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New Leaf Once Targeted by Protesters, Home Depot Plays Green Role Retailer Leans on Suppliers To Protect Forests Abroad; Playing Mediator in Chile Indonesian Loggers Resist

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CONCEPCIÓN, Chile -- High on a ridge above this coastal city stands a forest of ancient araucaria trees, bending in the wind. Native forests like this one, once in constant danger of being razed, now are more likely to remain undisturbed.

Their unlikely protector: [Home Depot](#) Inc.

The world's largest retailer of lumber, Home Depot buys almost 10% of Chile's annual wood exports. Most of the lumber comes from tree farms of nonnative pine and eucalyptus that the Chilean timber industry planted on denuded land -- including places where large swaths of ecologically diverse native forest had been clear-cut or burned down.

In the past few years, Home Depot has begun lobbying governments and loggers to stop overcutting forests from Asia and Africa to the Americas. In Chile, Home Depot recently brokered a pact to deter landowners from converting native forests into the very kind of tree farms the retailer depends on.

Home Depot is part of a growing rapprochement between American corporations and the global activists who traditionally clashed with them. From 1997 to 1999, environmental groups organized protests against the company, charging it was failing to ensure that its wood didn't come from endangered forests. Activists picketed hundreds of Home Depot stores, hung banners at its corporate headquarters in Atlanta and demonstrated at shareholder meetings.

Home Depot was afraid the protests might lead to a consumer backlash and sliding sales. It had already started an internal push to follow better environmental practices. So the company agreed to stop using products from endangered forests. It created a new executive position -- environmental global project manager. The man appointed to the post, Roland "Ron" Jarvis, has the authority to sever logging contracts with any supplier whose practices harm endangered forests or otherwise hurt the environment.

Citing the destruction of tropical forests in Indonesia, Mr. Jarvis slashed Home Depot's purchases of wood there. He also played mediator between Chilean environmentalists

and Chile's two largest timber producers, Empresas CMPC SA and Celulosa Arauco y Constitución SA, persuading them to overcome years of acrimony and negotiate face-to-face for the first time.

For retailers, working with green groups can be a fairly inexpensive way to ingratiate themselves with customers and rid themselves of negative publicity. Home Depot says the cost of its initiatives is small relative to the \$64.8 billion in sales the company had last year. Mr. Jarvis says 95% of its wood comes from North America, so the impact on the bottom line from switching overseas suppliers is minor.

Still, many environmentalists applaud this newfound activism, saying it represents the fruit of "markets campaigns" that some activists have carried out over the past decade. Instead of seeking environmental change through government legislation or the courts, these activists target specific corporations through boycotts and protests. They then persuade those companies to pressure their suppliers and business partners to change their practices, creating a "green" domino effect through an industry.

Office-supply giant Office Depot Inc., after an activists' campaign against it, canceled purchases from an Indonesian paper supplier that activists say was using trees from the country's endangered forests. Office Depot officials said the campaign didn't motivate their decision. Home-improvement retailer [Lowe's](#) Cos. joined Home Depot and several other U.S. companies in pressuring Canada to declare logging off-limits in great swaths of the Great Bear Rainforest in British Columbia.

"If you've got Home Depot carrying your water, you're going to get a lot farther than as just an environmental group," says Randy Hayes, president of the Rainforest Action Network, an environmental group in San Francisco.

The retailers that have made reforms say it is too early to see any impact on the environment, but Home Depot says it has seen a modest impact in sales from customers who are aware of its environmental stands. It says it sold \$30,000 of green-certified wood to build ramps at this year's X Games, an extreme-sports event that started yesterday in Los Angeles. The protests directed against the companies have ceased.

The markets campaigns don't always work. Even proponents of the campaigns admit that the agreements generally aren't legally binding. Sometimes pressure from giant U.S. corporations isn't enough to make countries change environmentally harmful logging practices.

In bowing to the environmentalists' demands, Home Depot agreed to give preference to wood that had been logged in an environmentally friendly way. It first used guidelines from the Forest Stewardship Council, a body now based in Bonn, Germany, that certifies trees as properly harvested. But Home Depot realized it couldn't meet demand with council-certified wood alone. It needed to identify forests around the world that were endangered and persuade suppliers not to log there.

That proved to be a challenge. "If you asked us when we started this program how much of our wood came from the Brazilian rain forest, we didn't know," recalls Mr. Jarvis, an

athletic 44-year-old who was recruited by Home Depot co-founder Pat Farrah to become environmental manager in June 2000.

Formerly the head of Home Depot's merchandising business in the Southeast U.S. and Puerto Rico, Mr. Jarvis spent the first few months getting educated. He met officials from the State Department and Department of Agriculture and sat through a global forestry summit in Rome, where he huddled with timber executives from 30 countries.

Six months later, he had learned enough to begin enforcing Home Depot's new green policy. In Indonesia, Home Depot's main supplier was cutting trees in a slash-and-burn fashion, razing entire swaths of the country's rain forest to get the lumber it wanted. "We asked them to stop, but they said they would continue," he recalls. In response, Mr. Jarvis cut 90% of Home Depot's purchases of Indonesian lumber. The remaining purchases came from suppliers who didn't slash and burn. Mr. Jarvis hoped rewarding those suppliers would pressure others to change their methods but that hasn't happened yet, he says.

In the African nation of Gabon, a Home Depot supplier also used slash-and-burn methods in a jungle that is home to the endangered lowland gorilla. Mr. Jarvis pulled all of Home Depot's contracts there when the company's suppliers declined to change their practices. He shifted the buying to tree plantations in Brazil and Central America.

In late 2002, an environmentalist named Aaron Sanger phoned Mr. Jarvis. Coordinator of the Chilean wood campaign for San Francisco-based Forest Ethics, Mr. Sanger warned that the expansion of Chilean tree farms was wiping out the country's natural forests.

Chilean activists had started complaining about the decline of native forests soon after the dictatorship of Gen. Augusto Pinochet ended in 1989. In 1974, Mr. Pinochet instituted subsidies for tree farms, aiming to build a large wood-products industry. While the plantations grew to generate more than \$2 billion a year in Chilean exports, environmental activists and native Mapuche Indians living near the tree farms fought to rein in their growth. They said the farms sucked up water and caused erosion.

"We can't even graze our animals there," because the tightly-packed plantation groves provide too much shade for grass to grow, said Julio Alarcon, a 62-year-old herdsman, as he warmed his hands over a campfire in a native forest surrounded by tree farms in the central Chilean highlands.

The tree plantations were an example of the conundrum Home Depot faced. It wanted the lumber, but it couldn't say it was observing its environmental policy's promise of "efficient and responsible use of wood and wood products" if native Chilean forests continued to be cleared.

Mr. Sanger asked Home Depot to work with Chile's biggest timber companies, CMPC and Arauco, on solutions. By late 2002, Mr. Sanger was organizing a campaign encouraging North American buyers to boycott Chilean wood. More than a dozen companies eventually joined the boycott.

Mr. Jarvis agreed to look into the situation. He called two Chilean executives -- Hernan Fournies of CMPC and Charles Kimber of Arauco -- and asked for their side of the story. The Chileans accused the environmentalists of exaggerating claims. Environmentalists said some three million acres of native forests had been removed by fire and logging to make way for plantations of mostly radiata pine. The executives asserted that the real figure was less than a million acres. They also said they were no longer doing the conversions, but were planting tree farms mainly on former ranch and farm land.

Mr. Jarvis then asked if the companies had ever sat down with their critics in Chile to discuss the problem. He was surprised to find they had not.

"So I threw out the idea of bringing both sides to the table to talk these issues out," says Mr. Jarvis. The Chilean logging companies reluctantly agreed. "Of course, we have to listen to what our customers want," Mr. Fournies says.

Mr. Jarvis suggested a meeting outside Chile, where the two sides had clashed repeatedly. The previous year, Chilean police had shot and killed a 17-year-old Mapuche boy as he and several of his tribesmen tried to take over a CMPC tree farm.

Both sides agreed to meet May 1, 2003, at Home Depot's Atlanta headquarters. "I thought to myself, 'Maybe we will have a blood bath,'" Mr. Fournies recalls. Mr. Jarvis posted an armed guard outside the fourth-floor meeting room.

The timber executives wore casual attire to try to fit in with the activists. The executives remember being pleasantly surprised at seeing all of the environmentalists dressed in business suits. One woman from the Rainforest Action Network showed colleagues where she had scaled a building to hang a banner attacking Home Depot four years earlier.

Twenty-three people, including Mr. Jarvis, sat around folding tables, the environmentalists on one side and the timber executives on the other. The CMPC executives bristled when Malu Sierra, a fiery activist from Santiago, began lecturing them on the need to do more to protect the forests because the companies were "so rich" and, in her view, had a history of hurting the environment. An equally outspoken executive named Daniel Contesse, vice president of CMPC's forestry operations, recalls that he started to jump to his feet to rebut Ms. Sierra.

From his corner, Mr. Sanger says, he quietly interjected: "We can't agree on the past, but we can agree on the future -- to protect the native forests of Chile."

That helped set an amicable mood for the rest of the four-hour meeting, the Chilean timber officials say. The two sides came away from Atlanta with plans to work on a forestry accord. In the meantime, the logging companies agreed to enact stronger conservation measures and the environmentalists agreed to stop targeting Arauco and CMPC in their boycott campaign.

The next big meeting was in Chile in July, where CMPC and Arauco executives had invited the environmentalists to inspect the companies' forests, sawmills and nature

preserves. The environmentalists were impressed, in part, by the companies' expressed desire to preserve the country's remaining natural forests. At the tour's end, Mr. Sanger told the lumber executives, "We have learned you are as passionate about the native forests as we are."

A hurdle arose when the two sides sat down to hammer out the details of their agreement. The companies wanted to emphasize in the statement that they had been following conservation practices for a while. The environmentalists bristled at that language, Mr. Jarvis says. "I basically told both sides, 'If you want to win on this, you have to give,' " Mr. Jarvis recalls. So the environmentalists agreed to give the companies some praise in the statement.

After one more meeting at Home Depot's headquarters in Atlanta and further telephone consultations, the two sides were ready to announce their agreement on Nov. 12. Although the companies insisted they weren't doing forest conversions themselves, they agreed not to keep buying land that landowners had deforested recently. CMPC said it wouldn't buy properties razed after 1993, while Arauco said it wouldn't purchase land cleared after 2002.

So far, everyone has adhered to the agreement. Mr. Jarvis says he's now preparing to spread Home Depot's activism. "I think that maybe this is a template we can use in other countries," he says, naming Indonesia as a possible next target.