

# Office DEPOT®



**SUSTAINABLE VALUE REPORT 2004 - 2005**



**This report is for  
all our Stakeholders:**

Customers, Associates, Owners,  
Suppliers, Government,  
Environmental Groups, Communities

**Scope of report:**

This report is focused on Office Depot®  
Ethics, Diversity, Community and  
Environmental Programs in  
North America. Environmental  
programs in selected European  
countries are also described.

For an electronic version of this report visit:  
[www.community.officedepot.com](http://www.community.officedepot.com)

# Community Investment



**\$1 million**

pledged by Office Depot® to the American Red Cross for Hurricane Katrina relief efforts before the storm hit the Gulf Coast.

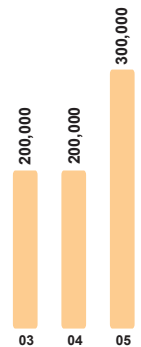
**\$43.3 million**

Approximate value of in-kind donations provided by Office Depot in 2005 (includes in-kind donations for disaster relief).

(In-kind donations value calculated using approximate retail value of products.)

**1,059**

charities assisted through in-kind donations program in 2005.



Office Depot Backpack Donations

**2002**

Inaugurated National Backpack Program to provide free backpacks to at-risk children prior to the start of the new school year.

**2003**

Organized major silent auction to benefit Count Me In. Funds raised helped provide micro-loans to enhance women's economic independence.

**2004**

Received Corporate Stewardship Award for Large Business from U.S. Chamber of Commerce.

**2005**

Listed among the 15 most generous corporations for in-kind donations in the annual *BusinessWeek* ranking of corporate givers.

## Diversity



# 183%

growth in Tier I diversity supplier revenues from Office Depot between 2003 and 2005.



Attendance At Office Depot® Success Strategies for Businesswomen Conference

# 2004

Voluntary diversity training program, "Meet the Lenses," inaugurated for Office Depot associates.

# 2005

Ranked in the Top 50 of America's Corporations for Women and Minority Business Enterprises by Div2000.com for the fifth consecutive year.

## Ethics



# 100%

of Company Officers globally providing electronic acknowledgement of understanding the Foreign Corrupt Practices Act (FCPA).



Percent Full-time Salaried Associates At HQ & Managers/Above In Field With Ethics Certification

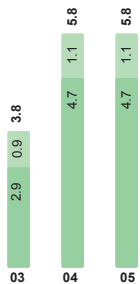
# 2003

Conducted first Vendor Conference in Asia to communicate Social Accountability policies and expectations.

# 2005

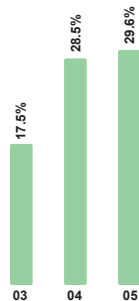
In alignment with best practices in corporate governance, amended Board Guidelines under Sarbanes-Oxley and New York Stock Exchange (NYSE) Rules for Listed Companies.

# Environmental Performance



Ink & Toner Cartridges Recycled (Millions)  
Total = 15.4 million

■ Ink Jet Cartridges  
■ Toner Cartridges



Average Post-Consumer Recycled Content  
In Paper Used  
Corporate HQ – U.S.

## 136%

growth in average post-consumer recycled content in cut-sheet paper sold and used in U.S. and Canada between 2003 and 2005. (4.5% to 10.6%)

(Cut-sheet paper only. Does not include other paper products such as file and hanging folders.)

## 67.7%

by weight of cut-sheet paper sold and used in 2005 containing some post-consumer recycled content in U.S. and Canada. (Up from 13.8% in 2003)

## 2002

Office for the Environment developed and recycled paper audit completed.

## 2003

Published first "Green Book™" of environmentally preferable products. Published landmark industry-leading environmental paper purchasing policy.

## 2004

First independently verified environmental stewardship report released. Forest & Biodiversity Conservation Alliance launched – a \$2.2 million partnership to develop scientific data and tools for sustainable forestry.

## 2005

Received the Outstanding Retailer Award from the U.S. Environmental Protection Agency & International Council of Shopping Centers.

# Independent Reviewer's Report

To: the Board of Directors and Management  
of Office Depot® Inc.

We have been asked to review selected quantitative performance information presented in Office Depot's Sustainable Value Report ("the Report") for the years ended December 31, 2004 and December 31, 2005, as indicated in the table on page 37 and referenced in the Report. Preparation of the Report is the responsibility of Office Depot® Management. Our responsibility is to express a conclusion as to whether anything has come to our attention to suggest that the selected performance information is not presented fairly in accordance with relevant criteria.

## Scope

We reviewed Office Depot's 2004 and 2005 performance assertions relating to sales and use of paper with post consumer waste content; offsite recycling of paper, cardboard and printer cartridges; energy use and associated greenhouse gas emissions; corporate donations; and other indicators presented in the table on page 37. We did not review the narrative sections of the Report, except where they incorporated the selected quantitative performance information.

## Methodology

Our review was completed in accordance with the International Standard for Assurance Engagements (ISAE) 3000, developed by the International Federation of Accountants.

As such, we planned and performed our work to provide limited, rather than absolute, assurance with respect to the selected performance information. Our review criteria were based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2002 version), relevant regulations, Office Depot definitions as noted in the Report, and generally accepted industry and sustainability reporting standards. Our review procedures consisted of analytical testing of the performance information and related documentation and records, and interviews with relevant Office Depot personnel, external contractors, and service providers. We believe our work provides a reasonable basis for our conclusion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the quantitative performance information for the years ended December 31, 2004 and December 31, 2005, presented in the table on page 37 is not presented fairly in accordance with the relevant criteria.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP*

July 14, 2006

Vancouver, British Columbia, Canada

PRICEWATERHOUSECOOPERS 



Office Depot is committed to transparency in sustainability reporting. We recently became Organizational Stakeholders of the Global Reporting Initiative (GRI) in support of the goal of global standardization of sustainability metrics. We are monitoring the development of GRI's third generation (G3) guidelines, which are expected to be finalized in October 2006. While we have not reported "in accordance" with the GRI guidelines, we have referred to them in the development of a number of the metrics in this report. We plan to incorporate more of the GRI G3 reporting framework into future Office Depot sustainability reports.

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Reviewed by PricewaterhouseCoopers

### BEN

Business Education Network – An initiative of the United States Chamber of Commerce's Business Civic Leadership Center.

### Benelux

Belgium, Netherlands, Luxembourg

### Canadian Boreal

Boreal forests form a band of primarily coniferous forest encircling the upper portion of the northern hemisphere. Approximately 30% of the global boreal is in Canada. Natural Resources Canada estimates the Canadian Boreal to cover approximately 310 million hectares or 77% of Canada's total forest.

### Certified Wood & Paper Products

Wood and paper, certified by a third party to come from "well-managed forests." Major third-party standards include the Canadian Standards Association (CSA), Forest Stewardship Council (FSC), PEFC (Program for Endorsement of Forest Certification) and Sustainable Forestry Initiative (SFI).

### Chain of Custody

Mechanism to trace a product's path back to its original source.

### EPA

United States Environmental Protection Agency

### GHG

Greenhouse Gas – Refers to gases responsible for climate change, including carbon dioxide (CO<sub>2</sub>).

### Global Reporting Initiative (GRI)

International process to develop standard, globally applicable Sustainability Reporting Guidelines and Indicators. The next set of Guidelines and Indicators (G3) will be available for use in October 2006.

### HUB

Historically Underutilized Businesses, including minority-owned enterprises, women-owned enterprises, disabled-owned enterprises, veteran-owned enterprises, and designated small businesses.

### ISO 14001

International Standards Organization's standard for environmental management. Includes guidelines, processes and tools to help organizations minimize potentially harmful impacts on the environment and continually improve environmental performance.

### Pre-Consumer Recycled Content

Paper containing "pre-consumer recycled content" includes scrap and trimmings from the paper mill as well as paper products that were never used in the consumer market (e.g., returned magazines & newspapers).

### Post-Consumer Recycled (PCR) Content

Paper containing "post-consumer content" includes paper materials that have been through their intended life and would otherwise have been disposed of as solid waste. Post-consumer paper includes recyclables such as office paper, cardboard and magazines collected in commercial and residential recycling programs.

### Recycled Materials

Recycled-content products (paper, plastic, metal) may contain pre-consumer content, post-consumer content or both. A product does not have to contain 100% post-consumer materials to be labeled "recycled." The higher the post-consumer recycled content, the more material diverted from landfill.

### Social Accountability

The practice of engaging direct import suppliers in bringing positive change to the working environment, focused on human rights and ethics.

### SKUs

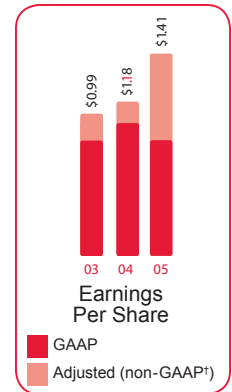
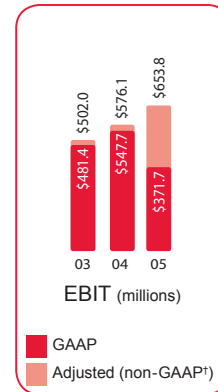
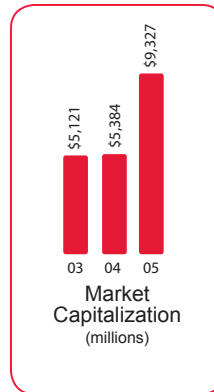
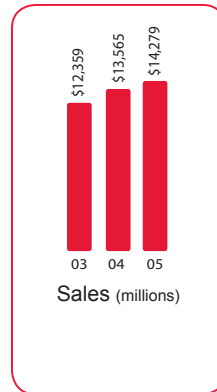
Stock keeping units. Industry term for discrete products.

### Tier I Program

An Office Depot® initiative designed to develop a national network of independently owned Historically Underutilized Businesses to provide customers with solutions to their supplier diversity needs.



# Delivering Sustainable Value



At Office Depot®, we recognize the traditional business imperative of delivering value to shareholders is merging with a 21st century notion of delivering value to a broad set of stakeholders. The successful business today does not choose between actions benefiting shareholders and those benefiting other stakeholders, but finds ways to deliver value to both.

As one of our most recent actions in a long commitment to stakeholder value, Office Depot partnered in the launch of the Business Roundtable's S.E.E. Change Initiative in 2005. This is an effort to engage leading companies in committing to business strategies that combine traditional corporate goals of higher profit and lower cost with a strong commitment to environmental performance and social improvement.

We are proud to introduce our Sustainable Value Report, providing an overview of how Office Depot performed in 2004 and 2005 in all these important areas of business activity. We provide transparent disclosure on a wide range of financial and non-financial metrics, clearly identifying where we have succeeded in providing value to society, the environment and the economy, and where we plan to improve in the future.

## Delivering Community Value

During 2005, we were the first company to make a substantial donation (\$1 million) to the American Red Cross before Hurricane Katrina hit the Gulf Coast. This typically

proactive approach to community challenges is one of our core differentiators as a socially-conscious corporation.

## Delivering Environmental Value

We continue to expand our environmental initiatives. Our Forest & Biodiversity Conservation Alliance has helped develop critical scientific data to improve management of forest resources across North America. In the coming months we will publish our third Green Book™ of environmentally preferable products in the U.S., with a series of European versions shortly thereafter.

## Delivering Economic Value

While implementing these and other innovative societal and environmental initiatives, we continue to deliver economic results. Over the last two years, we have grown sales by nearly \$2 billion and earnings by over \$150 million. We have three platforms for growth: North American Retail, North American Business Solutions Division and our International Division.

We believe that it is not necessary to choose between being socially responsible and succeeding in business. It is possible – indeed it is imperative – that we do both.

## Fulfilling the Promise of Worklife™

Our commitment to delivering sustainable value aligns with our vision of *Delivering Winning Solutions That Inspire Worklife™*. This compelling statement shows we recognize the societal shift where boundaries

between work and life have merged into a continuum. We know the shift implies ethical and environmental values people have in their lives increasingly affect the decisions they make at work – as they should.

As a leading global provider of office supplies and solutions, Office Depot serves every type of organization – from home-based businesses, to small nonprofits, to government agencies and multi-billion-dollar corporations. These organizations are made up of millions of individuals who live in an age in which work and life have merged. As the leading company in our industry, we feel that we are uniquely positioned to serve customers who have a growing desire to protect the world.

We hope reading this report compels you to seek out Office Depot as a partner who shares your values. We look forward to helping you find solutions that inspire your Worklife™.

Sincerely,

Steve Odland

Chairman and Chief Executive Officer

\*A reconciliation of GAAP to non-GAAP numbers can be found on the Office Depot® website [www.officedepot.com](http://www.officedepot.com).

# Office Depot – Vision & Values



## About Office Depot®

With annual sales of more than \$14 billion, Office Depot provides more office products and services to more customers in more countries than any other company.

Incorporated in 1986 and headquartered in Delray Beach, Florida, Office Depot conducts business in 23 countries and employs about 47,000 people worldwide.

Office Depot is a leader in every distribution channel – from retail stores and contract delivery to catalogs and e-commerce. With over \$3.8 billion in sales, the Company is the world's second largest e-tailer. As of April 1, 2006, Office Depot had 1,049 retail stores in North America. Internationally, the Company conducts wholly- or majority-owned operations in 16 countries, and operates retail stores under joint venture and license arrangements in another five countries. The company's common stock is listed on the New York Stock Exchange under the symbol ODP and is included in the S&P 500 Index.

## Our Vision

### Delivering Winning Solutions That Inspire Worklife™

#### Delivering

Our actions speak louder than words. We are accountable: doing what we say we're going to do – efficiently and on time.

#### Winning

We act with confidence. We're proud to win. We push ourselves to greater heights. And we don't settle for less than being the best.

#### Solutions

We listen to our customers and understand their needs. We offer products, services and innovative thinking that enable our customers to achieve success.

#### Inspire

Our inspiration is contagious and enables us to unleash creativity to help people achieve their goals. Our motivation and enthusiasm inspire others to succeed.

#### Worklife™

We combine our energy for work with our passion for life, creating a fuller, more enriched lifestyle. We share the desire to maximize human potential to achieve personal dreams.

## Our Values

### Integrity

We earn the trust and confidence of associates, customers, suppliers and shareholders by being open, honest and truthful in all that we do.

### Innovation

With a culture of creativity and a thirst for intelligent risk-taking, we aspire to do what has never been done.

### Inclusion

We approach all opportunities and challenges by respecting the diverse thoughts, beliefs, backgrounds, cultures and energies of all associates, customers and suppliers.

### Customer Focus

We fuel our customers' dreams by anticipating and listening to their needs and passionately delivering on our promises. Failure is not an option, as we promise to "wow" on recovery.

### Accountability

We are responsible for achieving and sustaining unprecedented results that create extraordinary value to our shareholders and stakeholders through personal commitment, sensible thrift, collaboration and shared leadership.



# Associations, Partnerships & Awards

Leadership implies participating in, and helping drive, cross-industry initiatives. As a global brand, we know that it is imperative to join in associations and partnerships that make a difference in the world.

Equally important is being selective in the memberships we seek. Therefore, we strive to identify the types of associations and partnerships where we can have the most impact. And then we focus our energy on these organizations.

We are also proud to be recognized by third parties, including socially responsible indices and award-givers. We appreciate the tremendous external recognition we continue to receive for our corporate endeavors.

## Associations Include:



## Partnerships Include:



## Socially Responsible Indices:



## Sampling of Recent Awards & Recognition

- America's Top 50 Corporations for Women and Minority Business Enterprises – Div2000.com (2004, 2005)
- America's Top Corporations for Women's Business Enterprises – Women's Business Enterprise National Council (2004, 2005)
- Best Practices in Corporate Philanthropy – *Work Life Matters Magazine* (2005)
- Outstanding Retailer Award – International Council of Shopping Centers and U.S. Environmental Protection Agency (2005)
- Corporate Report Card, Grade A – *Minority and Women in Business Magazine* (2005)
- Torch of Liberty Award received by Office Depot EVP Monica Luechtefeld – Anti-Defamation League (2005)
- Pride in Excellence Award, Employer of the Year – Project Equality (2004)
- Companies That Care Honor Roll – Center for Companies That Care (2004, 2005)
- CSR Award for Philanthropy Communications – PR & Marketing Network Awards Program, sponsored by *PR News Magazine* (2004)
- Supplier Diversity "Best of the Best" list – *Hispanic Network Magazine* (2004)
- Top Fifty Corporations For Multicultural Business Opportunities – *DiversityBusiness.com* (2005)
- European Environmental Responsibility Award, Reseller – Office Products International (2005)



# Corporate Governance



Office Depot® is committed to strong corporate governance and has been a leader in introducing many reforms before companies generally were required to do so under Sarbanes-Oxley and other laws and regulations.

One example of how Office Depot has implemented such best practices relates to continually keeping our Corporate Governance Guidelines up to date. These guidelines reflect our dedication to monitoring the effectiveness of policy and decision-making – at the Board and management level – and to enhancing shareholder value over the long term.

## Corporate Governance Highlights

### Director Independence

Apart from our CEO, all of the members of our Board are Independent Directors of the Corporation who meet the qualification of “Independence” in accordance with New York Stock Exchange and United States Securities and Exchange Commission (SEC) requirements.

### Board Committee Independence

All Board Members who serve on the Audit, Compensation, Corporate Governance and Nominating Committees are Independent Directors. In addition, the Chairman and certain other members of the Board’s Audit Committee qualify as “Audit Committee Financial Experts” within the definition of applicable regulations of the SEC.

### Lead Director

The non-management Directors on our Board select a Lead Director, who chairs the Governance Committee. The Lead Director works with the Governance

Committee to set agendas for board meetings and presides over meetings of non-management Directors in executive session. The Lead Director must be an Independent Director as defined by our Corporate Governance guidelines.

### Governance Practices

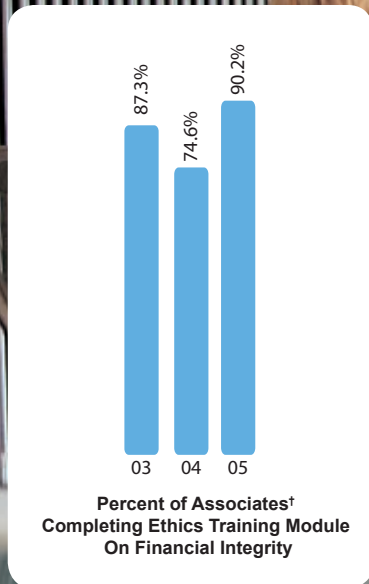
Office Depot is committed to maintaining an independent Board that is responsive to our shareholders. The Board regularly meets in executive sessions at which the CEO is not in attendance. Under the leadership of the Corporate Governance Committee, the Board engages in periodic self-evaluation of its work as a whole. In addition, each Committee conducts evaluations of its own work and the individual Directors conduct a self-evaluation of their performance.

### Executive Compensation

The Compensation Committee reviews and reports to the Board of Directors on all forms of compensation paid (or payable in the future) to executives.



# Code Of Ethics



On the cover of our Office Depot® Code of Ethical Behavior booklet is the statement, "Business should be conducted with uncompromising honesty and integrity." This guiding principle has been central to our success as a Company.

The Code of Ethical Behavior has been adopted by our Board, and each of the Directors annually confirms his or her acknowledgement of these standards for business conduct. The Code is distributed to all associates in printed form and electronically on our Intranet. It can also be viewed by the public at any time in the Company Information section of the Office Depot website. The Code includes policies and procedures that govern our associates in key areas such as:

- Conflicts of Interest
- Equal Employment Opportunity
- Harassment and Discrimination
- Insider Trading
- Political Activities
- Gifts and Entertainment
- Outside Employment and Organizations
- Vendor Relations
- Security Awareness
- Workplace Safety
- Environmental Protection
- Information and Data Security

Every full-time, salaried Office Depot associate receives a Code of Ethical Behavior booklet at orientation, must complete an online ethics training course within a year of joining the Company and must achieve ethics recertification on an annual basis.

In addition to overall Code of Ethics training, Office Depot has developed several additional training modules that go into greater detail in specific areas of ethical business practices such as financial integrity or vendor relations. These additional modules offer real-life scenarios to provide associates with a deeper understanding of acceptable behavior.

## Confidential Hotline

At the direction of our Board of Directors, Office Depot maintains a confidential hotline and website that associates can use to comply with ethical and legal obligations and to report suspected violations of laws or policies. This process, which is administered by an independent third party, enables our associates to express any concerns without fear of retribution.

\*Percent of full-time salaried Associates at Corporate HQ & Managers and above in field

# Social Accountability

## 419

Initial factory inspections conducted since inception of Social Accountability Program in 2002. 318 re-audit inspections completed in same period.

### Factory Inspection Results (Since program inception 2002)

| Grade                         | At Initial Inspection | At Re-Audit Inspection | Improvement % |
|-------------------------------|-----------------------|------------------------|---------------|
| "Zero Tolerance" <sup>1</sup> | 7.2%                  | 4.1%                   | 76% reduction |
| "Needs Improvement"           | 90.4%                 | 83.1%                  | 9% reduction  |
| "Satisfactory"                | 2.4%                  | 12.9%                  | 438% increase |



Office Depot® has made values-based management the framework around which we have constructed our global business strategy. In doing so, we have committed ourselves to upholding the highest ethical, social and environmental standards in the operation of our Supply Chain.

#### Comprehensive and Integrated

In order to balance the needs and concerns of our stakeholders, we have designed and implemented a comprehensive set of policies and programs that are integrated throughout our business operations.

We require all vendors who produce goods or services for our Company or any of our subsidiaries, affiliates, divisions or agents to comply with a Supplier Code of Conduct. The Code affirms Office Depot's commitment to source goods and services only from persons and firms that achieve internationally recognized standards and practices in dealing with their workers and their working environment. Its provisions

include the prohibition of forced labor and child labor, compliance with local laws and regulations (including those for working hours), requirements for wages and benefits, a non-discrimination policy and the guarantee of a safe and healthy working environment. Suppliers also must comply with the Foreign Corrupt Practices Act, all applicable export control legislation and any other U.S. laws and regulations that may be applicable.

Through our Social Accountability Program, Office Depot partners with direct import factories to bring positive change to the working environment. For example, by teaching vendors how to manage employees in accordance with the standards that are required to conduct and retain business with us, the program has made a difference to workers by improving their conditions in health and safety, pay and benefits and human rights. To gauge the success of this program,

all factories are independently audited. Corrective action plans are implemented wherever necessary.

To further inform international vendors about our standards and to acknowledge them for improvements and other achievements, we sponsor vendor conferences in China and the United States each year. A highlight of each meeting is the naming of a Vendor of the Year and the presentation of other Social Accountability awards.

Office Depot is certified by the U.S. government under the Customs Trade Partnership Against Terrorism (C-TPAT) program. We took the initiative to seek this certification when the program was relatively new. Taken as a whole, these Social Accountability practices show vendors that we are strongly committed to our values – and they play a key role in assuring customers that Office Depot Brand products are produced in a sustainable manner that promotes the interests of humanity and the environment.

<sup>1</sup>Office Depot immediately ceases doing business with factories that have a "zero tolerance" violation. Depending on the nature of the violation and the timing of corrective action, some factories may be reinstated at a later time.



# Community Investment Overview



*"The Marine Toys for Tots Foundation is so pleased to welcome Office Depot as a national corporate sponsor. With your generous support, we have been able to fulfill the Christmas holiday dreams of nearly 45,000 underprivileged children who otherwise might have gone without. In 2005, we used your contribution specifically to brighten the lives of children whose families lost everything in the hurricanes in our Gulf states."*

**Major William Grein,**  
Vice President,  
Marine Toys for Tots Foundation

At Office Depot®, we believe strongly in the philosophy of "Giving with a Purpose." Our support for nonprofit organizations around the world personifies our Company's vision and values as we strive to make a positive impact on the lives of our neighbors, the communities in which we conduct business and society as a whole.

## Far-Reaching Partnerships

We are proud of our relationships with such organizations as City of Hope National Medical Center, Community Anti-Drug Coalitions of America, Feed The Children, Gifts In Kind International, Keep America Beautiful, The Scripps Research Institute and Toys for Tots. We support these organizations financially and with product donations, and also raise awareness of their work through information in our stores and on our Community Relations website. Through these partnerships, we are able to maximize the impact we make – producing a remarkably rich return on our investment in social capital.

For example, Office Depot has taken a firm stand in the effort to end hunger. Since 2002, our annual "Hunger Has a Face" campaign has raised valuable awareness of both America's Second Harvest and the Canadian Association of Food Banks' vitally important missions. And through our partnership with Keep America Beautiful, we have helped to disseminate environmental learning materials for schoolchildren throughout the organization's network of nearly 1,000 affiliates.

On another front, we have established the Office Depot Program in Childhood Neurological Disease Research at Scripps' facilities in La Jolla, Calif., and Palm Beach County, Fla. We are assisting this world-class research institution in its efforts to understand, treat and, eventually, cure developmental disorders of the brain and nervous system – including mental retardation and epilepsy – that afflict millions of people.

## Acknowledgement for Our Efforts

In recognition of our achievements, Office Depot has received a wide range of awards as described on page 6.

While we certainly appreciate such accolades, they do not motivate our efforts. The driving force behind our actions is our desire to purposefully meet community needs through programs that are meaningful and creative while also standing up to the test of transparency and accountability. In summary, we are committed to making a difference.

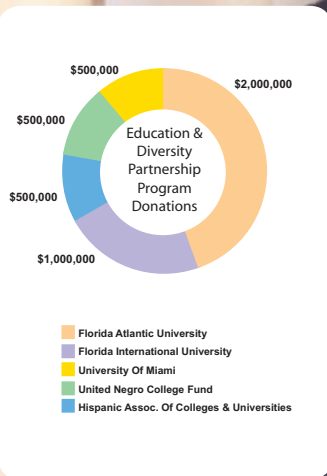
*"Office Depot's support provides a unique opportunity for our labs to merge our efforts and to make exciting new discoveries in the area of childhood neurological diseases."*

**Dr. Shelley Halpain,**  
The Scripps Research Institute

# Taking Care Of Education

*"Office Depot is widely respected for its commitment to diversity. The company has embraced the Hispanic community across the U.S. Its support will make a difference to HACU as we pursue our goals in the years ahead."*

**Dr. Antonio R. Flores,**  
President and CEO,  
Hispanic Association of Colleges  
and Universities



Our Company's commitment to education is longstanding and broad-based. Through far-reaching programs, we make an impact from kindergartens to university classrooms and laboratories.

## National Backpack Program

Through our signature National Backpack Program, which we launched in 2002, Office Depot® places new backpacks into the hands of deserving children who might not otherwise have the proper tools required for success. Every Office Depot store in the United States and Canada distributes backpacks to nonprofit organizations and schools. Since the program's inception, 880,000 backpacks have been given to "at-risk" children. We frequently hear how these new backpacks help boost children's self-esteem, confidence and pride.

## Supporting Schools and Teachers

Our popular 5% Back to Schools Program, which was expanded to operate year-round

in 2004, enables our customers to designate schools to receive credits equal to 5% of their qualifying purchases – credits that the schools can then use for free supplies. The program grants millions of dollars of credits each year to more than 35,000 schools in the United States and Canada. At the same time, more than half a million individual teachers are enrolled in Office Depot's Star Teacher Program, which entitles them to special discounts, a newsletter and the opportunity to participate in periodic special events, including an annual Teacher Appreciation Breakfast.

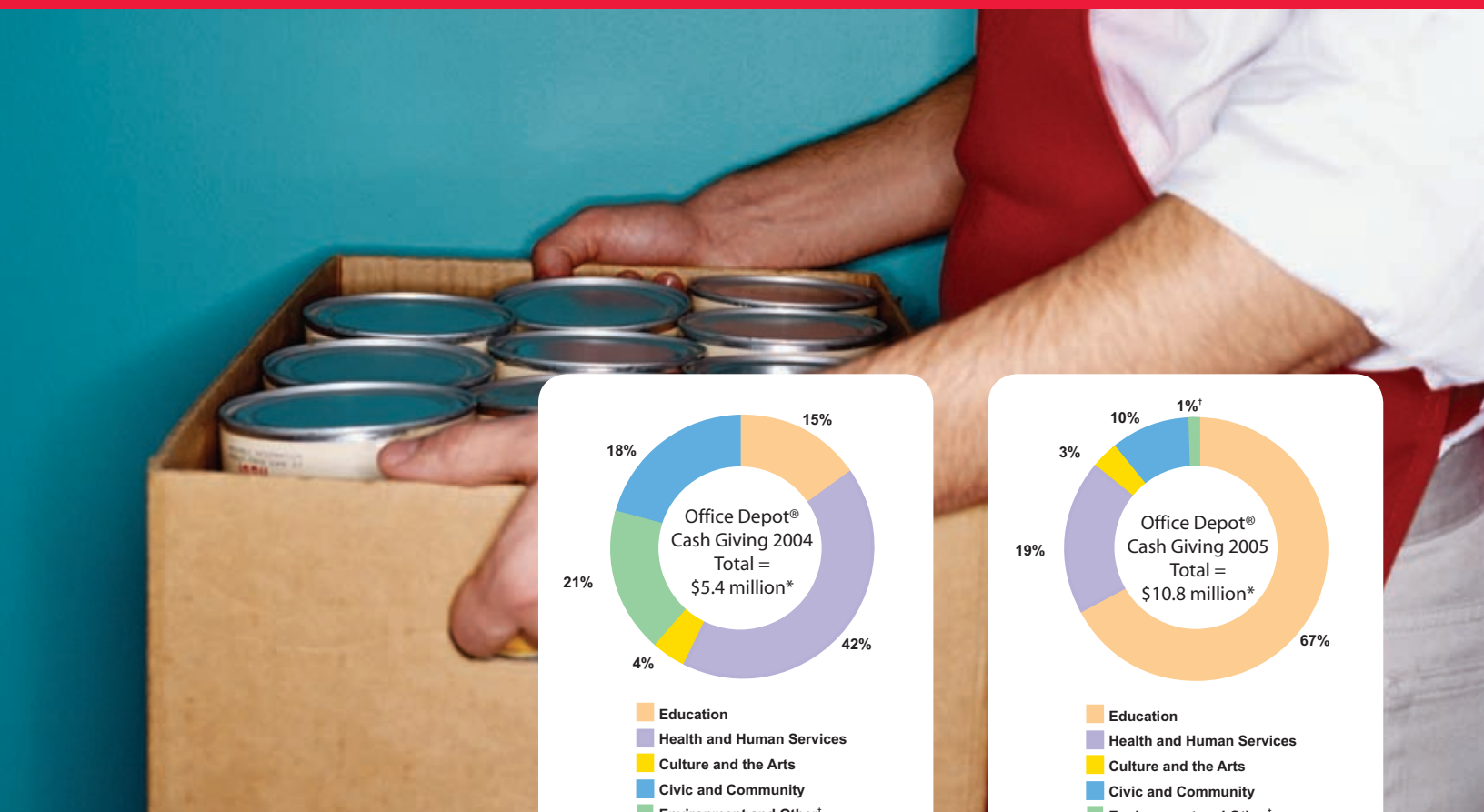
Office Depot is a founding member of the Business Education Network (BEN), which was created in 2005 by the Business Civic Leadership Center of the U.S. Chamber of Commerce. Our Company's support helped to attract over 450 business and education leaders from 32 states to the inaugural BEN Summit in 2005.

## Investing in Higher Education

Office Depot clearly understands that universities, in particular, are engines of economic development and entrepreneurship. In 2005, we made the largest corporate gifts in our history. We contributed \$4.5 million to three universities – to nurture partnerships that will capitalize on these institutions' proximity to our global headquarters in South Florida – and two widely respected nonprofit organizations that promote opportunities for students of diverse racial and ethnic backgrounds. When state matching funds are included, the ultimate impact of our new Education and Diversity Partnership Program will reach \$7.5 million. By supporting research, scholarships, capital projects and other important priorities, we believe that the value of our investment will be multiplied many times over for each of our partners.



# Taking Care Of Communities



Wherever Office Depot® conducts business, we support nonprofit organizations with product donations, contributions of funds and matching gifts of our associates to encourage them to become involved in helping their communities. We contribute to arts and cultural programs ranging from local theater productions for children to concerts at the Kennedy Center. Through our partnerships with Gifts In Kind International and Feed The Children, products worth tens of millions of dollars are donated to diverse organizations each year.

## Extending a Hand of Welcome

As Office Depot expands its network of stores, we not only open our doors to new customers, but we also welcome a wide variety of nonprofit organizations into our family. In conjunction with the Grand Opening of each new, remodeled or relocated Office Depot, we donate \$500 money cards to three charities serving children and

families in the surrounding neighborhoods, towns and cities.

These organizations run the gamut from food pantries to shelters for victims of domestic abuse to after-school programs designed to enrich children's academic strengths. In every case, our contributions make the statement that Office Depot cares – and that we are committed to giving something back in each community we serve.

## In-Kind Donations Offer Many Wins

Office Depot's in-kind donations program is truly a win-win situation. In 2000, we initiated our partnership with Gifts In Kind International, the world's largest charity in product philanthropy. Through this arrangement, every one of our retail stores, distribution centers and warehouses is matched with a local nonprofit organization to which it makes ongoing product donations.

In 2005, we added Feed The Children – an international nonprofit relief organization – as a partner, opening new opportunities for in-kind donations of supplies and products to assist people around the world. Both organizations enable Office Depot to conserve resources and keep surplus materials out of the waste stream. As importantly, of course, we help the many local nonprofit organizations that receive these donations to maximize their resources and achieve their goals.

*"Office Depot knows that support for the charitable sector is an important part of being a community leader. Office Depot is recognized for its leadership in product donations. Each year nearly a thousand nonprofits receive free and useful office supplies through Gifts In Kind International's partnership. We are honored to work side-by-side with Office Depot to strengthen community programs for young people."*

**Barbara Florence,**  
Vice President, Donor Development,  
Gifts In Kind International

\*Includes matching grants

†Does not include donations to Forest & Biodiversity Conservation Alliance

# Taking Care When Disasters Strike

In 2004 and 2005, when significant natural disasters struck the U.S. and other parts of the world, Office Depot® demonstrated our strong commitment to helping others. Our assistance came both in the early days of the response as well as later on – when the focus shifted to rebuilding lives, homes, schools and businesses.

## Unprecedented Hurricanes

From our Global Headquarters in South Florida and our stores throughout the U.S. Gulf Coast, we have gained a remarkably personal perspective on the power and fury of hurricanes. Beginning in 2004 with Hurricanes Charley, Frances, Ivan and Jeanne, and again during 2005, Office Depot took immediate action to assist individuals, communities and entire regions.

In fact, we were the first company to pledge \$1 million to the American Red Cross for Hurricane Katrina relief – announcing our gift before the hurricane struck. We later offered New Orleans officials the entire contents of one of our retail stores to help

get the city back up and running. Through our partnership with Feed The Children, we provided water, batteries and supplies valued at \$13 million, which the organization distributed throughout the area.

Through our own Office Depot Disaster Relief Foundation, we were able to provide more than 200 loans valued at nearly \$250,000 to our associates in the Gulf Coast area and in Florida following Hurricane Wilma, which passed almost directly over our Delray Beach, Fla., Headquarters.

Our immediate responses were followed by extensive efforts to help the devastated communities get back on their feet. We worked with the Federal Emergency Management Administration, local Chambers of Commerce and other organizations to help businesses restore their operations. We distributed 1,000 backpacks filled with school supplies to help area children go back to school.

Our Company also matched our associates' contributions to the Office Depot Disaster Relief Foundation and made it possible for our customers to donate tens of thousands of dollars through our stores, with all contributions going to the American Red Cross.

## Worldwide Compassion

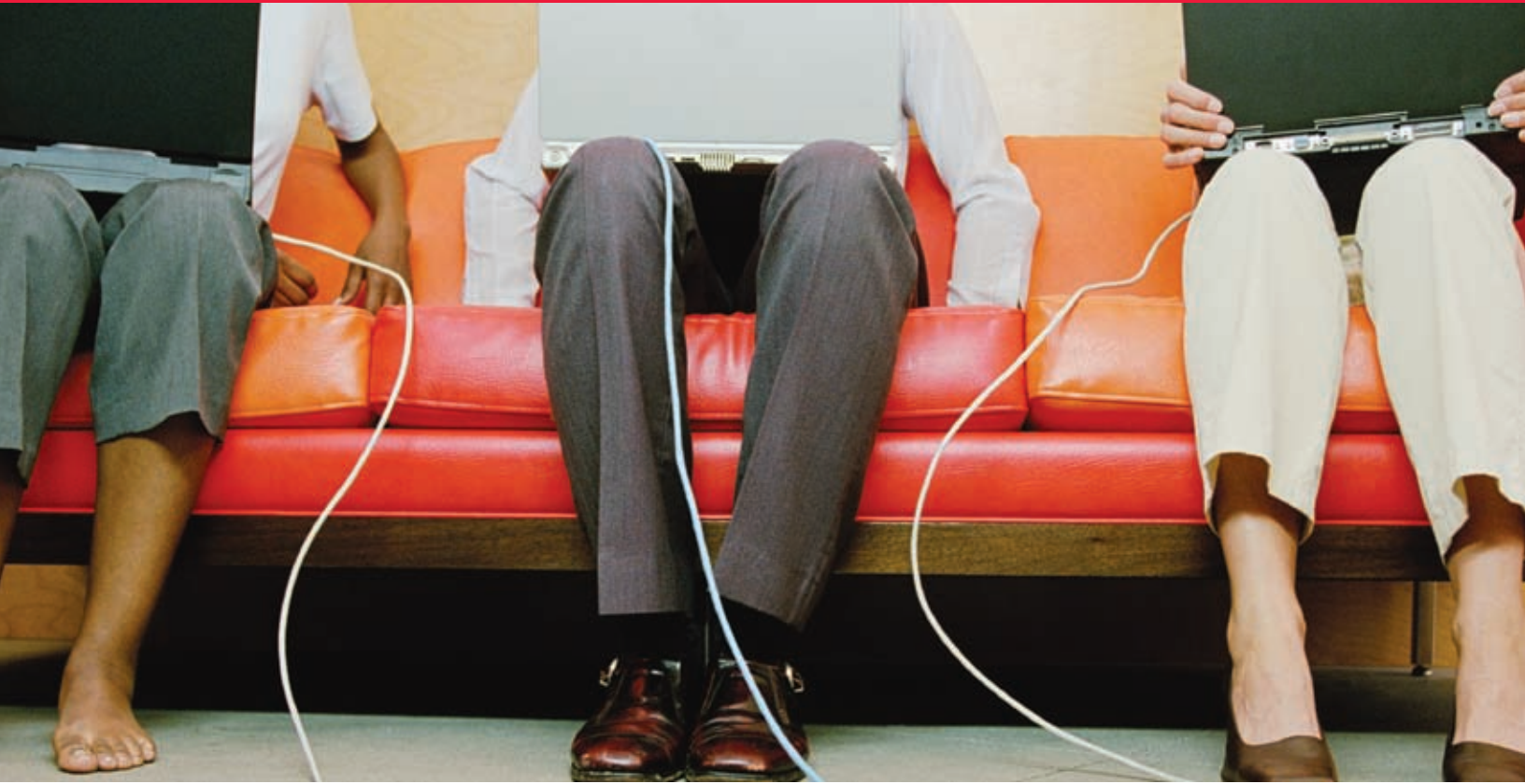
In the wake of the devastating tsunamis that caused widespread destruction and loss of life in Southeast Asia in December 2004, Office Depot contributed \$250,000 to the American Red Cross International Response Fund to assist with the relief efforts. More recently, through our affiliation with the Business Roundtable, we donated products valued at \$1 million in response to the magnitude 7.6 earthquake that struck northern Pakistan and Afghanistan in October 2005. On both a corporate and a personal level, the entire Office Depot family takes great pride in our efforts to serve the world community in these times of great need.

*"For nearly 10 years, Office Depot has been a committed partner with the American Red Cross. Nothing showed Office Depot's commitment and leadership more than its response to Hurricane Katrina. When the company donated \$1 million before the scope of the damage was even fully realized, it helped ensure that critical resources were ready almost immediately. We thank Office Depot for its ongoing support and for encouraging other corporations to follow its lead. We couldn't do it without you."*

**Jack McGuire,**  
President and CEO, American Red Cross



# Office Depot Affiliate Program



From grassroots nonprofit organizations and small businesses to large-scale initiatives serving the entire nation, the Office Depot® Affiliate Program provides its members with a simple and effective way to generate income. In the nonprofit arena, participants include organizations such as iGive.com, which enables its members to donate a portion of the value of their online purchases to charity. Another partner, Upromise.com, while a for-profit company, operates with a nonprofit mission: helping families save money for their children's college educations.

Businesses and organizations that join the Office Depot Affiliate Program agree to place links from OfficeDepot.com directly on their own websites. By doing so, they give their members, customers or clients the opportunity to choose from thousands of office supplies, furniture and technology items as well as to access

useful information from Office Depot's small business services center. In addition, our Small Business Handbook is available online – filled with everything companies need to know to run a business, from employee forms to steps for creating business plans, presentations and more.

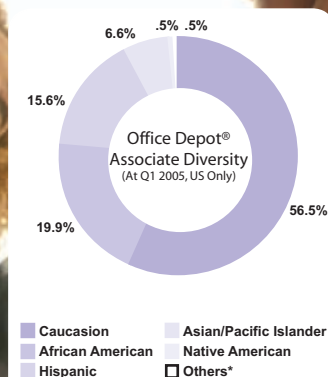
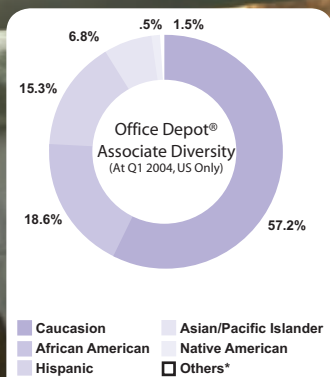
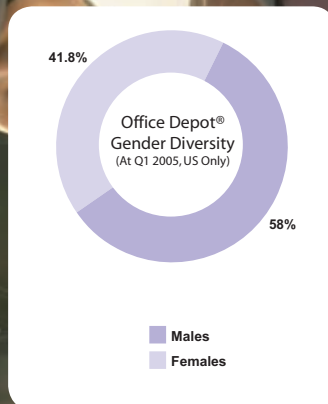
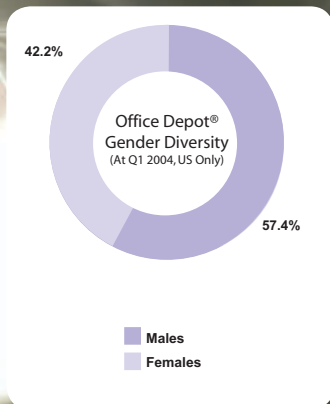
The Office Depot Affiliate Program offers an excellent example of our Company's vision – *Delivering Winning Solutions That Inspire Worklife™* – in action. Not only does it give nonprofit organizations, start-up businesses and existing companies a way to build instant credibility by associating with a recognizable corporate brand, but it makes it possible for them to drive revenue, which helps to sustain their operations and enables them to grow. It also helps our customers with discounts, savings and other benefits.

Percentages paid to participants vary, depending on the item purchased. Information about how to join the Office Depot Affiliate Program can be found at [www.officedepot.com](http://www.officedepot.com).

#### Office Depot Featured Affiliates include:

- Ebates.com
- Upromise.com
- Schoolpop.com
- Mypoints.com
- iGive.com
- Box Tops For Education Marketplace
- ClubMom
- TheAdNetwork
- ShopAtHomeSelect.com

# Commitment To Diversity



As a company with an unwavering commitment to our core value of inclusion, one of Office Depot's most important goals is to build a diverse workforce that reflects our customers as well as the communities in which our associates live and work.

## Building Workforce Diversity

We have moved steadily forward to enrich the diversity of our workforce in recent years. Utilizing a recruiting team that itself is highly diverse, Office Depot employs a variety of strategies – including the use of diversity job boards, relationships with diversity advocacy groups, participation in conferences and job fairs, and active involvement with women's and minority professional associations – to attract diverse talent from across the nation. Our recruiting efforts also reach out to the campuses of Historically Black Colleges and Universities.

Through our internal Diversity programs and initiatives, Office Depot recognizes the critical role that each of our associates contributes to the Company's success. While striving to ensure that associates are respected and valued for their individual uniqueness, experience and skills, Office Depot also encourages the individual members of our workforce to promote teamwork, develop business solutions, create a competitive edge and drive business value. Managers at all levels are accountable for implementing action plans to achieve these goals.

## Orientation and Training

Diversity education plays an integral role at Office Depot. In 2004, we launched a voluntary diversity training program called "Meet the Lenses." More than 5,100 associates completed the coursework online. New associates are introduced to our Company's Diversity values in Orienta-

tion and New Employee Diversity Training. In Office Depot stores, new associates participate in a discussion about Diversity policies and expectations.

Furthermore, our Company's leadership curriculum includes learning activities designed to reinforce the value of Diversity and management practices that promote respect for the individual. Leadership classes, for which participants must be nominated, include women and minorities as well as cross-functional representation.

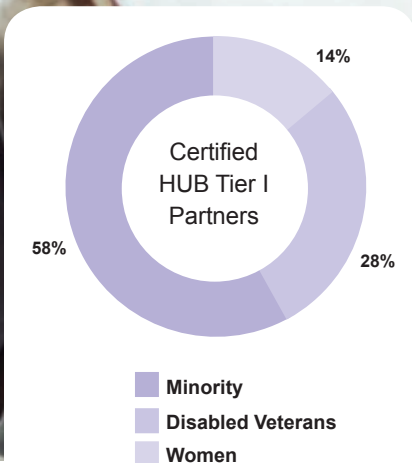
## Participation with Diversity Groups

Office Depot helped raise \$1 million on behalf of the office products industry in 2005 for the Anti-Defamation League's "A World of Difference" Program. Other diversity partners include the Human Rights Campaign, Leadership Excellence for Asian Pacifics, the NAACP, the National Council of La Raza and the National Urban League.

\*This category is for associates who did not self-identify ethnicity. Totals may not equal 100% due to rounding.



# Vendor & Supplier Diversity



**\$430 million**

Sales in HUB product in 2005

**800+**

Number of HUB items listed in Office Depot® catalogs

Office Depot® is committed to the economic development of the communities in which we work and live. This is evident in our industry-leading multi-dimensional approach to small business development.

### Three-Tier Approach

Through our Tier I, Vendor Diversity and Supplier Diversity programs, we are strongly committed to nurturing and enhancing the success of Historically Underutilized Businesses (HUB)\* throughout our Company's Supply Chain. Office Depot created a formal Vendor Diversity program in 1996 and established a Director of Vendor Diversity position in 2000. Our Supplier Diversity initiative was launched in 2002, followed by the initiation of our Tier I Program in 2004. Utilizing this three-tier strategy, we open the doors of opportunity to companies that are certified as HUBs or are located in disadvantaged communities. In our Tier I Program, we utilize a mentor/protégé approach as we work with small

and disadvantaged firms to develop cooperative business plans that help them strengthen their functional expertise and enhance their business performance while providing them access to Office Depot resources, including customer service, accounts receivable, account management and acquisition, sales training and supply chain expertise, to learn industry best practices.

Through these collaborations, we help minority-owned small and disadvantaged businesses gain the ability to compete more effectively in the marketplace – and increase their chances for success.

### Identifying and Nurturing Potential

In the areas of Vendor and Supplier Diversity, we work to identify minority-owned businesses that show great potential. We then help these firms to expand their capabilities, enabling them to become vendors and suppliers of Office Depot products, ensure that they are well-repre-

sented in our product assortment and keep the business once they have secured it.

We are proud that Office Depot representatives serve on the boards of the National Minority Supplier Development Council, the Women's Business Enterprise National Council and Diversity Information Resources. Our Company sponsors scholarships each year for Minority Business Enterprises to attend national conferences and business development programs.

Together, these initiatives demonstrate the depth and breadth to which we are committed to the spirit of Vendor and Supplier Diversity as a coordinated strategy that leads to economic viability, growth, development and empowerment.

\*Historically Underutilized Businesses include minority-owned enterprises, women-owned enterprises, disabled-owned enterprises, veteran-owned enterprises, disabled veteran-owned enterprises and small (SBA 8(a), SDB and HUB Zone) businesses.

# Focus On Women In Business

## Office Depot® Supporting Associations

Business Women's Network  
Center for Women's Business Research  
The Committee of 200  
eWomenNetwork  
Executive Women's Golf Association  
National Association for Female Executives  
National Association of Women  
Business Owners  
Women's Leadership Exchange  
Women's Business Enterprise National  
Council  
Women Impacting Public Policy  
Women Presidents' Organization



Acknowledging the rapid growth of women-owned businesses as well as the unique set of challenges faced by many of these entrepreneurs, we launched our signature Office Depot Success Strategies for Businesswomen Conference in 2000. Since that time, the conference has come to exemplify our Company's wide-ranging commitment to women in business.

### Boosting the Bottom Line

When hundreds of women executives, business owners and entrepreneurs assemble for each year's conference, they find opportunities to gain practical knowledge designed to help them boost their bottom line. Equally important are the intangibles inherent in the experience: the chance to build and renew connections with other successful women, and to draw inspiration from some of the most distinguished women of our generation, including Dr. Maya Angelou, journalist Barbara Walters, Xerox Chairman and CEO Anne Mulcahy, former American Red

Cross President and CEO Marsha Evans, Senator Hillary Rodham Clinton and former U.S. Labor Secretary Alexis M. Herman. Also during the Conference, Office Depot presents Visionary Awards to distinguished women in a variety of categories, including Entrepreneur, Corporate, Nonprofit, Pioneer and Sports.

In 2005, a group of women attended the conference thanks to our support for Count Me In for Women's Economic Independence – a national not-for-profit organization that provides access to micro-business loans, expert consultation and education for women entrepreneurs. From 2003 to 2005, we contributed \$235,000 to Count Me In, which the organization leveraged into several hundred thousand dollars in loans to women's businesses.

Also in 2005, Office Depot initiated a partnership with Dress for Success, launched our eNewsletter, the *Success Strategies Connection*, and continued to

offer free online business seminars through the Office Depot Web Cafe.

### Expert Advice and Guidance

Our initiatives to assist women in business are guided by a 16-member Women's Advisory Board, composed of business leaders who are very influential in their own right or who represent large constituencies of businesswomen. We are an active partner with a variety of leading women's associations that offer outstanding resources for women who seek knowledge and support in running their businesses.

Internally, women are integrally involved in our Company's strategy and direction as members of the Office Depot Executive Committee, where they fill the roles of Executive VP and Chief Financial Officer, Executive VP of Business Development and IT, Executive VP of the North American Business Solutions Division and Executive VP of Human Resources.



## Focus On Associates



Recognized nationally by being named to the Companies That Care Honor Roll in 2004 and 2005, Office Depot® works on many fronts to ensure that our associates are valued as individuals as well as members of a team of dedicated professionals.

### **Engagement and Alignment**

Office Depot clearly understands that our associates appreciate the opportunity to share their thoughts and opinions and are empowered by contributing to the process. We have conducted associate engagement surveys for many years and, since 2001, have commissioned an annual survey that is specifically designed to scientifically assess our associates' engagement in the work they do and their alignment with our Company's goals and priorities at all levels. The survey results help our managers to conduct action planning and feedback meetings within their specific areas and provide valuable insights that Company leadership can use to identify broader organizational opportunities.

Office Depot provides a wide range of opportunities for associates to develop such fundamental skills as communications, project management and creation of effective presentations. Our Leadership Development curriculum focuses on helping associates to develop the essential leadership skills required for success. Courses are designed to enhance opportunities for individuals who wish to move into leadership roles as well as those who already hold positions as front-line supervisors and managers. Additionally, our Tuition Reimbursement Policy encourages full-time and part-time associates to continue their education and enhance their opportunities for career advancement.

### **Comprehensive Benefits Package**

The value that we place on our talented team of associates is reflected in our Company's compensation and benefits package. Our tailored benefits plan is flexible in nature and comprehensive in scope.

In 2005, Company benefits were extended to domestic partners of Office Depot associates as well as to our part-time associates.

In recognition of the knowledge that associates must balance their work with ordinary and not-so-ordinary responsibilities of life – including caring for children, parents, grandparents, other family members and themselves – Office Depot added the LifeCare benefit in 2004. LifeCare provides our associates with comprehensive Work/Life services at no cost to them, giving these individuals and their families valuable and timely knowledge they can use to help manage their daily lives.

# Commitment To The Environment



Across the globe, Office Depot® is committed to improving the environmental performance of our suppliers, our customers and ourselves. We take a holistic viewpoint that we believe truly differentiates us from our competitors. We have three environmental aspirations: to “buy green,” to “be green” and to “sell green.”

## **Buy Green**

Aspiring to “buy green” ensures that we work very hard to maintain a transparent, low-impact supply chain. As one of the world’s largest resellers of paper, our most material environmental impact is sourcing forest fiber from companies that follow sustainable forestry practices. In 2004, we made what may be the largest commitment ever by a retailer to sustainable forestry. We committed \$2.2 million over five years to create the Forest & Biodiversity Conservation Alliance, which will help assure the sustainability of forests from which we source. We believe no other retailer has shown as great a commitment to sustainable forestry.

## **Be Green**

In aspiring to “be green,” we intend to be accountable for “walking the talk.” As a Fortune 150 company with global presence, we realize our operations have far-reaching environmental impacts. In our priority area of paper, we have nearly attained our target 30% average post-consumer recycled (PCR) content for paper we use. In our second priority area of energy efficiency, we spent over \$20 million in lighting retrofits, energy system upgrades and air conditioner replacements in the last two years. We are pleased to report a 3% drop in total kWh despite the addition of almost 500,000 sq. ft. of facilities in North America.

## **Sell Green**

By “sell green,” we not only mean selling green products, as our Green Book™ catalog encourages, but also the idea of environmental performance. We have had great success in selling remanufactured ink and toner cartridges and promoting recycling of empties.

With over 15 million cartridges recycled to date, we have delivered a real “cradle-to-cradle” solution for customers.

In the area of selling green paper products, we still have work to do in order to report performance against our 30% aspirational goal. We stock 3,500 products with recycled content, and our current systems do not allow accurate PCR tracking for products other than cut-sheet paper, e.g., file folders. We believe we are significantly under-reporting against the 30% target we set for *all* paper products. Our commitment to third-party verification means we are not comfortable using easy proxies for potentially uncertain data. As we upgrade our systems, we will report a more inclusive paper products metric and remain confident of meeting our 30% goal.

## **Commitment to Transparency**

Pages 20 to 26 provide transparent environmental performance measurements from our North American operations. Some of this information was reviewed by PricewaterhouseCoopers (see page 37 for specific performance indicators).



# Environmental Paper Purchasing Policy



In 2003, Office Depot® released our landmark Environmental Paper Purchasing Policy & Vision Statement. Simplified versions of our ten principles – along with examples of accomplishments since 2003 – are provided below. For the full policy, please visit [www.officedepot.com/environment](http://www.officedepot.com/environment).

## **Increase Post-Consumer Recycled (PCR) Content of Paper**

- Increased the PCR content of Office Depot® Brand White Copy Paper from 0% to 10%.
- Increased PCR content of Office Depot EnviroCopy paper from 30% to 35%, exceeding most federal and state standards as well as our main competitors' 30% recycled standard.

## **Increase Number of Recycled Products**

- Increased our number of products containing recycled content from around 2,000 to over 3,500.

## **Encourage Recycling**

- Recycled over 20,000 tons of cardboard and over 1,129 tons of mixed paper.

## **Reduce Pollution**

- Launched a range of process chlorine-free products including paper towels and napkins.
- Began selling Wausau Exact® Eco paper that is process chlorine-free (PCF), Green Seal and FSC-certified and contains 100% PCR content.

## **Encourage Well-Managed Forests**

- Added criteria in our bid process for catalog, insert and direct mail paper to encourage suppliers to certify to one of our four accepted standards.
- Worked with supplier Catalyst and PricewaterhouseCoopers to pioneer North America's first independent chain-of-custody system for certified marketing papers.

## **Enable Forest & Biodiversity Conservation**

- Stopped sourcing from suppliers with inadequate safeguards to avoid wood fiber from illegally logged forests in Indonesia and Eastern Europe.
- Committed \$2.2 million to the Forest & Biodiversity Conservation Alliance.

## **Reduce Conversion of Natural Forests**

- Stopped sourcing products from suppliers known to be converting natural forests to plantations in Indonesia.

## **Avoid Genetically Modified Organisms**

- Communicated our policy position to suppliers of paper products.

## **Grow Awareness and Green Markets**

- Developed The Green Book™ in 2003 and 2005, a catalog focused on environmentally preferable products.
- Spoke at more than 25 conferences.

## **Research**

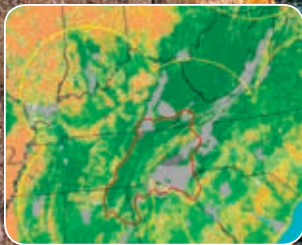
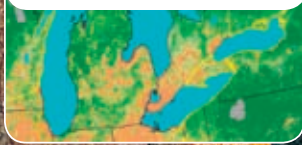
- Enabled research and creation of new scientific data to support sustainable forestry.

## **Future Opportunities**

While we are proud of our efforts, we recognize there is much more we can do. One challenge is ensuring that all new buyers – across all paper categories – are fully aware of, and trained on, our environmental purchasing policy. We plan to dedicate significant time to paper buyer training over the remaining months of 2006 and into the future.

# Forest & Biodiversity Conservation Alliance

Office Depot® Forest  
Footprint Mapping  
By NatureServe



15 million

Hectares of High-Conservation  
Value Forests in the Canadian  
Boreal assessed by The Nature  
Conservancy

In 2004, Office Depot® launched the Forest & Biodiversity Conservation Alliance – a five-year, \$2.2 million initiative to develop information, standards and tools for forest and biodiversity conservation – with three of the world's most respected science-driven conservation organizations: Conservation International ([www.conservation.org](http://www.conservation.org)), NatureServe ([www.natureserve.org](http://www.natureserve.org)) and The Nature Conservancy ([www.nature.org](http://www.nature.org)).

Alliance members help to ensure that we meet our goals for sustainable forest management and supporting global forest and biodiversity conservation. Visit [www.forestryalliance.org](http://www.forestryalliance.org) for details.

#### **Conservation International: Developing purchasing tools for sourcing.**

- Created new processes and tools for our paper buyers that provide guidance on high-risk areas and enable us to avoid them completely or identify preferred sources within these areas.
- This work has been cited in many publications, including *The World is Flat*, by Pulitzer Prize-winning author Thomas Friedman.

#### **NatureServe: Developing data on imperiled plants and animals in North America.**

- NatureServe has gathered data on ecological health of over 100 rare animal species, 70 rare plant species and 10 ecological systems.
- By developing viability criteria and management guidelines based on this data, NatureServe has helped land owners to understand rare species and ecological systems, and design proper land management programs based on that species knowledge.
- NatureServe has developed and piloted a set of computer simulations to develop inventories of species biodiversity in forested landscapes. To date, over 60 species have been modeled in the Pacific Northwest and over 300 in other regions.
- The new scientific data has been used to train foresters in our forest footprint, and has been added to NatureServe's website – [www.natureserve.org/explorer](http://www.natureserve.org/explorer).

#### **The Nature Conservancy: Developing priorities and integrating conservation planning into forest management.**

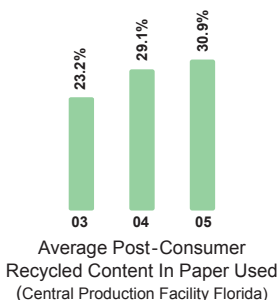
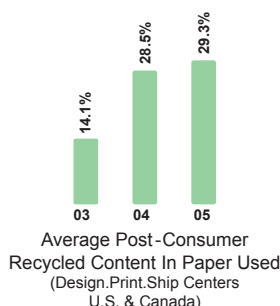
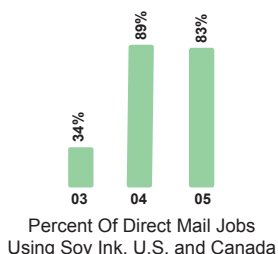
- The Nature Conservancy (TNC) has hired a conservation biologist in the Canadian Boreal and developed assessment tools for High Conservation Value Forests (HCVFs).
- Over 15 million hectares of Canada's Boreal forests have been assessed, enabling more informed conservation prioritization. In addition, TNC has contributed to improving the science behind forest management in the Boreal.
- TNC has strengthened standards for landscape-level planning and other biodiversity issues in the Sustainable Forestry Initiative (SFI) program.
- Office Depot recently authorized funding for TNC to begin a project on creating incentives for improved forest management on the Cumberland Plateau in the Southern U.S.



# Environmental Purchasing At Office Depot

## 85%

Approximate percent of paper suppliers supplying catalog, insert & direct mail paper self-declaring their fiber comes from forests certified to CSA, FSC, SFI, PEFC or a combination of standards.



In the area of internal paper use, Office Depot® has made substantial progress in implementing our environmental paper purchasing policy in the following areas:

1. Post-Consumer Recycled content in cut-sheet paper at Corporate HQ, Design.Print.Ship centers in our retail stores and Central Production facilities
2. Forest certification for catalogs, inserts and direct mail (marketing papers)
3. Chain-of-custody tracking of fiber for marketing papers
4. Use of soy-based ink for direct mail

### Achieving PCR Targets

In 2005, we exceeded our 30% target for average PCR content in our Central Production facility in Florida and moved very close to this goal in our Design.Print.Ship centers and Corporate HQ (see table, Inside Front Cover). We achieved our target by mandating the use of 35% EnviroCopy paper as our default high-quality paper in 100% of suitable black-and-white applica-

tions. We believe we lead our competitors in this area of environmental accountability.

### Driving Sustainable Forestry

Ensuring our paper comes from well-managed forests is one of our key objectives. We put significant pressure on our suppliers to source from forests that are independently certified to a standard we accept, such as CSA, FSC, SFI or PEFC. We have made the most progress in certification of marketing papers, where all bids include questions on certification. By the end of 2005, an estimated 85% of the paper companies we used for these papers claimed to source fiber from forests certified to one of our accepted standards. Our main suppliers of Office Depot® Brand cut-sheet paper have also attained forest certification to the standards we accept.

### Pioneering Chain-of-Custody Tracking

Still, supplier claims of certification to a forest management standard are not enough. Due to the complexity of the supply chain for papers, Office Depot also

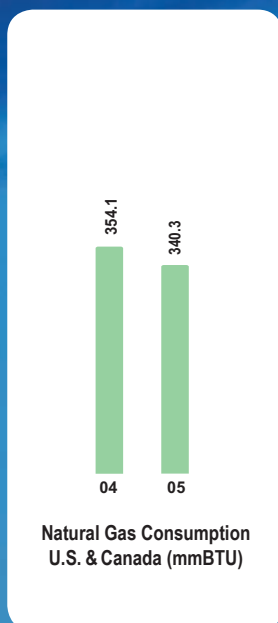
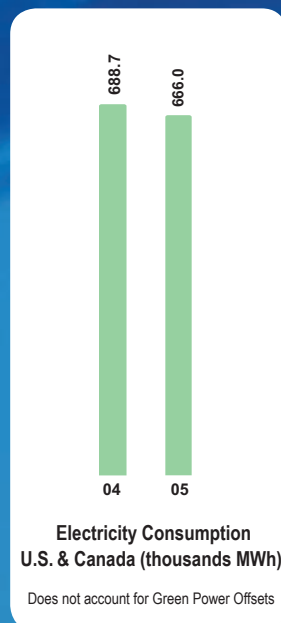
asks suppliers to provide independent chain-of-custody (CoC) tracking.

CoC tracking is similar to an audit – a way to gain third-party validation of the percent of certified fiber. By early 2006, an estimated 30% of all mills from which we sourced marketing papers had attained CoC tracking to one of our acceptable forest certification standards.

### Focus for the Future

While we have come a long way and believe we are far ahead of our competitors in terms of sourcing from sustainable forests, we will continue pushing forward. In early 2006, we accelerated a process to comprehensively track the degree of certification and chain-of-custody tracking across all paper mills from which we source. As we work through this process we will increasingly be able to provide independent assurance that when customers buy from Office Depot, they are supporting sustainable forests.

# Greenhouse Gas Reduction



## 410,200

metric tons CO<sub>2</sub> equivalent emissions in North America in 2005.

(Based on electricity, and natural gas usage across all facilities and flights to and from North America on corporate jet. Not including other transportation emissions.)

## 3.5%

Absolute reduction in greenhouse gas emissions. Down from 425,000 metric tons in 2004 in North America.

(Notwithstanding addition of 500,000 sq. ft. facility space. Not including other transportation emissions)

Office Depot's® primary greenhouse gas (GHG) impacts arise from electricity use in stores and facilities as well as fuel for transportation. In the last two years, we have made major investments to reduce greenhouse gases.

### Electricity Reduction

In 2004 – 2005, we spent over \$20 million in North America to reduce electricity use.

- We implemented one of the largest-ever lighting retrofit programs, converting 500 stores and 13 warehouses to T5 lighting that is 35% more efficient than the lighting used previously in those locations.
- We upgraded our Energy Management Systems in nearly 320 stores to allow facility managers to obtain real-time data and optimize energy usage.
- We installed 300 high-efficiency Heating, Ventilation and Air Conditioning units in 37 of our stores.

We expect to save \$4.3 million in 2006 and \$5.1 million in 2007 from these initiatives.

### Renewable Energy Investments

In May 2004, we entered into a contract to power 12 of our California locations with renewable energy. By making this commitment to purchase 12 million kilowatt hours (kWh) of renewable energy, Office Depot offset over 1,400 metric tons of carbon dioxide emissions (CO<sub>2</sub>). In the same month Office Depot also purchased "Green Energy Tags®" representing the equivalent of 80,000 kilowatt hours of wind power for seven of our locations in Alberta, Canada.

### Fuel Reduction

In 2005, Office Depot saved well over 1.25 million gallons of fuel by shifting more long-distance transportation from truck to intermodal, reaching a target of 99% battery-operated forklifts in our distribution centers and increasing the efficiency of our delivery fleet. By the end of 2005, we had purchased nearly 300 ultra-low-emission "Sprinter" trucks for deliveries, which are some 40% more fuel-efficient than larger "box" trucks.

### E.P.A. SmartWay Transport® Partner

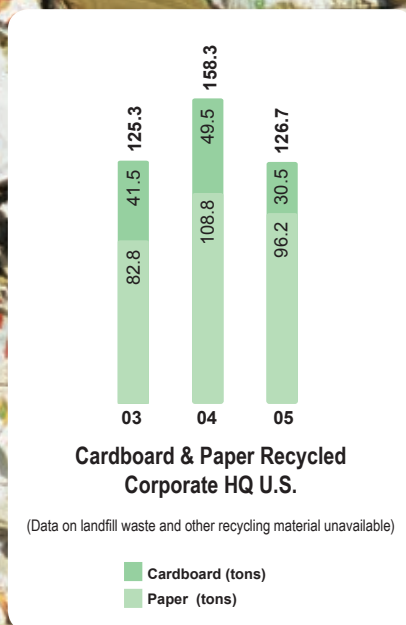
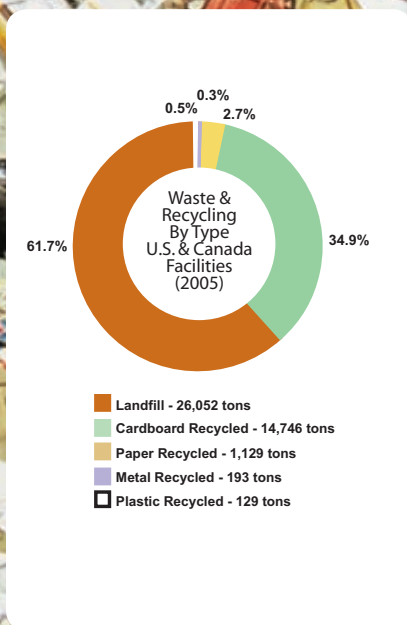
In addition, we recently became the first office products company to join the U.S. Environmental Protection Agency's SmartWay Transportation Program. As such, we commit to encouraging third-party carriers to commit to fuel efficiency by joining the Partnership, instituting no-idle policies at our facilities and considering participation in the partnership when awarding contracts. Our preliminary estimates of 2005 CO<sub>2</sub> emissions from transportation include 13,852 tons from our own fleet and 581,265 tons from our third-party carriers that are SmartWay partners.

### Plans for the Future

We believe we lead our industry in fuel-efficient transportation but will continue our efforts to cement this leadership. As members of the Business Roundtable Climate Resolve initiative, we will continue expanding our energy efficiency program. We will also purchase a minimum of 10,000 MWh of Renewable Energy Credits.



# Solid Waste Reduction



Office Depot® recognizes that one of our major environmental impacts is waste generated at the “end of life” of the materials we use to conduct business. In 2004 and 2005, we implemented a series of measures to reduce the tons of waste we send to landfills. We recognize that many of our customers also have waste reduction goals, and so we continue to invest in – and upgrade – our source-reduction practices to minimize packaging in customer shipments.

## Corporate HQ Recycling

We realize that for Office Depot to maintain our environmental leadership position, environmental awareness and action must begin at home. At our Corporate Headquarters in Delray Beach, Fla., we have a comprehensive recycling program that targets the majority of our waste stream. While we do not yet have accurate data on plastic, metal, glass and electronics recycled at our Headquarters, we are able to report an increase in total tons of paper and cardboard recycled from 2003 to 2005.

Accessing accurate data on landfill and recycling volumes, and then driving a targeted on-campus waste minimization program, is one of our major goals for 2006.

## Stores and Distribution Centers

### Landfill and Recycling

By installing cardboard balers in 364 of our stores and facilities, we diverted nearly 15,000 tons of cardboard from landfill and earned approximately \$1.6 million from sales of corrugated cardboard collected in 2005. We also started pilot programs to recycle shrink wrap, metal and plastic at certain locations. Since over 60% of our waste still went to landfills in 2005, we believe there is a major opportunity to divert more of this waste from landfill.

### Customer Shipments

#### Packaging Source Reduction

One of the environmental innovations we are proud of is the cartonization process we use for customer shipments in all of our packing and shipping locations.

We fill boxes using a “liquid cube calculation,” which employs complex algorithms to determine how to fit the dimensions of all items in the order into the smallest size box for shipping. We also use “Air-pillow” packaging to fill any remaining airspace in the boxes, which translates to lighter shipments and less material and energy usage. Finally, we use many different box sizes to minimize void space and have reduced box thickness to allow us to use less material.

## Where We Can Improve

Office Depot realizes that waste is something we have paid for that has been converted into negative value. We are committed to redefining more of our waste as a “resource” seeking reutilization.

The added benefit is we will convert what is currently a landfill cost into revenue. In 2006, we will work with our waste management company to conduct waste audits and find lasting ways to reduce the percentage of our waste going to landfill.

# Customer Recycling



**10.5 million**

Pounds of customer end-of-life electronics collected in one of the largest-ever free technology recycling drives. Organized by Office Depot®, Hewlett-Packard & U.S. EPA.

## Electronics Recycling

In a pilot partnership with Hewlett-Packard, the U.S. EPA's Plug in to E-cycling Partnership and Office Depot®, we helped launch what proved to be the largest electronics recycling drive in history.

The three-month pilot ran from July to October 2004 and leveraged HP's electronics recycling expertise with Office Depot's retail presence. At over 850 retail locations across the U.S., we collected 325,126 electronic items – equivalent to 10.5 million pounds, 11,487 pallets or 441 tractor-trailer loads. After collection, an environmentally responsible process was used to reclaim materials for reuse.

Through this pilot program, we learned customers want a solution for end-of-life electronics. We are currently exploring the right process to address this customer and environmental opportunity.

For example, we maintain a free cell phone and rechargeable battery recycling program through which we have collected 5,400 pounds of product.

We are also running a pilot in which customers pay a small fee to cover the cost of packaging and shipping. Our experience with these and other business models will define the solution we ultimately implement. We are committed to finding ways to extend this successful program so it does not become a victim of its own success.

## Ink and Toner Recycling

Recycling ink and toner cartridges is one of those environmental actions that makes sense for a number of reasons: lower waste, lower energy, reused resources, saved (or even earned) money and so on. Yet the reality is that in 2005, less than half of all ink cartridges were returned for recycling in the U.S.

Office Depot has been working for a number of years to reverse this situation. At the majority of our stores in the U.S. and Canada, we allow customers to bring in unlimited numbers of ink and toner empties for free recycling. For eligible cartridges, we also give a \$3 discount or a free ream of recycled paper.

Since we began this program in 2003, we have recycled over 12 million ink jets and 3 million toner cartridges. The waste reduction benefits of the toner recycling alone are estimated to be over 8 million pounds of metal and plastic diverted from landfills. And since we remanufacture the majority of cartridges we collect, we estimate we saved over 41 million kilowatt hours of electricity and 685,000 gallons of oil by avoiding the manufacture of new cartridges. The leading consumer testing magazine has favorably reviewed the quality of remanufactured cartridges, including those of Office Depot.

To support our ink and toner recycling programs, customers can either drop empties in our stores or search for "recycling boxes" at [www.officedepot.com](http://www.officedepot.com). We send customers free boxes to be filled with empty cartridges and shipped back to Office Depot – also for free. This is a truly simple solution to an ongoing environmental challenge.



# Online Customers – Environmental Search



**\$3.8** billion

Total e-commerce sales through Office Depot® websites globally in 2005

Office Depot® is the world's second largest e-tailer. It is natural, therefore, that our desire to "sell green" has extended to our online presence. While our Green Book™ catalog is currently only available to customers of our Business Solutions Division, we have increasingly added web functionality over the last two years to help all our online customers make environmentally preferable choices.

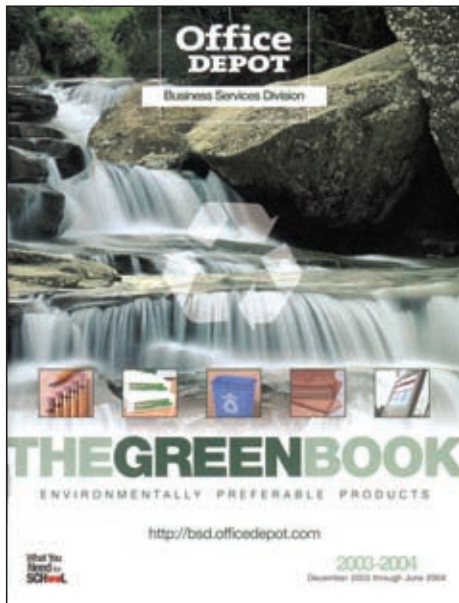
The simplest mechanism we have provided is key word identifiers. By typing "recycled paper" for example, online customers are presented with over 700 paper products with recycled content. Typing "compact fluorescent" selects our energy efficient lighting assortment.

More interesting functionality is enabled within product categories sections online. In addition to standard filters that help online customers sort products within a category by price, brand or unit size, we have added a filter labeled "environmentally preferred." This selects all green options within the category or product type being searched and includes products with a wider range of environmental attributes such as lower waste, higher energy efficiency, third-party ecolabels or lower chemical use. While this beta-version filter is still being refined, it is currently available at [www.officedepot.com](http://www.officedepot.com) and helps customers find our growing range of green options.

Finally, in the most innovative environmental search capability in the industry, we are creating an online storefront dedicated to green options. This virtual store allows customers who "self-define" as environmentally conscious to shop exclusively for products with attributes in line with their green preferences. When this storefront is launched it will be accessible from [www.officedepot.com](http://www.officedepot.com).

The additional benefits of our emphasis on e-commerce include a reduction in the number of paper catalogs printed, less gasoline used by customers driving to stores and a reduction in paper used for the ordering process.

# Business Customers – The Green Book™



To deliver on Office Depot's goal to "sell green," we have created a number of mechanisms to make it easier for customers to understand the products in our assortment which could be considered "green." We recognize that answering "what is green?" is not always easy. To the environmental purist, no product is truly "green" because as soon as a manufacturing process begins, there is an environmental impact. At Office Depot®, however, we believe in finding a proper balance between utility, value and minimizing environmental impact.

One of the most effective ways we have helped our business customers implement this philosophy is by creating The Green Book™, an innovative catalog composed entirely of environmentally preferable products. We want this to be a channel through which customers will regularly purchase products that deliver improved environmental performance.

We do not necessarily select products for our Green Book catalog by seeking the "most environmentally benign products in the market." We think this type of purist logic has kept the green market relatively small to date. Rather, we seek products that deliver equivalent quality, equivalent price over a basket of goods *and* specific environmental benefits in such areas as:

- Certified green products with eco-labels such as "Green Seal"
- Lower waste – products with recycled materials or designed for reusability
- Lower chemical use – products with fewer chemical ingredients than traditional products in the category
- Lower energy use – products such as compact fluorescent bulbs or Energy Star electronics that lead to lower energy use and greenhouse gas emissions

In 2003, when we first created the Green Book, we selected just over 1,300 products using our criteria. The success of that Green Book encouraged us to almost double our assortment for 2005. In some ways, 2006 will be the "year of the Green Book" as we create multiple versions for Europe and an updated North American version, which will again be printed on 100% Post-Consumer Recycled paper.

The 2005 Green Book can be ordered by visiting [www.officedepot.com/environment](http://www.officedepot.com/environment); the 2006 edition will be available towards the end of the third quarter. By visiting this site, customers can access the latest Green Book release dates, environmental innovations offered by Office Depot and tips and techniques for a green office.

We pledge to continue to search for environmentally preferable products to add to our Green Book.



# U.K. & Eire Environmental Highlights



*"London Remade holds a very strong partnership with Office Depot and has always been impressed by their strong environmental policy. Office Depot shows their support for sustainable procurement by being a principal sponsor of London Remade and supporting relevant environmental projects. In 2005 it has also sponsored the Best Performing Public Sector award category in the Mayor's Green Procurement Code Awards."*

**Daniel Silverstone,**  
London Remade

Office Depot® U.K. & Eire has developed the most comprehensive environmental program in our global organization. The program covers all aspects of environmental performance from chain-of-custody certification and sourcing of forest products, to implementing ISO 14001, to providing customers with comprehensive reports on their environmental purchasing.

## **Clear Environmental Leadership**

This environmental leadership has not gone unrecognized. In 2005, at the European Office Products Awards hosted by Office Products International, Office Depot won the inaugural European Environmental Responsibility Award in the Reseller category. This award recognizes European office products companies that demonstrate true commitment to environmental issues. In large part due to the U.K. & Eire's comprehensive environmental programs, the judges

noted that *"Office Depot was streets ahead of the rest."* In 2006, when Office Depot retained the award for the second year running, there was *"no shortlist, just one clear winner."*

## **Greening the Office Products Industry**

Our commitment to the environment extends far beyond our own operations. One of our U.K. executives chairs the Environment Committee of the British Office Supplies and Services (BOSS) Federation. Under Office Depot's committee chairmanship, BOSS has improved the U.K. industry scheme that prepares companies for third-party certification under the environmental standard ISO 14001.

## **Reducing Waste in London**

In a similar industry-leading role, Office Depot U.K. & Eire is a principal sponsor of London Remade, an organization in the business of recycling and creating environmental solutions

for a sustainable capital. A not-for-profit business, London Remade was designed to increase the capital's recycling performance on waste minimization and to develop markets for recycled products.

London Remade delivers the Mayor's Green Procurement Code, the first buy-recycled initiative of its kind in the U.K. The Mayor's Code helps businesses and the public sector to identify opportunities to recycle waste and buy products manufactured from recycled materials.

Office Depot has signed up to the highest level of commitment to the Mayor's Code and has worked closely with London Remade to develop a range of initiatives including a "Greening the Office" guide and presentations at environmental awareness events.

# U.K. & Eire Customer Case Study – Education



*"In early 2005, Office Depot completed the National Union of Students Services' (NUS) Ethical & Environmental questionnaire. As well as meeting minimum standards, Office Depot gained an excellent score. Points of commendation included company-wide ISO 14001 certification, reductions in electricity, water, waste; recycling and donating unwanted resources to charities.*

*As part of NUS Services' commitment to best practice, the Ethical & Environmental Committee challenged Office Depot to improve its score and suggested improvements such as reporting on greenhouse gas emissions, reducing persistent organic pollutants and endocrine disruptors in products and setting targets to reduce workplace injuries.*

*We are pleased with the score Office Depot achieved through our Accreditation. Office Depot is committed to environmental best practice, and has a similar ethos to our own and that of our member students' unions."*

**Jamie Agombar,**  
Ethical & Environmental Coordinator at NUS

Of all industry sectors in the U.K., education is perhaps the one with the most discriminating focus on supplier environmental performance. As evidence of Office Depot® U.K.'s clear environmental leadership, we have become both a supplier of choice and an environmental advisor to the country's education sector.

## **Uniquely Positioned**

Office Depot was one of only two commercial organizations invited to join the Environmental Association for Universities and Colleges' Sustainable Procurement steering committee. This is a U.K. Government-funded body whose goal is to provide advice and guidance on sustainable consumption to the U.K.'s education sector.

## **Recognized by U.K. Student Bodies**

Since 2003, Office Depot has supplied most of the student unions in the U.K. through the commercial arm of the National Union of Students, NUS Services Ltd. This purchasing consortium is led by elected students and operates on a not-for-profit basis. NUS Services Ltd. has an Ethical & Environmental Committee, whose core purpose is to ensure suppliers meet minimum ethical and environmental standards and continue to reduce the environmental impact of their products and operations.

## **Recognized by the Education Sector**

In addition to supplying students directly, Office Depot U.K. is an accredited supplier in the U.K.'s Higher Education National Stationery Agreement.

*"The Higher Education National Stationery Agreement seeks to optimize value for money by working with approved suppliers to address a range of buyer concerns.*

*Response to those Institutions who are developing environmental and "green procurement" strategies is typified by initiatives introduced by Office Depot, who has included a wide range of environmentally audited products into the Contract Core Price List and also, wherever possible, offered price parity between like products, so price need no longer present an obstacle to the use of recycled products.*

*Office Depot has demonstrated considerable flexibility, support and innovation in meeting the U.K. Higher Education Sector objectives."*

**Justin Candy,**  
Head of Procurement,  
University of Southampton, and Chair,  
National Stationery Working Party



# U.K. & Eire – ISO 14001

In 2002, Office Depot® U.K. & Eire started pursuing ISO 14001, the global standard and certification for environmental management systems. The number of certified warehouses and offices has steadily increased, and today all operational sites in the U.K. & Eire are certified to the ISO 14001 standard. This includes our new 70,000 m<sup>2</sup> Manchester site, which was certified within three months of opening.

Under ISO 14001, Office Depot U.K. & Eire has implemented a series of initiatives to reduce the Company's overall environmental impact. These include waste management, energy reduction, supplier and goods management, pollution prevention and fleet management.

Each initiative has a quantified target that is tracked on an annual basis at the facility level and/or the country level.

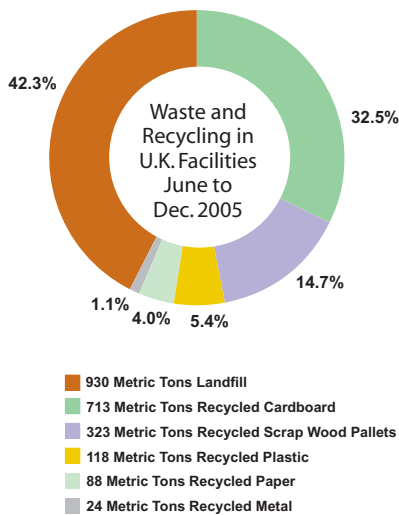
## Internal Training and Transparency

Every site in the U.K. & Eire has an environmental representative trained in environmental management and competent in completion of internal environmental audits. The internal audit process allows us to identify and share environmental best practices and also highlights potential areas of non-compliance. The internal process is supplemented by external site audits completed by the British Standards Institute, one of the U.K.'s accredited ISO certification bodies.

Our Environmental Management System is completely transparent. It is available electronically to associates and open to any customer interested in viewing the system.

## Reusing Office Supplies

One aspect of our waste reduction program in the U.K. & Eire has led us to move up the waste management hierarchy from recycling to reuse. Instead of ordering new paper for internal use, a large proportion of paper used internally is reclaimed from customer returned stock that has damaged packaging.



Example of Slightly Damaged Product Diverted from Waste & Reused Internally by Office Depot® U.K.



# U.K. & Eire – Wood & Paper Sourcing

## U.K. Forest and Trade Network

In 1995, Office Depot® U.K. & Eire became a member of the World Wildlife Fund's 95+ group (now named the WWF U.K. Forest & Trade Network), a buyers network committed to reducing pressure on the world's forests by supporting certification and source tracking of wood and paper. Office Depot has remained an active member for over ten years, regularly attending meetings, reporting progress and driving improved supplier performance in sustainable forest management.

For example, in September 2005, Office Depot representatives attended Global Forest and Trade Network meetings in Finland to encourage responsible forestry and procurement.

## The Fiber Cycle

Recognizing the complexity of tracking fiber through the forest supply chain, Office Depot is also committed to chain-of-custody certification.

## FSC Chain of Custody

As part of our commitment to transparency, Office Depot U.K. & Eire recently obtained Forest Stewardship Council (FSC)<sup>1</sup> chain-of-custody certification for stationery and furniture products. This allows us to assure customers that all Office Depot products carrying the FSC logo have an unbroken chain of custody to an FSC-certified forest. By pursuing FSC chain-of-custody certification, Office Depot U.K. has obtained the highest degree of transparency with the certification scheme most supported by environmental groups including Greenpeace, Friends of the Earth and WWF.

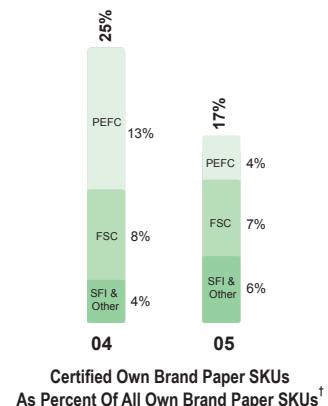
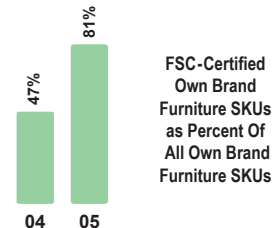
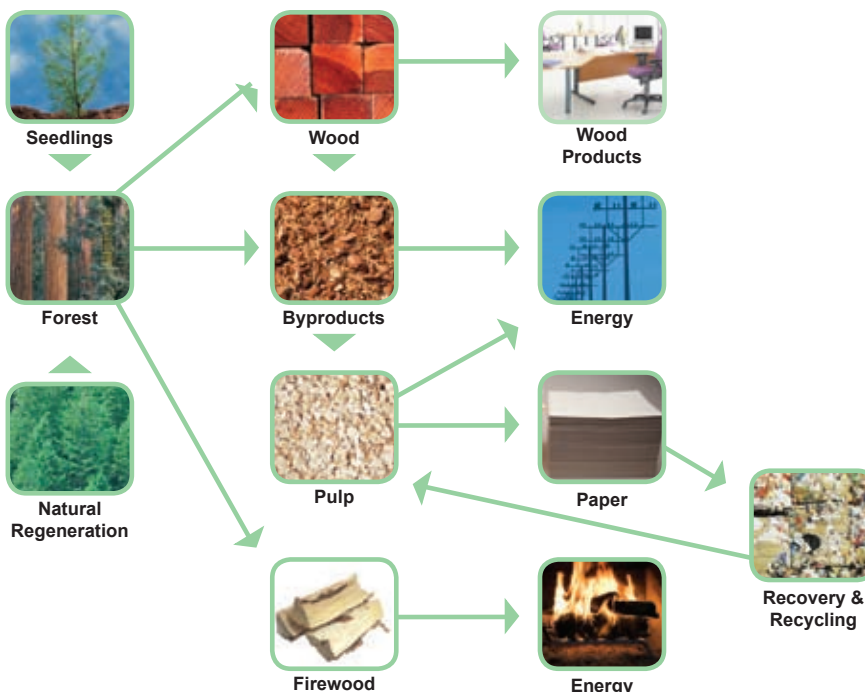
<sup>1</sup>The FSC name, acronym, logo and label are registered trademarks of the Forest Stewardship Council. The FSC Logo identifies products which contain wood from well-managed forests independently certified in accordance with the rules of the Forest Stewardship Council A.C. Office Depot's FSC certificate number is TT-COC-2165

*"As FTN members, Office Depot U.K. has committed to implementing a responsible purchasing policy for wood and paper products and increasing the proportion of products that come from credibly certified well-managed forests. Office Depot U.K. has been represented at all of the U.K. FTN meetings regarding the paper sector, and is an active participant in the WWF Global Forest & Trade Network Europe Paper Initiative."*

**Catherine Lawrence,**  
WWF-U.K. FTN  
May 2005



The Fiber Cycle (Adapted from Metafore paper Fiber Cycle. For more information see [www.metafore.org](http://www.metafore.org))



<sup>†</sup>Trend reflects addition of non-certified SKUs, not necessarily drop in certified SKUs.



## U.K. & Eire Green Product Range



FSC-certified furniture collection

### Wide and Growing Green Assortment

In the U.K. & Eire, Office Depot® offers 623 stationery (non-furniture) and 219 environmentally preferable furniture products. Our green assortment includes the Niceday Environment range – over 200 private brand products with environmental benefits clearly labeled to help customers make informed buying decisions.

We are committed to providing customers with green options and expect to continue growing green markets in the future.

This includes continuing to support FSC certification with our three Office Depot lines of FSC-certified furniture as well as numerous FSC-certified papers.



niceday environment supplies collection

# Germany Environmental Highlights



In Germany's highly competitive and environmentally aware marketplace, Office Depot® differentiates itself by offering added value through environmentally preferable products, services and innovations.

## Preferable Papers

We offer customers nearly 100 environmentally preferable papers, with positive attributes like FSC certification, Total-Chlorine-Free, and high recycled content. One of our primary suppliers in Germany, Mondi Business Paper, has been awarded the coveted Panda Award for the second year running by the World Wildlife Fund. Mondi has five ISO 14001 certified mills in Europe and is known for innovations such as IQ TRIOTEC, a unique paper made of three layers, two outer ones plus an inner core of recycled fiber.

Our assortment in Germany includes 166 products with national or international ecolabels including Blue Angel (Blauer Engel) and Nordic Swan. Most of our cardboard products and hygiene products are made from 100% recycled materials. Our top five hygiene products, for example,

are made of 100% recycled paper and have achieved significant sales growth annually since 2000.

## Recycling Innovations

Office Depot Germany helps customers achieve their waste reduction goals by taking back empty ink cartridges and toners. Smaller customers are given envelopes and larger customers receive boxes for returning ink and toner cartridges. Customers do not pay shipping to recycle – Office Depot covers the cost. Customers can also collect empty batteries in a "Back for the Future" box. When the box is full, customers simply call Office Depot Customer Service for free pick-up.

## ISO 14001 Certification

Office Depot Germany has established an environmental working group with participation across Merchandising, Health & Safety, Facility, Quality and other departments. This group works on environmental topics such as new procedures, legislative developments, and environmental awareness and improvement projects. In 2005, a first version of an environmental

handbook was created to provide step-by-step guidance on setting up an effective environmental management system. Office Depot Germany's goal is to achieve ISO 14001 certification in the next 18 months.

Office Depot is proud to have achieved nearly full diversion of solid waste from landfill. However, neither we, nor the government, are satisfied yet. Regulations in Germany require the remaining 6.2% of waste to be collected and sorted – and in the future there will be even more emphasis on separation of different waste types to allow better recycling quality.

Office Depot is working hard to ensure that we and our customers can adhere to new guidelines in Europe – the Restriction of Hazardous Substances (RoHS) directive to limit hazardous materials in electronics, and the Waste Electrical and Electronic Equipment directive (WEEE) to regain the value of raw materials contained within them. We look forward to supporting our customers with these and other environmental priorities.

# €3 million

Approximate 2005 sales of 100% recycled paper hygiene products in Germany

# 373%

Growth in FSC-certified paper in Germany from 2003 to 2005

# 93.8%

of all Office Depot Germany separated waste for recycling in 2005



# Benelux Environmental Highlights

Office Depot® Benelux (Belgium, Netherlands, Luxembourg) shares the entire Company's commitment to improving environmental performance. To deliver on that commitment, not only have we implemented energy saving and recycling programs in our own operations, but we have developed a range of innovative sustainable business solutions for our customers.

## Green Catalogs

Leveraging the success of The Green Book™ catalog in North America, Office Depot Benelux will release a Green Book of environmentally preferable products in 2006. This will supplement our ongoing effort to identify green attributes of products in our main catalogs. Through careful product selection and provision of information, we help customers identify and select environmentally preferable products. Labels such as FSC, Milieukeur, European Ecolabel, Nordic Swan and ISO 14001 are clearly visible in the pages of the main catalog, and will be even more clearly identifiable in the upcoming Green Book.

## ISO 14001 Certification

Across Office Depot Benelux, we have started the process of obtaining ISO 14001 certification. Through the certification process we will establish clear environmental policies, objectives and programs. The ISO 14001 process will help us continue towards our goal of being the clear environmental leader in our industry.

## Sustainable Business Solutions: Never Ending Store® (NES)

Through our Never Ending Store® cupboard replenishment system, we actively help our customers save the paperwork normally required to order and invoice for new supplies. By implementing the NES®, customers are assured their office supplies will always be on hand, and because we often recommend green products in the NES® assortment, some customers have created a very green Never Ending Store. An added benefit of the solution is since our NES® supplier collects packaging for recycling, our customers' total waste can be reduced.

Finally, by analyzing usage rates of different office products, we are able to advise customers on techniques to lower inventory. This limits waste from product expiration and also reduces total storage space required for office supplies. Because of the multiple benefits of this solution, Office Depot Benelux implemented over 1,500 NES® systems in 2005 alone.



Never Ending Store®

## Sustainable Business Solutions: Reuseable "Return Box"

In close cooperation with customers and suppliers, Office Depot Benelux has developed a "Return Box" concept – a unique environmental solution in the office supplies industry. For customers in the program, we deliver our products in a durable green plastic box that can be taken back for repeated reuse. Through this seemingly simple but innovative concept, no cardboard packaging materials are needed to ship our products. We have lowered our long-term packaging costs and have helped ourselves, and many of our customers, achieve waste reduction targets. To encourage customer uptake of the Return Box program (and lower the acceptance threshold), Office Depot Benelux has not requested a deposit for the boxes. Over 300 customers have asked for the Return Box since it was introduced, and that number continues to rise rapidly.



Return Box

# Looking Forward



## The Future Looks Bright

As Office Depot® prepares to celebrate our 20th anniversary in October 2006, we look forward to another 20 years of delivering sustainable value. As we pursue our growth plans in current and emerging markets, we are committed to ensuring that our growth is supported by the goals of transparency, accountability and responsiveness to stakeholders.

## Pursuing S.E.E. Change

As founding members of the Business Roundtable's S.E.E. Change Initiative, we are committed to measurement and reporting. To help track our performance across ethics, diversity, community and environment dimensions, we will establish and report on increasingly standardized sustainability metrics in future reports.

## Global Standards

As Organizational Stakeholders in GRI, we will reference the Global Reporting Initiative's G3 guidelines to select the indicators most material to our organization. We will also increasingly report quantitative sustainability performance across our international operations.

## Strategy For Transparency, Accountability and Responsiveness to Stakeholders



# Future Programs



Under our strategy of transparency, accountability, and responsiveness to stakeholders, we will implement a number of programs in 2006, including:

## Community

- Expand the mission and purpose of the Office Depot® Foundation so it assumes a prominent role in our philanthropic endeavors.
- Create online grant request procedures for nonprofit organizations seeking support from Office Depot to reduce paper usage and increase efficiency.

## Ethics

- Implement a Companywide Information Security initiative to ensure that sensitive information assets are safeguarded.
- Demonstrate continued progress in ensuring that overseas manufacturers of Office Depot private brand products are in compliance with the highest ethical, social and environmental standards.

## Diversity

- Establish a partnership with the U.S. Department of Commerce's Minority Business Development Agency and take a leadership role in its Minority Business Opportunity Center.
- Implement training programs for Tier I partners similar to the training received by Office Depot sales personnel.

## Environment

- Expand our range of private brand green products.
- Publish our third Green Book™ in North America.
- Launch Green Book™ versions in our major European markets.
- Improve the environmental functionality of our websites.
- Develop a comprehensive Greenhouse Gas reduction strategy.

# Performance Indicators Reviewed by PricewaterhouseCoopers

The table below shows a subset of 2004 & 2005 data in this report that was reviewed by PwC. In selecting these indicators we referenced the Global Reporting Initiative's guidelines.

| GRI Indicator                                                      | GRI # | Office Depot® Indicator Aligned to GRI<br>[Not "in accordance with"]                                                                                   | Report<br>Page # | Office Depot Performance |                       |                       |
|--------------------------------------------------------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------|-----------------------|-----------------------|
|                                                                    |       |                                                                                                                                                        |                  | 2003                     | 2004                  | 2005                  |
| Percent Materials Used that are Recycled                           | EN2   | Average PCR Content in Cut-Sheet Paper Sold All Channels, All SKUs <sup>3</sup>                                                                        | Inside Flap      | 4.5% <sup>1</sup>        | 9.1% <sup>2</sup>     | 10.6% <sup>2</sup>    |
|                                                                    | EN2   | Percent by Weight of Cut-Sheet Paper Sold Containing Some PCR Content - All Channels, All SKUs <sup>3</sup>                                            | Inside Flap      | 13.8% <sup>1</sup>       | 52.6% <sup>2</sup>    | 67.7% <sup>2</sup>    |
|                                                                    | EN2   | Average PCR Content in Cut-Sheet Paper - Design.Print.Ship Centers <sup>2</sup>                                                                        | 22               | 14.0%                    | 28.5%                 | 29.3%                 |
|                                                                    | EN2   | Average PCR Content of Cut-Sheet Paper Corporate Use <sup>1</sup>                                                                                      | 22               | 17.5%                    | 28.5%                 | 29.6%                 |
|                                                                    | EN2   | Average PCR Content Paper Used - Central Production Facilities <sup>1</sup> (Florida)                                                                  | 22               | 23.2%                    | 29.1%                 | 30.9%                 |
| Energy Consumption by Primary Energy Source                        | EN3   | Electricity Consumption (MWh) <sup>2</sup><br>[Square Footage of Facilities <sup>2</sup> ]                                                             | 23               | NA                       | 688,700<br>35,793,000 | 666,000<br>36,239,000 |
|                                                                    | EN3   | Natural Gas Consumption <sup>2</sup> (mmBTU)                                                                                                           | 23               | NA                       | 354,100               | 340,300               |
|                                                                    | EN3   | Kerosene Used in Corporate Jet (Est. Gallons)                                                                                                          | 23               | NA                       | 323,000               | 298,000               |
| Initiatives to Reduce Indirect Energy                              | EN8   | Fuel Saved – Intermodal Delivery <sup>1</sup> (Est. Gallons)                                                                                           | 23               | .75 Million              | 1 Million             | 1.1 Million           |
|                                                                    | EN8   | # Sprinter Trucks for Fuel Efficient Delivery <sup>1</sup>                                                                                             | 23               | 0                        | 0                     | 295                   |
|                                                                    | EN8   | Percentage of Electric Forklifts in Warehouses <sup>2</sup>                                                                                            | 23               | NA                       | NA                    | 99%                   |
| Greenhouse Gas Emissions                                           | EN17  | Greenhouse Gas Emissions, Electricity <sup>2</sup> (Est. mtCO <sub>2</sub> e)                                                                          | 23               | NA                       | 403,200               | 389,300               |
|                                                                    | EN17  | Greenhouse Gas Emissions, Natural Gas <sup>2</sup> (Est. mtCO <sub>2</sub> e)                                                                          | 23               | NA                       | 18,700                | 18,000                |
|                                                                    | EN17  | Greenhouse Gas Emissions, Corporate Jet (Est. mtCO <sub>2</sub> e)                                                                                     | 23               | NA                       | 3,100                 | 2,900                 |
| Total Waste by Type & Destination                                  | EN20  | Corrugated Cardboard Recycling in OD Facilities (Tons)                                                                                                 | 24               | 41.5 <sup>1</sup>        | 5,561 <sup>2,4</sup>  | 14,746 <sup>2</sup>   |
|                                                                    | EN20  | Metal Recycling in OD Facilities <sup>2</sup> (Tons)                                                                                                   | 24               | 0                        | 0 <sup>4</sup>        | 193                   |
|                                                                    | EN20  | Paper Recycling in OD Facilities (Tons)                                                                                                                | 24               | 95.1 <sup>1</sup>        | 207 <sup>2,4</sup>    | 1,129 <sup>2</sup>    |
|                                                                    | EN20  | Plastic Recycling in OD Facilities <sup>2</sup> (Tons)                                                                                                 | 24               | 0                        | 0 <sup>4</sup>        | 129                   |
|                                                                    | EN20  | Landfill Waste <sup>2</sup> (Est. Tons)                                                                                                                | 24               | NA                       | 18,500 <sup>4</sup>   | 26,000                |
| Initiatives to Manage Environmental Impacts of Products & Services | EN26  | Direct Mail Production - Jobs Using Soy-based Inks                                                                                                     | 22               | 34%                      | 89%                   | 83%                   |
| Percent Products Reclaimed at End-of-Life                          | EN27  | Total Inkjets Recycled <sup>2</sup>                                                                                                                    | Inside Flap      | 2.9 Million              | 4.7 Million           | 4.7 Million           |
|                                                                    | EN27  | Total Laser Toners Recycled <sup>2</sup>                                                                                                               | Inside Flap      | 0.9 Million              | 1.1 Million           | 1.1 Million           |
|                                                                    | EN27  | Electronics Recycled during Drive <sup>5</sup> (lbs)                                                                                                   | 25               |                          | 10.5 Million          |                       |
|                                                                    | EN27  | Rechargeable Batteries & Cellphones Recycled <sup>6</sup> (lbs)                                                                                        | 25               |                          |                       | 5,400                 |
| Programs & Practices for Managing Impacts on Communities           | SO1   | Cash Donations (Est. U.S. \$ <sup>1</sup> )                                                                                                            | 12               | \$6.2 Million            | \$5.4 Million         | \$10.8 Million        |
|                                                                    | SO1   | In-kind Donations <sup>8</sup>                                                                                                                         | Inside Flap      | \$24.6 Million           | \$22.7 Million        | \$43.3 Million        |
|                                                                    | SO1   | Backpacks Donated in National Backpack Program                                                                                                         | Inside Flap      | 200,000                  | 200,000               | 300,000               |
| Forest Certification (Not GRI Indicator)                           | NA    | Percent Paper Suppliers Providing Marketing Papers Indicating Fiber Sources From Certified Forests (CSA, FSC, SFI, PEFC or a combination of standards) | 22               | NA                       | NA                    | 85%                   |

<sup>1</sup>U.S. only | <sup>2</sup>U.S. & Canada | <sup>3</sup>Includes internal purchases. | <sup>4</sup>April to December 2004 only | <sup>5</sup>A wide range of electronic products were accepted for this drive, not exclusively those sold by Office Depot  
<sup>6</sup>A wide range of cell phones and batteries are accepted, not exclusively those sold by Office Depot | <sup>7</sup>Includes matching grants | <sup>8</sup>Retail value; includes disaster relief donations | NA = Not Available



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\*Values were derived from information publicly available at [www.ofee.gov/recycled](http://www.ofee.gov/recycled)