

Top Management's Commitment and Highlights
Highlights

Highlight 5 | Toward a Sustainable Model for Paper Procurement

Paper has become a daily essential. Unfortunately, to supply paper inexpensively, areas of natural tropical rainforest are being illegally felled, continuing the destruction of vast tracts of our precious natural environment. The paper we so routinely use without much thought could very well have been made at the sacrifice of natural forestland. What can we do to both protect our natural environment and allow the use of paper to continue?

Enforcing paper procurement requirements

Fuji Xerox has been carrying out initiatives targeting sustainable paper supply for some time. In Japan, the company embarked on its Eco-Conscious Pulp Plan together with Fuji Xerox Office Supply in 2002. The objective is to use only "eco-conscious pulp" (used paper pulp or virgin pulp from properly managed sustainable forests) as raw material for copy paper. This goal should be attained by 2008.

The paper issue, however, is a global environmental issue. Solutions must be found not only in Japan, but also throughout the world for them to have any significance. With that in mind, Fuji Xerox established the Environmental, Health and Safety Requirements for Paper Procurement in December 2004.^{*1}

Based on these requirements, which govern paper procured by Fuji Xerox and its affiliates in Japan and overseas, suppliers must comply with applicable laws and codes of practice; use pulp from properly managed sustainable forests; clarify the source of used paper that is utilized as recycled pulp raw materials, and so forth. The rules clearly state Fuji Xerox's intention to completely reject paper originating from illegally felled natural forests.

Negotiations with domestic and overseas suppliers commenced in FY2005 in preparation for paper procurement that conforms to these rules.

To begin with, Fuji Xerox asked its suppliers (paper manufacturing companies) to conduct a survey for each type of paper they handle. The objective of the survey is to determine the ratio between virgin pulp and used paper, the type and place of origin of virgin pulp, whether it is plantation pulp or certified eco-pulp, and whether non-chlorine bleaching. At the end of the survey, the suppliers were required to submit a written declaration guaranteeing the content of the survey. In cases where paper didn't conform to the regulations, the company requested changes. If changes were not possible, Fuji Xerox changed suppliers. Fuji Xerox Office Supply was responsible for negotiating with the five paper manufacturers in Japan, and had no trouble confirming that the requirements had been met. Although sales companies engaging in mail-order sales of office supplies were found to be stocking some non-compliant copy paper, after which sales of those products were terminated immediately, and the plan went smoothly with no major changes to domestic suppliers.

▪ **Initiatives of paper-related stakeholders for a sustainable paper supply**

Company/Organization	FY2005 Progress
World Wide Fund for Nature Japan (WWF Japan)	<ul style="list-style-type: none"> •Activities promoting responsible paper procurement (seminars, etc.) •Activities to prevent forest destruction in Sumatra, Indonesia due to paper production •Formulation of the WWF Japan Policy/Action Plan on Procurement of Forest Products
Green Purchasing Network (GPN)	<ul style="list-style-type: none"> •Revised guidelines for print/copy paper modified to allow purchase of products that use eco-conscious virgin pulp as raw material for paper; removing the guideline "to not seek products with a very high level of whiteness when purchasing." •Revised product database based on the above guideline revisions
Oji Paper	<ul style="list-style-type: none"> •Increased the volume of imported wood chips from timber grown in plantations or certified forests •Expanded the area of company-owned overseas plantations •Creation of raw materials traceability report
Fuji Xerox Office Supply	<ul style="list-style-type: none"> •Achieved an eco-conscious pulp content ratio of 90.8 percent for copy and other types of paper •Commenced sales of a classified document collection system •Increased FSC-certified products
Fuji Xerox	<ul style="list-style-type: none"> •Achieved global compliance with paper procurement requirements •Commenced trial of a recycling system for reuse within the company of paper it used previously

Overseas, however, sales companies had been selecting suppliers individually; therefore, the reasons for the surveys had to be explained before an understanding could be reached.

On close examination, many of the overseas sales companies were found to be procuring paper from paper manufacturers that potentially could have been utilizing raw materials from illegal harvests. This is because paper originating from illegal harvests is inexpensive. Excluding these suppliers inevitably pushes up the procurement cost of paper, thus impacting operational competitiveness. Despite such losses, spreading awareness of the importance of environmental-friendly paper procurement to frontline sales staff has become a crucial task at the sales companies and Fuji Xerox's International Business Group, which coordinated the promotion of the procurement plan overseas.

Surveys of paper manufacturing companies did not progress very far through undertakings in individual countries, so Fuji Xerox's International Business Group became the focal point for such efforts, and it set about communicating with the various paper manufacturers. The job of selecting suppliers to replace the roughly 25 percent that did not comply with the requirements was not an easy one. Nevertheless, with information put forward by Fuji Xerox Office Supply and NGOs such as WWF, Fuji Xerox continued to look for replacement suppliers who could meet the price required by the market, and by the end of FY2005 the company succeeded in establishing a procurement framework that was nearly in line with the requirements.^{*2}

^{*1} See "[Environmental, Health and Safety Requirements for Paper Procurement](#)"
^{*2} Excluding one overseas company whose long-term purchasing agreement has yet to expire.

Toward an era in which everyone uses environmental-friendly paper

However, the initiatives did not stop there. Conformance to the requirements needs to be maintained, and Fuji Xerox will request that suppliers fill out a survey and submit a written declaration each fiscal year. Another issue that remains from FY2006 is conformance to the requirements for printing paper used in catalogs and paper items used in offices, such as invoices and envelopes.

Yet there is enormous significance in having initiated a paper procurement system that focuses on the legality and sustainability and excludes paper originating from illegally felled forests.

Nowadays, more and more companies are demanding legal compliance and products that originate from managed forests for their paper procurement. The Green Purchasing Network (GPN) has revised its green purchasing guidelines to recommend that consumers use paper that is made from certified or plantation timber. Confirmation of legal compliance has also been added to paper purchasing standards within Japan's Law on Promoting Green Purchasing.

In this way, there is a growing movement in Japan toward the elimination of illegal felling. One day, that movement will spread to the rest of the Asia-Pacific region and it will become a matter of course that everyone uses environmental-friendly paper. Natural forests will no longer vanish due to paper production and the abundance of nature will be preserved forever. Fuji Xerox, working toward this day, will continue initiatives aimed at ensuring sustainable paper procurement.

■ Feeling proud of our advanced initiatives

I was in charge of coordinating the implementation of the paper procurement regulations by sales companies in the Asia-Pacific region. Getting the staff involved at each sales company to understand the purpose of the surveys and then promote thorough implementation was a tough job, to say the least. It was also quite an effort to find suppliers to replace those who had not complied, especially when the paper in question was a special type. These initiatives take into consideration our future by assisting in the realization of a sustainable society. I feel extremely proud that Fuji Xerox is leading the world in such activities.



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■ Praising Fuji Xerox's approach in stemming the destruction of forests

You would naturally think that by now "compliance with laws and codes of practice" and "identifying the source of raw materials" would be commonplace, but these ideas are still not fully applied in industries that consume forest products. In light of this, I think Fuji Xerox, through its clarification and steady implementation of measures that it can take as a responsible corporate purchaser, is contributing enormously to finding resolutions to environmental issues. I believe there is still plenty of room for your company to protect biodiversity and help put the brakes on natural forest depletion. I believe that Fuji Xerox's efforts will assist in the creation of an environmental-friendly society.



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