



FIBRE BOX ASSOCIATION

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June 17, 2007

Matt Kistler
Vice President
Sam's Club
(via email)

Dear Matt,

It was good seeing you again at the recent Packaging Summit meeting in Chicago. Your presentation was excellent and seemingly well received. When we spoke briefly I mentioned we had two issues that our industry, and potentially several others, felt needed to and could be, addressed within the current framework of the Packaging Sustainability Scorecard.

- **Renewability** of the raw material source:
We realize this is a possible item for inclusion in the "extra credit" section of the scorecard, but feel that this is a fundamental property related to the material list and should therefore be included on it. As it now stands, renewability, although recognized by the SPC, EPA and other third party groups, is completely ignored. If this scorecard is meant to reflect the sustainability of packaging, then it can not avoid reflecting a positive weighting for those materials coming from renewable sources. Renewable source materials must be considered a desirable aspect as compared to using non-renewable sources. In the case of fiber-based packaging, the requirement of "renewable" would include sustainable forestry efforts. One possible approach to address this omission is to add a third component to the Material Health and Safety category of the material list for renewability in addition to toxicity and OSHA Incident Rate, thus giving each item a possible weighting of 5 points. The renewability component of the Material Health and Safety score should indicate whether the raw material source is renewable or not (yes or no; 5 or 0). This value should then factor into the overall Material Health and Safety score and should have equal weighting with the other two components. After all, if renewable energy is given a high profile in the scorecard and Wal-Mart's goals, it seems logical that renewable materials should be included as well.
- **Recovery Rate:**
It appears that there is no recognition given to materials manufactured by industries that have spent decades focusing on sustainability and developing a recycling infrastructure, for their products, with a resultant high recovery rate. Not only corrugated, but glass and aluminum also fall into this category. The recovery rate cutoff of 10% to reach the highest score does not recognize these substantial achievements. An approach we would like to recommend is to add three more levels (4, 5 and 6) that would recognize those materials with substantial and superior recovery rates. A suggestion could be that a 4 would reflect a recovery rate of between 10 and 40%, a 5 for those materials with a recovery rate between 40 and 70%, and a 6 for those materials exceeding 70%. In this

fashion, due recognition is given to those materials that have been working on sustainability and are well along the path, as well as providing some incentive to encourage recovery rates beyond 10%.

I have copied Brian O'Banion, FBA Vice President and member of the Packaging SVN Steering Committee whom you met after your Packaging Summit presentation. We at FBA agree with you that your methodology will end up serving not only Wal-Mart and Sam's Club needs but also will set a benchmark and precedent for other retailers to follow. And, we fully believe you are trying to put together the best possible process, programs and policies. However, that makes it even more imperative that we all work together to get it right this first time.

I would appreciate hearing your comments on these recommended methods to remove any possible material biases in the scorecard process. Please feel free to contact either Brian (847-364-9635) or myself at your earliest convenience to discuss this further.

Sincerely,

A handwritten signature in black ink that reads "Dwight C. Schmidt". The signature is written in a cursive style with a large, stylized 'D' at the beginning.

Dwight C. Schmidt
President