evolving, refining & aligning

Finding our common purpose through sustainability

Office DEPOT | CompuCom | G&T GRAND&TOY

welcome

In late 2017, we took steps in our strategic transformation to build on our position as a leading B2B integrated distribution platform and enhanced our capabilities to provide not just products, but also value-added services for our customers. We broadened our distribution presence, improved our supply chain capabilities, and had the opportunity to bring world-class IT support services to all our customers, particularly underserved small- and medium-sized businesses, through our acquisition of CompuCom.

With this growth came a need to take a critical look at our sustainability strategy. The Sustainable Development Goals (SDGs) are a set of 17 global goals developed by the United Nations and agreed on by governments and over 1500 companies. They frame a vision to achieve balance among the three dimensions of sustainability – environmental, social and economic – and are as meaningful to our organizations as they are around the world. In 2018, we conducted a materiality assessment to identify our sustainability priorities, position our strategies and refresh our program to reflect our changing organization.

We are now excited to announce the launch of our first set of public-facing, SDG-aligned sustainability goals around **energy consumption**, **transportation emissions** and **local communities**. To support our new goals, we updated our data capturing systems to better track progress, and established our first Sustainability Governance Council to enhance and improve our sustainability program.

Today, Office Depot, Grand & Toy and CompuCom provide relevant business solutions aligned around the shared purpose of being exceptional corporate citizens. We are passionate about building strong communities, fostering inclusion and diversity, and being good stewards of the environment – and helping our customers do the same.

from our CEO

Across our entire organization, our associates at Office Depot, Grand & Toy and CompuCom are working every day to live our 5C Culture: Customer, Commitment, Change, Caring and Creativity.

Each of the 5Cs help to guide our strategic direction for our business and in regards to sustainability. We listen to our customers' feedback on ways we can reduce our impacts on the environment. We are committed to helping the communities in which we operate thrive, and embrace changes that help facilitate that. We actively seek out creative ways to be a leader in sustainable practices and programs which care for our environment and the diverse and vibrant communities we support.

Our established GreenerOffice™ program helps our customers minimize and assess their impacts on the planet, while the #depotdifference community investment program supports nonprofit and community organizations through volunteer and philanthropic initiatives primarily impacting education, minority-led entrepreneurship and strengthening communities.

We are committed to decreasing the company's environmental impact through waste diversion programs, greener packaging, transportation innovations and product solutions that extend throughout the lifecycle. We look at sustainability as another challenge we can help our customers address. By supporting the social and environmental values of our customers, we are able to significantly scale our impact beyond our walls and into the workplace of every customer.

As we continue to grow and move in an innovative new direction, with a relentless focus on our customers, we look forward to extending our sustainability efforts to our customers in even more ways.

Gerry P. Smith, Chief Executive Officer, Office Depot

planet

In our stores, distribution centers and offices throughout the world, we pay close attention to the impact our business has on the environment.

We aim to be efficient in our use of the earth's resources from procurement to disposal, being mindful about the products we purchase, the waste and emissions that result from our operations and the strategies we employ to deliver our products and services as responsibly as possible.

We also strive to manage the environmental impacts of the products and services we offer to customers. We pay attention to how our products are sourced, track the demand for green products and continue to offer our take-back programs where we recycle ink, toner, cell phones, batteries and other technology for customers.

procurement

Thoughtful and strategic procurement plays a key role in our business. Internally, we are always looking for ways to improve and refine our procurement strategies – whether it's streamlining processes, researching and refining partner services or evaluating purchasing activities.

In the past five years, we have seen increasing needs from our customers that want to start or improve their sustainable purchasing efforts. The Office Depot Sustainable Business Team exists to strengthen our ability to support our customers in their sustainable purchasing journey, meeting each month to build on their sustainability knowledge, hear from guest speakers (i.e. vendors, eco-labels, non-profit partners) and ultimately enhance their ability to support our customers' sustainability strategies.

Externally, we provide our customers with the sustainable products and services they need to 'green' their business. To simplify the process of making green purchasing decisions, the GreenerOffice™ Shades of Green Rating System offers our customers a consistent and easy method for choosing progressively greener workplace products. For those moving from copiers to the Cloud, CompuCom's digital transformation services offer a way to modernize while saving natural resources.

25

percent of total customer purchases

were products with at least one meaningful green attribute or eco-label

24% Office Depot
48% Grand & Toy

35

business solutions division customers awarded

with an Office Depot and Grand & Toy "Leadership in Greener Purchasing Award" for their commitment to green procurement (based on annual green revenue)

21 Office Depot
14 Grand & Toy

27

percent increase in greener products

sold since 2015 (Grand & Toy)

treeup program

This year, Office Depot® partnered with the Arbor Day Foundation to implement a new program for Business Solutions Division customers called TreeUp. This program allows customers to take their sustainable procurement to the next level by planting trees equal to their paper use.

partners in project green

Grand & Toy's collaboration with Partners in Project Green builds upon an internationally recognized community of sustainable business leaders known for its competitive, high-performance and eco-friendly business climate. This partnership results in a variety of initiatives that have direct positive contributions to the health of our environment. Events like a clothing recycling collection drive diverted 9.7 metric tons of material waste from landfills in 2018.

disposal

A large part of our environmental impact comes from the waste produced through operational and shipping practices, so reducing the amount of waste sent to landfills by making improvements internally and through our customers continues to be a focus.

Companies continually purchase new assets such as mobile devices, laptops and various office supplies and equipment. The improper disposal and recycling of these devices creates a large amount of e-waste that can lead to significant fines and loss of trust in a company. CompuCom's IT Asset Disposition (ITAD) program removes these risks and reduces the e-waste associated with outdated technology through services that include the safe tracking of devices with a detailed chain of custody, and certificates of recycling and/or data destruction. For each of the past 20 years, ITAD services have managed over 3.5 million devices, recycling over 3 million pounds of e-waste and donating more than 2,000 assets to philanthropic programs.

4.4M

pounds of e-waste

recycled for customers - **3.1M lbs** Office Depot, **1.3M lbs** CompuCom, **177 lbs** Grand & Toy

3.5M

devices

being managed by CompuCom's IT Asset Disposition

24K

metric tons of waste

diverted from landfill - **24K MT** Office Depot, **164 MT** Grand & Toy

emissions

This year we are pleased to announce the launch of our new sustainability goals aimed at reducing our energy consumption and transportation emissions. Because our emissions come mainly from our facilities and fleet, this is a major step towards reducing our carbon footprint.

We have implemented new systems to enhance our data analysis and reporting capabilities, and will be looking closely at our operations to find new and innovative ways to be more efficient – with our energy use, the way we manage the goods we transport, and the fuel we use.

our sustainability goals

1. **reduce energy consumption**
   10% by 2021, baseline year 2016 (Office Depot)
2. **improve cube utilizations**
   10% by 2021, baseline year 2018 (Office Depot)
3. **reduce miles per gallon**
   consumption in our private fleet 15% by 2021, baseline year 2018 (Office Depot)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

emissions (continued)

energy

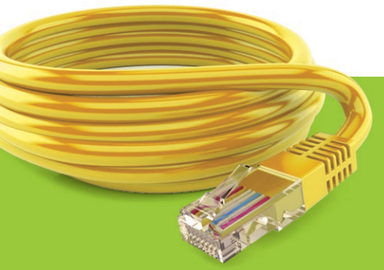
In 2018, we implemented a number of initiatives to help tackle the energy used by our facilities. We replaced all light bulbs in 424 retail locations with energy-efficient LEDs, with the remaining stores scheduled for LED conversion in 2019. To further reduce energy use, we are in the process of evaluating and replacing our aging HVAC units with new energy-efficient models.

We also began to look at how we might utilize "big data" for efficient energy. Our current energy management partner helps us with the analysis of our Energy Management System and facility functions such as lighting timers, run time, cooling and heating set-points, and scheduling to ensure all systems are performing optimally.

8
percent reduction in GHG emissions
MT CO_2e
(Office Depot)

11
percent reduction in energy consumption
(kWh) since 2017
(Office Depot and Grand & Toy);
21% reduction since 2016
(Office Depot)

100
percent of electricity used in Office Depot's headquarters
is offset by renewables



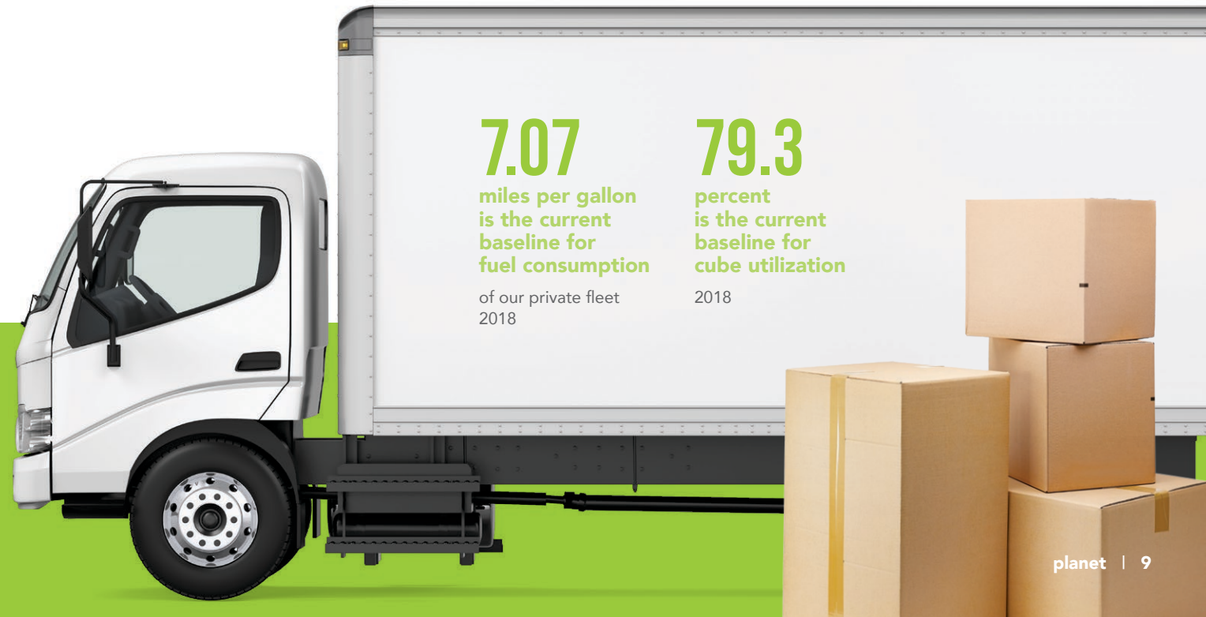
power over ethernet (PoE)

In 2018, CompuCom's new Digital Campus was unveiled as the world's first building exclusively powered by Power over Ethernet (PoE) interior lighting technology. The Campus is more technologically advanced and 16% less expensive to operate than CompuCom's previous headquarters.

transportation

Transportation emissions was one of the key topic areas that came out of our materiality assessment, and will be a new focus for our companies as we look at new strategies to decrease costs, optimize our fleet and address some of the challenges we face as the demand for transportation services increase.

In 2018, we began replacing some of our older vehicles with new, fuel-efficient models that include GPS tools for route optimization. We reduced the total number of trucks on the road and consolidated freight to increase the efficiency of our distribution routes. We have also expanded our focus on cube utilization by switching to larger cargo boxes and ensuring each cubic foot is being used to the fullest extent. Our team's ultimate aim is to optimize field dispatch and product shipments to reduce emissions while maintaining the standard of service our customers expect.



7.07
miles per gallon is the current baseline for fuel consumption
of our private fleet
2018

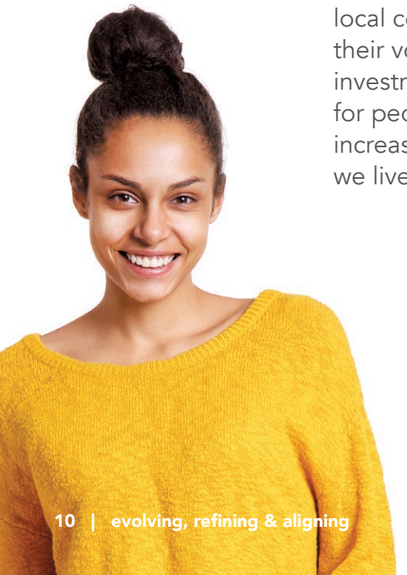
79.3
percent is the current baseline for cube utilization
2018

people

From our associates to our communities, we treat everyone with respect and provide opportunities that help them succeed.

The quality of our people is essential to the success of our companies. We strive to foster an inclusive culture that promotes diversity not only in backgrounds, but also in ideas that are shared. This unique culture empowers our associates to reach their highest potential. We pride ourselves on our commitment to collaboration, hard work, our customers and each other.

Our associates are enthusiastic about giving back to their local communities, and we are dedicated to supporting their volunteer and philanthropic efforts. Our community investment work mainly focuses on providing opportunities for people from all circumstances to succeed, and on increasing the quality of life in the communities where we live and work.



customer, commitment, change, caring & creativity

our 5C culture

Our new "5C" culture guides how we work and interact with each other and what we offer to our communities and customers. We aim to incorporate the 5Cs into every aspect of our work by integrating sustainability solutions into our operations, and supporting causes that align with our business and speak to who we are as an organization.

diversity

We recognize the importance of a diverse workforce and are committed to fostering an inclusive work environment that values and respects the talents and contributions of associates from all backgrounds.

In 2018, we launched a Diversity Council to enhance our existing diversity, inclusion and belonging efforts across the business and to strengthen relationships in the workplace, marketplace and in the communities where we live and do business. The Diversity Council governs Associate Resource Groups to drive the integration and awareness of diversity and inclusion programs and practices across the organization.

Additionally, as part of our commitment to making Office Depot a great place to work, we conducted two employee engagement surveys to help us understand the collective views about our company, our culture and the ways in which we work – highlighting what we do well and what we could do better. As a result, we will be in a stronger position to make positive changes toward a 5C culture.

100
percent score on Corporate Equality Index
for the 8th consecutive year

37
percent of board members are female

66
percent response rate
for our October 2018 engagement survey

opportunity

We pride ourselves on being a company that enables opportunities for all people to succeed, and we re-invest in our associates to ensure they have the support they need to excel in their jobs.

As our business transforms, our Learning and Development team is committed to providing modern learning experiences that are aligned to the combined business strategy and culture. Using a consultative approach, we support our associates with team building, talent coaching, progressive leadership programming and more. Additionally, Grand & Toy aims to develop digital dexterity by automating O365 platforms for associates and engaging in comprehensive professional development.

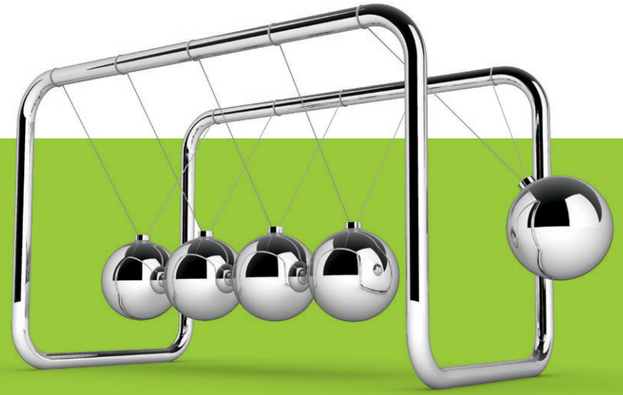
This year we also invested resources to support our college internship program. By building partnerships with local universities, we were able to expand the program and offer entry-level roles to participants following the end of their internship.

Additionally, we continued our partnership with LaunchAbility, an eight-week program that supports disabled high school students' transition into the mainstream workforce. To date, we have conducted seven sessions, graduated 27 students and hired 16 students from the LaunchAbility Training Academy.

TOP 50
Best Workplaces of the Year award
from Silicon Review (CompuCom)

60
percent of students
in the LaunchAbility program were hired

39
interns
led to 13 new associates



candid conversations

Associate-led lunch n' learns bring women together at Grand & Toy for candid conversations around important issues impacting women in the workplace including safety, advancement and representation, especially in light of international movements like #metoo and #timesup.

grand ideas

The Grand Ideas portal encourages all associates to submit ideas for improving Grand & Toy's products, processes and services. In 2018, the program incorporated a one-day session between sales managers and other departments to improve specific products and services.

community

As our company continues to evolve in exciting ways, so too has the way in which we support the communities where we live and do business. In 2018, we launched new goals that reflect our commitment to improving the lives of people in the communities where we are located.

2018 was a strong year for community investment across all our companies. We launched a new platform called #depotdifference, which supports nonprofit and community organizations through volunteer and philanthropic initiatives largely aimed at education, minority-led entrepreneurship and strengthening local communities.

Under the #depotdifference umbrella, we held our first-ever **Depot Day of Service**, the company's flagship volunteer celebration where associates in our largest employment markets volunteer in support of community service projects across North America.

Start Proud!, Office Depot's new signature back-to-school philanthropic program, was created to give students, parents and teachers in low-income communities the supplies they need to start the school year off on the right foot.

our sustainability goals

1 increase the number of associate volunteers

from 4,750 in 2018 to 15,000 in 2019 (Office Depot)

2 increase the number of associate hours of service

from 16,625 in 2018 to 30,000 in 2019 (Office Depot)

A new community investment partnership was established between Grand & Toy and CompuCom Canada, bringing volunteers from both companies together to make a difference in their communities. Volunteer events included the Heart & Stroke Big Bike Ride, serving breakfast to families at the Ronald McDonald House, volunteering at the ABC Concert to benefit The Hospital for Sick Children and First Book Canada book-sorting events.

Grand & Toy's **Pause And Affect** program empowers employees to volunteer in their communities individually or in teams. In 2018, a record 700+ volunteer hours were recorded for activities that centered around "Building Healthy Communities." Over $5,000 was awarded to associates for making significant impacts as champions in community giving under the Bill Rivney Humanitarian Award program.

In addition to volunteer hours, Grand & Toy teams fundraise for causes throughout the year, and CompuCom sponsors philanthropic events and organizations that enhance the quality of life in communities, support human rights principles and promote sustainability.

25,405
total volunteer hours

16,625 Office Depot
700 Grand & Toy
8,080 CompuCom

50,000
dollars and truckloads of school supplies donated

in response to the Stoneman Douglas school shooting

19
million dollars worth of products

were donated to charity by **1,400** stores through our partnership with Feed the Children

CompuCom Cares

CompuCom offers all employees a day off to volunteer with their favorite non-profit. The company-wide program's success depends entirely on the efforts of associates, and everyone is encouraged to take part. 1,010 associates used their CompuCom Cares Day in 2018.

profit

Our commitment to creating sustainable value is reflected in our chosen business strategies. The investments we've made over the past year have required a considerable commitment of both time and effort - and they have already been tremendously successful. The integration with CompuCom provided us with a platform to pivot from a predominantly products-driven model to an omni-channel business services platform that helps us better adapt to serve the needs of modern business customers, providing technology solutions to an increasingly digital world.

sales

Greener product sales continue to be an integral part of our sales performance, demonstrating the customer demand for greener products and the effectiveness of sustainability as a business strategy.

Additionally, the wide variety of business and technology solutions we can now provide has allowed us to reach new markets and new customers, further bolstering our performance.

11,015
billion dollars in total annual sales

- **42.1%** retail
- **48%** business solutions
- **9.9%** CompuCom

84
percent increase in services revenue
since 2017

workonomy™

We introduced Workonomy™ in 2018 to offer a variety of business solutions married with "human touch" expertise to small- and medium-sized businesses. Workonomy reflects Office Depot's ability to empower customers with the enhanced tools, services and technical support they need to get work done.

reach

As we continue to refine and evolve the products and services we offer, our reach has increased exponentially. With our full realm of technology solutions and services, we are equipped to offer our employees and customers digital workplace solutions that increase workplace engagement and productivity. In fact, CompuCom has again been named a Leader in the Gartner Magic Quadrant for Managed Workplace Services, North America.

TOP 10
award in Forrester's Canada Customer Experience Index (Digital Retailers)
(Grand & Toy)

1,361
stores
(Office Depot)

42,000
people employed
by Office Depot, Grand & Toy and CompuCom

supply chain

Part of our sustainability strategy includes the promotion and assurance of ethical practices across our supply chain. All of our partners are expected to conduct business in alignment with internationally-recognized standards for labor and environmental working conditions. Our extensive third-party auditing process helps ensure their practices comply with local laws, regulations and our Supplier Guiding Principles.

We also support our business community by partnering with minority, women, veteran, disabled and LGBT-owned businesses. Supplier diversity creates value by driving economic inclusions, building wealth and boosting job creation. We proudly offer a catalog with more than 1,700 unique items from certified diverse suppliers for customers who are equally committed to supplier diversity initiatives.

330
diverse suppliers

1,700+
unique items in Diverse Supplier Catalog

400+
million dollars in sales for diverse businesses

BEST
of the Decade Diversity Program award

direct sourcing

In 2018, direct sourcing released a bid to our diversity vendors for a new toner supplier. As a result, hundreds of SKUs were distributed among four diversity vendors, leading to significant cost savings.

thank you

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