



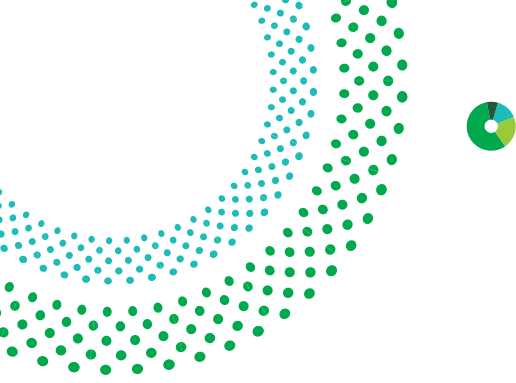
# Corporate Citizenship Report



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GRAND&TOY®



# Grand & Toy 2014 Corporate Citizenship Report

## Letter from the General Manager

It has been a busy year working with our key stakeholders on solutions to help our customers and associates operate business more sustainably. Seven years since establishing a strong corporate and social responsibility program, we consulted with our stakeholders to ensure this was still relevant in today's market. All the core principles remain yet our key stakeholders have helped us focus on the two most important sustainability issues to them: recycling and green products.

As a result, we have worked with our new parent company, Office Depot to leverage the best sustainability practices from both organizations. Our green products were re-classified according to Office Depot's industry-leading criteria and the "shades of green" were introduced to the Canadian market.

In 2014, Grand & Toy partnered with TerraCycle Canada becoming the first e-tailer in Canada to offer a recycling solution for coffee capsules such as K-cup® packs, and bringing their Zero Waste Box to our customers. This partnership was further expanded in early 2015 by adding Zero Waste Boxes for other waste streams to our offering.

Grand & Toy's internal practices were also improved: the environmental footprint from waste generation was reduced significantly; we also continued our seven-year partnership with Start2Finish by providing 7,500 backpacks for underprivileged children.

Looking forward, we will continue to focus on material sustainability issues. We are focused on increasing our recycling options and the choice of green products, while lowering our environmental footprint and engaging with external and internal stakeholders.

**Simon Finch**

General Manager, Grand & Toy





## About this Report

Grand & Toy is a leading provider of workplace products and solutions serving Canadian businesses for over 130 years. In November of 2013, the company became affiliated with Office Depot Inc., in alignment with the merger between Office Depot and OfficeMax.

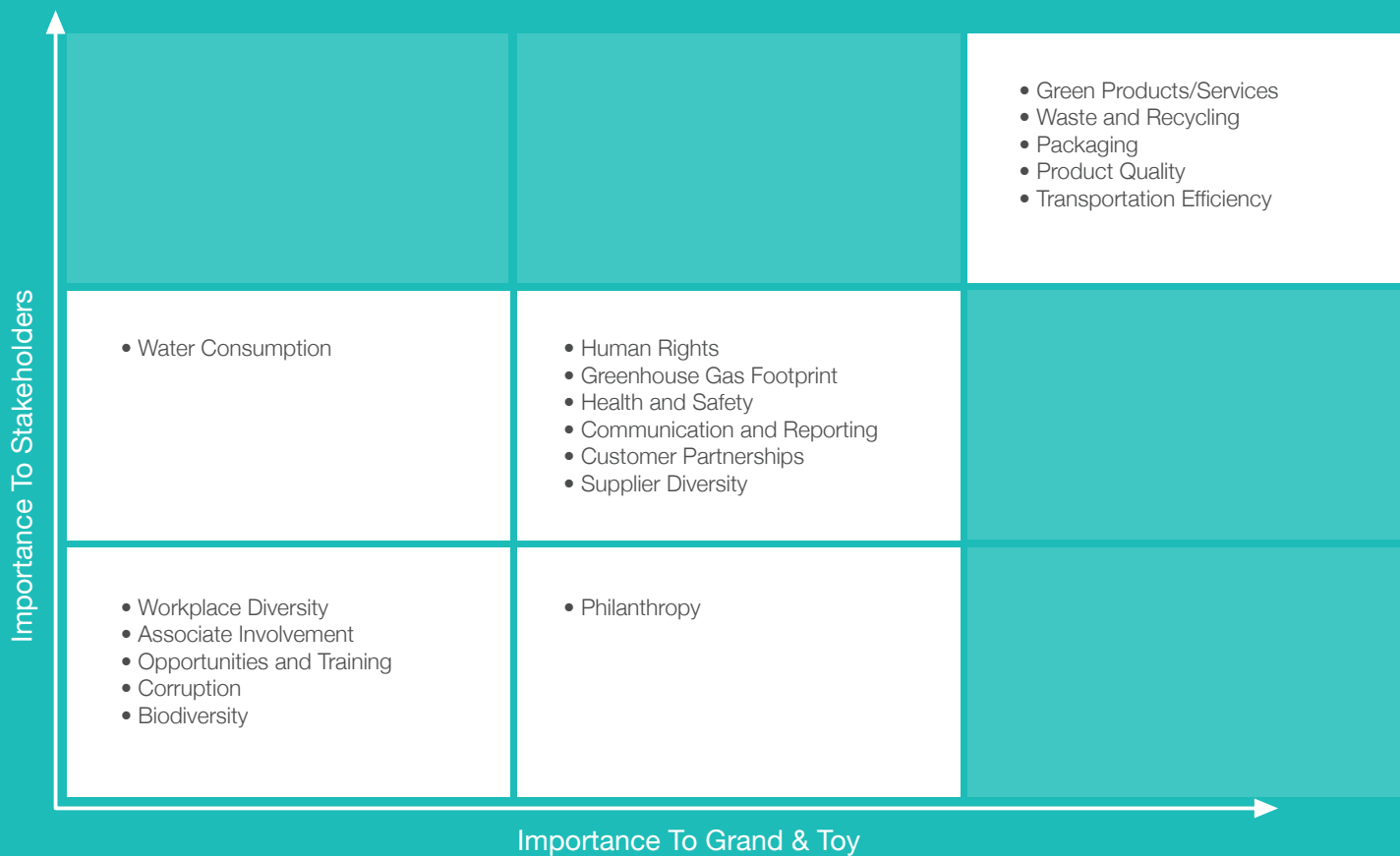
Office Depot, Inc. holds a presence in 59 countries, more than 2,200 retail stores, award-winning e-commerce sites and a dedicated business-to-business sales organization. Grand & Toy is wholly owned by Office Depot, Inc., a publicly traded company on the NASDAQ Stock Market (NASDAQ: ODP).

This annual report covers the Grand & Toy sustainability activities in the calendar year 2014, unless otherwise indicated. For questions and comments concerning this report, please contact [ccr@grandandtoy.com](mailto:ccr@grandandtoy.com).

# Materiality Analysis

The Grand & Toy sustainability program was built on the Seven Pillars of Sustainability that were established in 2007. These pillars encompassed all aspects of corporate responsibility, from environmental footprint to ethical sourcing to community initiatives. These components were all important to our organization and our stakeholders, but the overall breadth of the program made prioritization of sustainability projects difficult. In 2014, we conducted a survey of our key stakeholders in order to establish which

sustainability issues were most important to Grand & Toy. The Seven Pillars were broken down further into eighteen different aspects of sustainability and each respondent was asked to pick five aspects they considered to be the most relevant. We received over 600 responses from our associates, customers and vendors. Based on this feedback, the following materiality chart was created ranking the relative importance of each issue to all stakeholders.



*Waste and Recycling* and *Green Products* received the most “top 5” votes and were determined to be our most pressing sustainability priorities. *Packaging and Transportation Efficiency* were also deemed material. Among the notable

“medium” results, *Human Rights* was the number one issue identified by our vendors, which emphasized the importance of supply chain management and ethical sourcing to our sustainability program.

# Environmental Sustainability

**Environmental Sustainability is defined by our organization as the ability to grow while reducing environmental footprints.**



## Waste and Recycling

### Coffee Capsules Recycling Program

In 2014, Grand & Toy became the first Canadian e-tailer to offer a solution for recycling K-cup® packs. Prior to this program, there were very limited options available for Keurig coffee capsule recycling in Canada, as most municipalities do not have the capabilities to process this waste stream. As a supplier of K-cup® packs, it was important to our organization to divert these products from the landfill. While these Zero Waste Boxes were originally offered for K-cup® packs, they may also be used for coffee capsules, pouches, and pods from other coffee machines as well.

The pilot project was launched in Ontario in August in partnership with TerraCycle Canada and was expanded nationally in January of 2015. In the calendar year 2014, it is estimated that about 50,000 coffee capsules were recycled through the use of this program.

The collected coffee capsules are mechanically and/or manually separated into metals, organics and plastics. Metals are smelted so they may be recycled. The organics (coffee grounds) are composted. The plastics undergo extrusion and pelletization to be molded into new recycled plastic products.



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# Other Recycling Initiatives

## THINK

The **THINK** program for ink and toner cartridges was launched by Grand & Toy in 2007. Over the past three years, over a million cartridges were remanufactured or recycled through **THINK**.

Year	Number of Cartridges
2012	404,556
2013	362,547
2014	345,458
<b>Total</b>	<b>1,112,561</b>

[grandandtoy.com/think](http://grandandtoy.com/think)

## Battery and Cell Phone Recycling Program



The battery and cell phone recycling program is a collaborative effort with Call2Recycle that was established in 2011. In 2013, 754 kg of batteries and 108 cell phones were collected by Grand & Toy and our customers. In 2014, 1,067 kg of batteries and 35 cell phones were collected through the program.

## Writing Instruments Recycling Program



Grand & Toy is also partnering with Newell Rubbermaid and TerraCycle Canada to facilitate recycling of writing instruments through the Writing Instruments Brigade. It is our intention to continually expand our recycling solutions in the future through further collaboration with recycling organizations.

# Internal Waste Practices

Over the past few years, the Grand & Toy Customer Fulfillment Centre in Vancouver pioneered a waste reduction initiative and managed to decrease the total amount of waste generated in the facility by a factor of eight. The following materials are currently being recycled or reused in the Vancouver facility: paper, cardboard, corrugate, plastic, styrofoam, shrink wrap, plastic strapping, electronic waste, batteries, pallets, wood chips, and organic waste. In 2014, the best practices from this pilot program were applied at other locations resulting in the sharp drop in overall generated waste going to the landfill and the rise in the recycling rate from 33.4% in 2013 to 68.3% in 2014.

Waste Stream	2013 Weight (Metric Tonnes)	2014 Weight (Metric Tonnes)
Waste	892.5	151.2
Cardboard	372.0	280.1
Mixed Recycling	70.0	34.4
Wood	2.1	11.0
Electronics	5.1	0.0
Plastic	4.0	0.0
Total Landfill	892.5	151.2
Total Recycle	453.2	325.5
<b>Diversion Rate</b>	<b>33.7%</b>	<b>68.3%</b>



# Green Products



**It is the mandate of Grand & Toy to continue to expand our offering and sales of environmentally preferable products. These products were traditionally defined as follows:**

- Products that have a minimum of 30% post-consumer content
- Products that carry a recognized third-party environmental certification
- Products that have a traditional attribute that makes them better alternatives to standard products (for instance, products made with less input materials than traditional alternatives.)



In 2014, however, more thorough criteria were introduced to define which products are considered “environmentally conscious”. All green products are now classified according to their environmental attributes created by Office Depot and are assigned a Light, Mid or Dark Green shade. These definitions were developed with stakeholder input for every product category. The shades of green were first introduced in Canada in the 2015 Grand & Toy product catalogue, and were added to the Grand & Toy website in early 2015.

As the list of eco-conscious products is expanded, it is also very important to us that the quality of the products remains the same or better than that of products being replaced.

In 2014, over 2,500 Grand & Toy products were classified as green, of which 19% were light green, 68% mid green, and 13% dark green. About 65% of all green products contained recycled content or were remanufactured. Green products constituted 19.9% of our sales in 2014.




One of the major green product changes in 2014 was the addition of recycled paper products from Rolland Enterprises Inc. Rolland’s facilities are located in Saint-Jérôme, Quebec and utilize carbon-neutral biogas energy in production. Because of this and other initiatives, Rolland’s environmental footprint is markedly lower than the industry average. The environmental impact of switching to Rolland recycled paper is also measurable: Grand & Toy customers may use the eco-calculator that is available on the Rolland website.

[grandandtoy.com/gogreen](http://grandandtoy.com/gogreen)

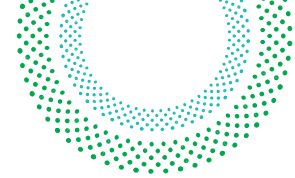


# Defining Shades of Green

This table explains the typical environmental impacts by category and identifies the benefits of going greener. Note Grand & Toy's view on what is "not green" in a category and which claims we consider "industry norms".

Product Category	Ink & Toner Cartridges	Lighting	Office Technology	Paper Products	Writing Instruments
<b>Typical Environmental Impacts</b>	<ul style="list-style-type: none"> <li>Oil resources used for plastic shell</li> <li>Energy used to create new cartridges</li> <li>Waste created if not recovered</li> </ul>	<ul style="list-style-type: none"> <li>Energy required during use</li> <li>Bulb contains mercury</li> </ul>	<ul style="list-style-type: none"> <li>Energy needed during use</li> <li>Quantity and toxicity of materials to create</li> <li>e-waste if not recycled</li> </ul>	<ul style="list-style-type: none"> <li>Forest fibre needed for virgin paper</li> <li>Energy/water used for pulp and paper production</li> <li>Waste created if not recovered</li> </ul>	<ul style="list-style-type: none"> <li>Plastic and energy needed for shells</li> <li>Waste created if not refilled/recycled</li> </ul>
<b>Potential Benefits of Going Greener</b>	<ul style="list-style-type: none"> <li>Save money and oil resources needed to create new cartridges</li> </ul>	<ul style="list-style-type: none"> <li>Save money and energy while lowering your carbon footprint during use</li> </ul>	<ul style="list-style-type: none"> <li>Save money and energy while lowering your carbon footprint during use; reduce the need for mining and use of toxic materials in components</li> </ul>	<ul style="list-style-type: none"> <li>Save forest resources and reduce waste by using recycled materials</li> <li>Support responsible forestry</li> </ul>	<ul style="list-style-type: none"> <li>Save money and resources needed for writing instrument shells</li> </ul>
<b>Not Green</b>	<ul style="list-style-type: none"> <li>0% - 9% post-consumer recycled</li> <li>Not remanufactured</li> <li>Not plant-based or solid ink</li> </ul>	<ul style="list-style-type: none"> <li>Incandescent light / T12 Tubes</li> </ul>	<ul style="list-style-type: none"> <li>Not energy efficient</li> <li>Made with restricted / hazardous substances</li> <li>No ecolabel and not refurbished</li> </ul>	<ul style="list-style-type: none"> <li>0% - 9% post-consumer recycled</li> <li>No forest certification</li> <li>Bleached with chlorine</li> <li>Illegal/unsustainable harvesting practices</li> </ul>	<ul style="list-style-type: none"> <li>Not refillable</li> <li>0% - 9% post-consumer recycled</li> <li>Not certified as non-toxic (for markers / highlighters)</li> </ul>
<b>Meets Industry Environmental Norms</b>	<ul style="list-style-type: none"> <li>Vendor has a take-back program for empty cartridges</li> <li>STMC certified for quality</li> </ul>	<ul style="list-style-type: none"> <li>Complies with EU restriction on Hazardous Substances</li> </ul>	<ul style="list-style-type: none"> <li>ENERGY STAR Qualified where it's a norm in the category (e.g. printers)</li> <li>Complies with EU Restriction on Hazardous Substances (RoHS and WEEE)</li> </ul>	<ul style="list-style-type: none"> <li>ECF bleached</li> <li>SFI / PEFC / FSC controlled wood certified</li> </ul>	<ul style="list-style-type: none"> <li>Refillable with available refill (but no other meaningful green attributes or ecolabels)</li> <li>Certified AP non-toxic (for markers / highlighters)</li> </ul>
<b>Light Green</b> 	<ul style="list-style-type: none"> <li>10% - 20% post-consumer recycled</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Plant-based inks</li> </ul>	<ul style="list-style-type: none"> <li>Halogens / T8 Tubes</li> </ul>	<ul style="list-style-type: none"> <li>Refurbished</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>ENERGY STAR Qualified (where ENERGY STAR is not a norm for category (e.g. laptops / monitors))</li> </ul>	<ul style="list-style-type: none"> <li>FSC Mix virgin fibre</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>10% - 20% post-consumer recycled</li> </ul>	<ul style="list-style-type: none"> <li>Refillable</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>10% - 29% post-consumer recycled</li> </ul>
<b>Mid Green</b> 	<ul style="list-style-type: none"> <li>30% - 100% post-consumer recycled</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Remanufactured (but not EcoLogo or Plant-based ink &amp; toner)</li> </ul>	<ul style="list-style-type: none"> <li>CFLs / T5 Tubes</li> </ul>	<ul style="list-style-type: none"> <li>EPEAT Bronze and Silver, EcoLogo, Blue Angel, TCO, or Energy Star Most Efficient</li> </ul>	<ul style="list-style-type: none"> <li>FSC Pure virgin fibre</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>30% - 89% post-consumer recycled</li> </ul>	<ul style="list-style-type: none"> <li>Refillable</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>10% - 69% post-consumer recycled</li> </ul>
<b>Dark Green</b> 	<ul style="list-style-type: none"> <li>Solid Ink</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>Remanufactured and EcoLogo certified or Plant-based ink &amp; toner</li> </ul>	<ul style="list-style-type: none"> <li>LEDs / LED Tubes</li> </ul>	<ul style="list-style-type: none"> <li>EPEAT Gold</li> </ul>	<ul style="list-style-type: none"> <li>90% - 100% post-consumer recycled</li> </ul>	<ul style="list-style-type: none"> <li>Refillable</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>70% - 100% post-consumer recycled</li> </ul>

# Packaging



The Boomerang Box was introduced by Grand & Toy to replace traditional boxes in 2011. The box is reusable and is picked up by the Grand & Toy drivers on the next delivery.

	2013	2014
Savings of Single-use Boxes	43,008	32,833
Other Charitable Donations	25,524	18,880
Climate Change Impact, Tonnes of CO <sub>2</sub> e*	13.5	9.3

\* The emissions reductions and resource savings have been estimated using an LCA (Life Cycle Assessment) calculator tool prepared specifically for Grand & Toy's Boomerang Box program.

We continue to investigate further sustainable packaging options for our customers; for instance, the Office Depot Delivery Service utilizing totes and paper bags for product delivery is currently being considered.





## Transportation Efficiency

Through route optimization, Grand & Toy was able to reduce the number of owned and dedicated vehicles on the road from 198 in 2010 to 89 in 2014. Our organization is continuously assessing the areas served by our drivers and ensuring that coverage overlap is minimized. This approach resulted in the reduction of our transportation emissions from 2,734.8 tonnes of CO<sub>2</sub>e in 2010 to 1,403.4 tonnes of CO<sub>2</sub>e in 2014.

We also increasingly utilize third party carriers; most times, this practice results in reduced environmental footprint because the courier trucks already deliver to the areas where our products are being shipped.

The 48-hour delivery was introduced as a default option for most of our customers in 2010 and over the years has contributed to order consolidation and reduced transportation footprint, as well.

### Number of Grand & Toy owned and dedicated vehicles on the road.





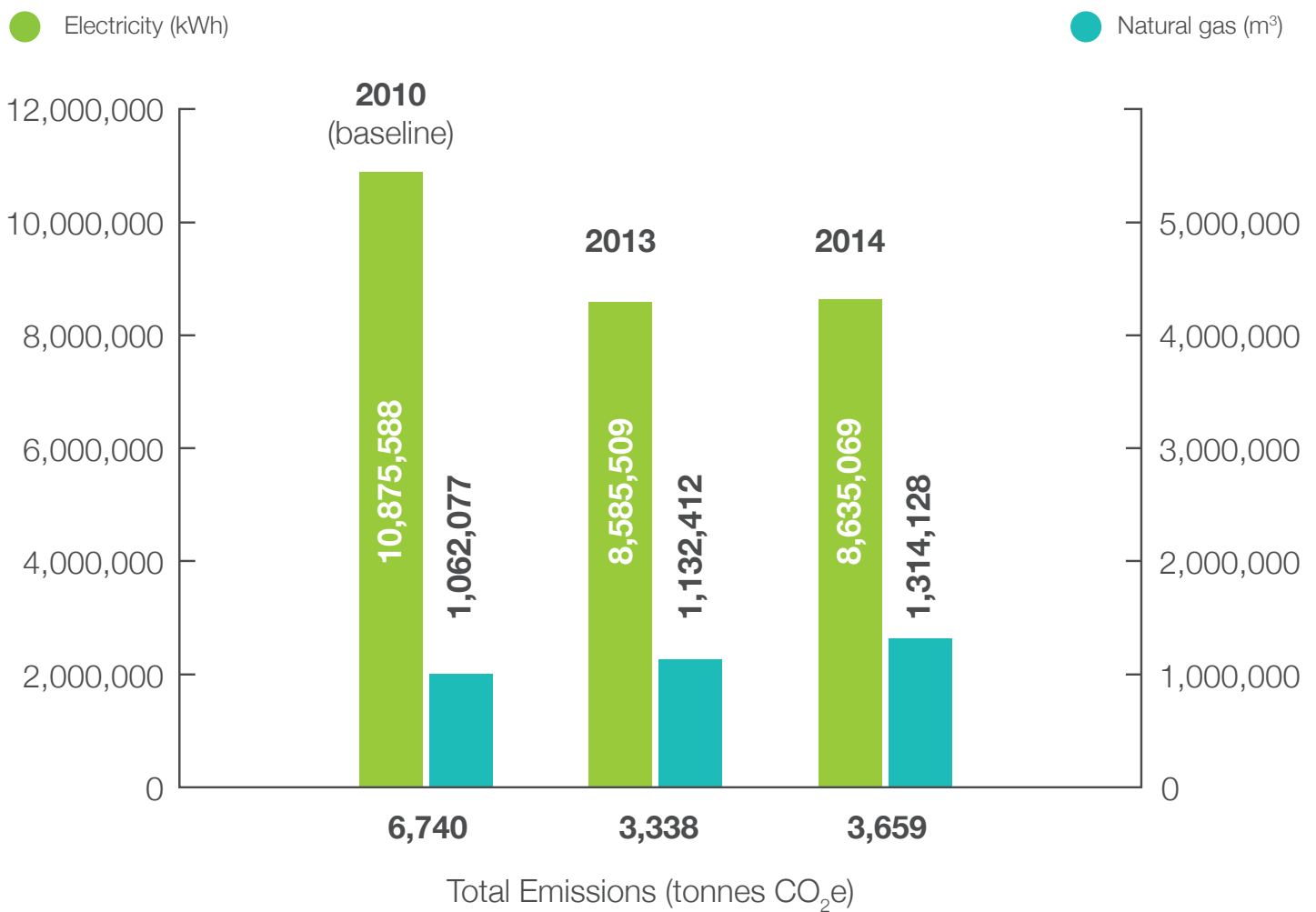
# Greenhouse Gas Footprint

The greenhouse gas footprint of our facilities increased slightly in 2014, mostly attributable to weather trends within the year. Scope 3 emissions from rented locations, however, was notably reduced after 19 stores were closed in 2014 (not represented in the numbers below.)

Overall, Grand & Toy's carbon footprint has dropped significantly since the 2010 baseline year; while a portion of this decrease was the result of proactive initiatives on our part to reduce our impact, another portion was the result of changes in our business activity due to the economic climate.

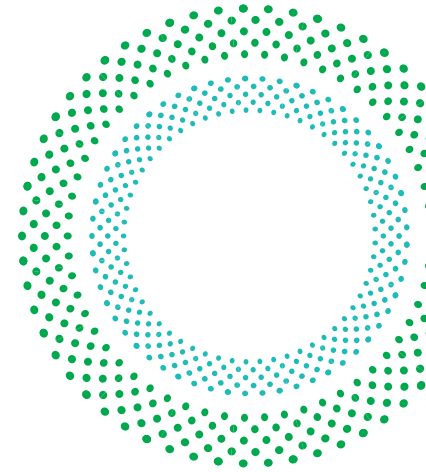


## Consumption Data (All Facilities)



# Social Sustainability

**Social Sustainability is defined by our organization as the ability to retain long-term support from society.**



## Human Rights

**Grand & Toy adopted the Office Depot Supplier Guiding Principles in 2014.**

This document outlines our organization's expectations from our vendors. The Principles focus on the following issues:

- Labour standards and human rights
- Health and safety
- Environment
- Bribery and corruption
- Management of standard
- Standard enforcement
- Security requirements

All Grand & Toy private label vendors must undergo a compliance assessment. Compliance risks of each source country were assessed by Office Depot and countries were assigned a low, medium, and high risk value. Vendors who manufacture products in low risk countries were asked to complete an in-depth self-assessment that addresses all of the topics mentioned above. Private label vendors in medium and high risk countries are expected to undergo regular compliance audits.

## Health and Safety

**Health and Safety of our associates is of the utmost importance to Grand & Toy. Joint management-worker health and safety committees operate in every applicable facility, and we will continue to report on our progress in this area.**

	2013	2014
Total Workforce Represented In Formal Joint Management H&S Committees	7.58%	7.57%
# Of Associate Medical Aid Incidents	34	32
# Of Associate Restricted Work Incidents	28	27
# Of Associate Lost Time Incidents	2	3
# Of Associate Recordable Injuries	36	35
Health and Safety Topics Covered In Formal Agreements With Trade Unions	No changes	No changes





## Supplier Diversity

**Grand & Toy identifies a diverse supplier as one that has identified through certification or some other method that their business is at minimum 51% owned by an individual or individuals who belong to the following groups: aboriginals, visible minorities, and women.**

Supplier diversity creates a competitive advantage for Grand & Toy and we are committed to ensuring that it is an integral part of our strategic sourcing and procurement process by providing the opportunity to compete on an equal basis with all other bidders. We believe that the success of our organization and the community depends on our ability to work proactively with diverse suppliers in order to provide unique insights into emerging

markets, enhance our supply-chain, build a loyal customer base, and create wealth in the communities where we do business. Grand & Toy is a corporate member of the Canadian Aboriginal and Minority Supplier Council (CAMSC) and has representation on the CAMSC board. Increasing the number of diverse vendors and offering more products and services from historically underutilized businesses remains one of our priorities going forward.



# Philanthropy

Grand & Toy has been an official “Winner’s Circle” sponsor of Start2Finish for over seven years. Start2Finish (formerly Kidsfest) is a charity with a mission to “break the cycle of child poverty by providing ongoing educational support to Canada’s at risk children throughout their school years, nurturing mind, body and social health so they are empowered to succeed and become role models for change.” One million Canadian children live at or below the poverty line, so the support of Start2Finish is very relevant to our organization. In 2014, Grand & Toy and our vendors provided 7,500 backpacks to the underprivileged students. In total, over 60,000 backpacks were donated over the

past 7 years. The Toronto packing event was held at the Grand & Toy headquarters, with the Grand & Toy associates packing 6,000 backpacks in a single day. Our associates also volunteer in the Reading and Running clubs: afterschool educational activities organized by Start2Finish.

In addition, funds were allocated to support local charitable organizations across Canada. The focus of our social outreach is the education of underprivileged children and the protection of natural environment. Special causes were also considered: in 2013, Grand & Toy contributed \$10,000 towards relief efforts for the Calgary flood.



## Donations

	2013	2014
Gift in kind and cash donations to Start2Finish	\$94,674	\$95,636
Other charitable donations	\$53,449	\$7,783

# Making It Easier For You To **Go Green**

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