Office Depot, FedEx Kinko's and others, there is an unspoken expectation from the consumer that they understand and recognize."

This sort of brand protection or leadership, says Ford, will bring companies success in the future.

"I believe huge brands like a Nike, Starbucks, or Office Depot are not only looking at what the customers' expectations are today that may be unstated, they're also looking at trying to create loyalty in the next group of shoppers," Ford describes. "They recognize that the level of knowledge and expectations around environmental and social issues has changed with younger generations due to what they are taught in school, whether you agree with it or not."

copiers were using 20% post-consumer recycled content, increasing to 30% in 1999. This kept pace with the U.S. federal government's 1993 Executive Order 12873 requiring that copier paper purchased by federal agencies

contain 20% post consumer recycled content, superceded by Executive Order 13101 in 1998, which upped that requirement to 30%.

In 1997, FedEx Kinko's issued its Environmental Vision Statement, which

impacted procurement policies, but by 1998, activity in the environmental community "became a little louder," says Rogero, causing it "to become evident that we really didn't have a comprehensive strategy around what

TABLE 1.

Many businesses use a calculator, such as the one used to create this data from the Office of the Federal Environmental Executive (<http://www.ofee.gov/recycled/calculat.htm>), to help them make paper choices. In this case, the tool allowed the user to specify paper type (office papers), quantity of paper purchased (1 ton), current post-consumer recycled content (10%), and primary recycled content target (20%), as well as an alternative one (30%).

	Current Paper (10% post- consumer recycled content)	Primary Target Paper (20% post-consumer recycled content)	Difference (primary - current)	% better (+) / worse (-)	Alternate Target Paper (30% post-consumer recycled content)	Difference (alternate - current)	% better (+) / worse (-)
Energy Usage (000) BTUs							
Total	36,783.17	35,102.54	-1,680.62	+4.56	33,421.91	-3,361.25	+9.13
Fossil Fuel-Derived	14,394.93	14,694.06	299.12	-2.07	14,993.18	598.25	-4.15
Atmospheric Emissions (LBs)							
Net Greenhouse Gases ¹	5,469.94	5,260.18	-209.75	+3.83	5,050.41	-419.52	+7.66
Nitrogen Oxides	18.18	17.76	-0.41	+2.31	17.34	-0.83	+4.62
Particulates	11.89	11.38	-0.50	+4.28	10.87	-1.02	+8.57
Sulfur Oxides	26.41	26.32	-0.08	+0.34	26.22	-0.19	+0.71
HAPs ²	1.91	1.72	-0.18	+9.94	1.53	-0.37	+19.89
VOCs ³	5.13	4.76	-0.37	+7.21	4.39	-0.74	+14.42
TRS ⁴	0.27	0.24	-0.03	+11.11	0.21	-0.06	+22.22
Solid Wastes (LBs)							
	2,128.14	2,019.98	-108.15	+5.08	1,911.82	-216.31	+10.16
Waterborne Wastes (LBs)							
AOX ⁵	1.53	1.36	-0.16	+11.11	1.19	-0.34	+22.22
BOD ⁶	6.28	6.26	-0.02	+0.31	6.23	-0.04	+0.79
COD ⁷	85.38	78.96	-6.42	+7.51	72.53	-12.84	+15.05
Suspended solids	9.78	9.46	-0.31	+3.27	9.13	-0.64	+6.64
Effluent Flow (GALs)							
	19,500.14	18,480.68	-1,019.45	+5.22	17,461.21	-2,038.93	+10.45
Wood (LBs)							
	6,239.97	5,546.64	-693.32	+11.11	4,853.30	-1,386.67	+22.22
1. CO ₂ Equivalentents 2. Hazardous air pollutants 3. Volatile organic chemicals 4. Total reduced sulfur 5. Adsorbable organic halogens 6. Biochemical oxygen demand 7. Chemical oxygen demand							

we were doing regarding the environment." But did the campaign-oriented NGOs or consumer pressures force the change?

"I can't say there was no consumer pressure; we have numerous stakeholders, and even among consumers, there are subsets of stakeholders," Rogero comments. "We had conversations with the environmental community, but I would say they helped educate us as opposed to using force. We also took into consideration the forest products community and its capabilities before we began setting goals."

The 2003 Forest Products Procurement Policy's increase in recycled content to 30% would, according to estimates quoted by the company, conserve 18,850 tons of wood annually or the equivalent of residential energy used by 880 households. Such claims beg the question of whether the company is in touch with environmental issues associated with recycling, and the answer is "absolutely."

"We use a well-accepted publication from Environmental Defense to quantify our footprint with regard to extraction of natural resources, energy consumption, and other factors across the product's entire lifecycle," states Rogero. "For example, we understand you have new emissions surrounding the move of recycled paper from the cities to pulping facilities, but we strongly assert that we're still reducing our environmental impact or we wouldn't go this direction."

Table 1 provides an example of results from a calculator used by businesses to determine the environmental impact of paper choices.

FedEx Kinko's paper procurement policy has been praised by NGOs such as the Rainforest Action Network, but its activities go beyond promotion of recycling and recycled products. For example, FedEx Kinko's was the first company to make a long-term commitment to develop hybrid electric delivery trucks. It also buys 10% of its electrical

energy from renewable energy sources, and offers only one plastic bag, specifically for regions with wet climates.

As for requiring forest certification of its paper products, Grupe reports that FedEx Kinko's does not require it, but is working in that direction. "We do have some products that are SFI certified," he reports.

According to Steve Grupe, vice president of global sourcing, FedEx Kinko's has "a strong track record of being very proactive and open to listening to other groups and view-points" regarding its paper procurement policies.



Building a partnership with IP

In 2001 as FedEx Kinko's paper procurement policy was beginning to solidify, the company had two suppliers of its standard 20-lb cut size virgin content white paper for its full service area, one of which was IP. Around that time, IP began working with FedEx Kinko's to develop a 10% post-consumer recycled content paper for behind-the-counter use in an effort to help its customer achieve increasingly ambitious environmental goals.

"IP had become our sole source of white paper in the U.S. by 2002, and that represented a deeper, more strategic relationship where IP gained a closer understanding of our needs and philosophy and we began to better understand their business," Rogero describes. "We were happy with the move to 10% recycled content behind the counter, but we expected continuous improvement."

For the 2003 move to 30% post-consumer content, FedEx Kinko's worked closely with representatives from IP, especially those in its Environmental Business Services (EBS) group (see article, p. 39), and IP's xpedx paper distribution business.

What resulted was a transition of the 30% recycled content product from the self-serve copiers to a private labeled, behind-the-counter paper that met the desired operational, quality, and environmental parameters.

"We didn't just assume from an operational standpoint that there wouldn't be any issues with putting the 30% post-consumer content in high-speed behind-the-counter copiers," Grupe states. "That's why we walked before we ran by first using the 30% recycled content in our self-serve copiers. We also wanted to make sure that our customers were in agreement with this move."

FedEx Kinko's directs xpedx as to the amounts and specifications of paper to purchase from IP. FedEx Kinko's works not only with IP's corporate EBS, but also the mills, although the relationship is primarily with corporate. "We do go to the mills and perform environmental audits," explains Grupe.

A holistic view of value

Because FedEx Kinko's "walked before it ran" by using 30% post-consumer recycled content in its self-serve copiers, the hurdles when switching that content behind the counter were more related to value than technical performance of the paper.

"In working with IP on the increase of recycled content in our production area, it was very important to us to make sure that we were aligned not only with our internal needs, but more importantly to our cus-

tomers' needs around quality and value," says Grupe.

Much of the conversation between FedEx Kinko's and IP did revolve around issues of price for the extra recycled content.

"Our conversations were deep with regards to us understanding IP's cost structure and the added variable of recovered pulp," says Rogero. "From my perspective, it took five or six years for us to build a relationship where we each understood the other's goals and values, but it is something we both wanted to do. FedEx Kinko's didn't point specifically to white paper as a key to

reaching our goals in the beginning, but after a couple of years it became evident that was an area of real opportunity."

For Grupe, the strategic relationship with IP highlights how FedEx Kinko's works with its suppliers in general. Business is conducted, says Grupe, with expectations that are "beyond the basics" of a buy-sell relationship. This approach allows the company to attain its environmental and sustainability goals into the future.

"With our suppliers, we take a longer term and, quite frankly, a more holistic view of what value is, and it's not just cost, but quality and services as well," says Grupe. "We tend

to have more substantial relationships with our suppliers as opposed to having many suppliers in our base, which allows companies like IP to support our needs in situations like this behind-the-counter paper upgrade without having to worry that next year it will be played off against somebody else."

According to Rogero, the move to 30% post-consumer recycled content is just one step in a series of many.

"We've achieved a milestone here, but there is still a great deal more we're trying to do that is associated with the paper industry," Rogero notes.

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