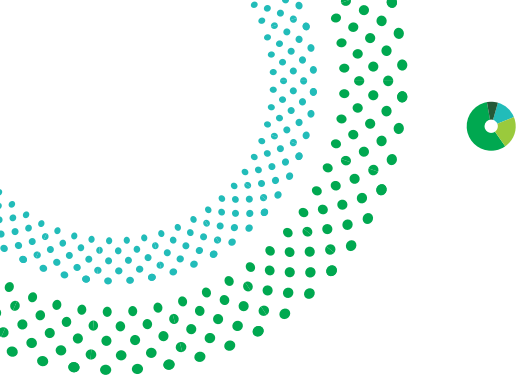




2015

# Corporate Sustainability Report

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



# Grand & Toy 2015 Corporate Sustainability Report

## Letter From The Regional Vice President, Canada

Our sustainability program continued its growth in 2015, building on the foundation that was developed in previous years. We achieved great progress in all aspects of our business, and sustainability continues to be an important part of our overall growth strategy.

This year, we proudly introduced the industry-leading green product classification system in Canada. The “shades of green” were developed by our parent corporation Office Depot Inc. and adopted by Grand & Toy. We launched a dedicated “Go Green” product search page on the Grand & Toy website in addition to the new “GreenerOffice™” page that addresses environmentally conscious purchasing practices.

We also launched an employee volunteer program called “Pause and Affect” that provides the opportunity for our associates to dedicate eight hours each year to the community initiative of their choice. With over 500 volunteer hours recorded in 2015, I believe that we have made a real difference in our communities.

To improve our waste and recycling practices, we expanded our partnership with TerraCycle Canada from a pilot project to a national program with the addition of new recycling options for other categories: office supplies, personal protective equipment, and breakroom supplies.

It is my intention to keep expanding our program and to continue to improve our environmental and social practices in the years to follow. We will maintain focus on our existing initiatives and introduce new, innovative solutions addressing important areas of sustainability such as packaging, transportation and energy conservation.

**Stan Dabic**

Regional Vice President, Canada







## About This Report

Grand & Toy is a leading provider of workplace products and solutions that has been 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).

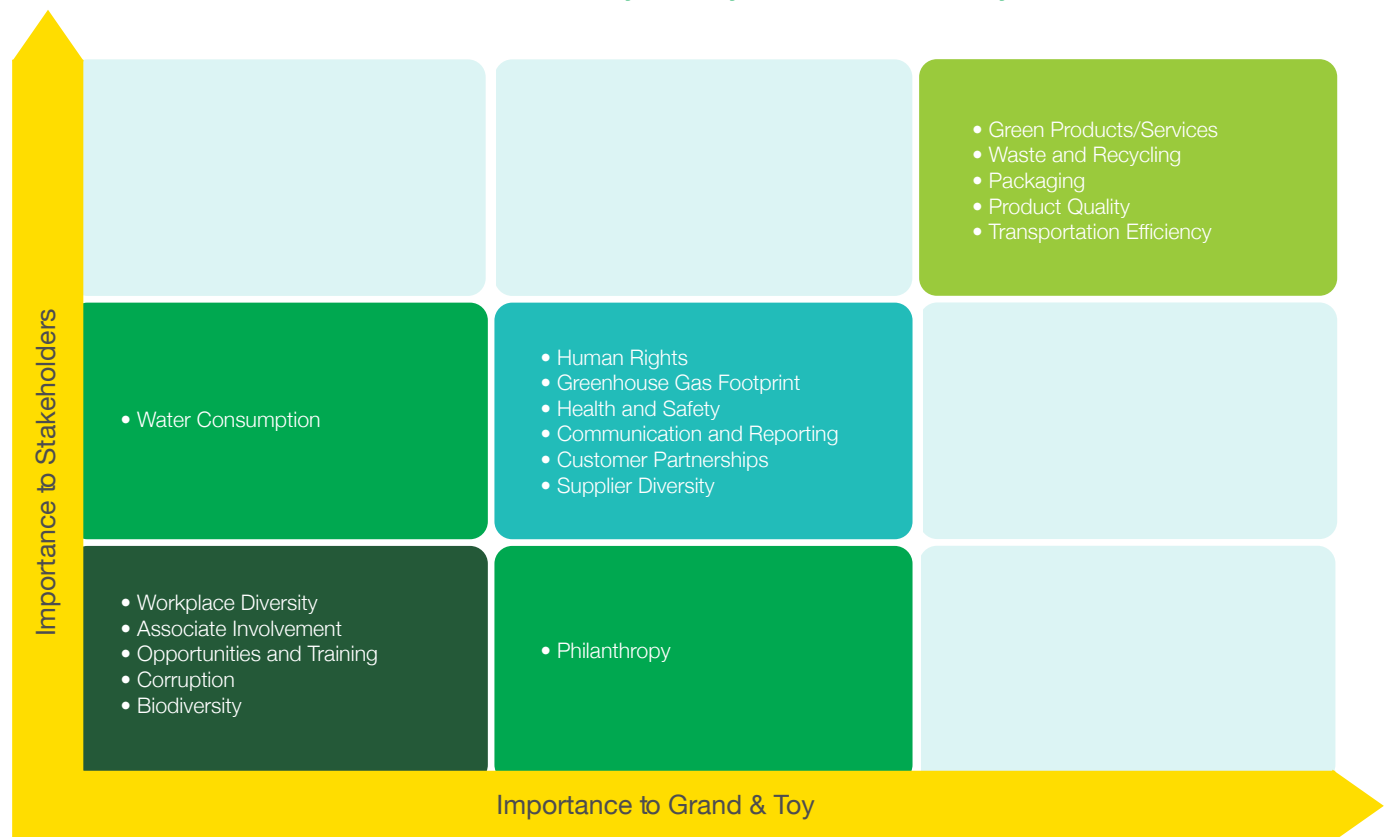
This annual report covers the Grand & Toy sustainability activities in the calendar year 2015, unless otherwise indicated. For questions and comments concerning this report, please contact [csr@grandandtoy.com](mailto:csr@grandandtoy.com).

# Materiality Analysis

Grand & Toy's sustainability program was built on the Seven Pillars of Sustainability that were established in 2007. In 2014, we conducted a survey of our key stakeholders to focus the program and establish which sustainability issues were most important to Grand & Toy.

A materiality chart was created ranking the relative importance of each issue to all stakeholders. Green products and recycling were deemed the most important aspects, followed by packaging and transportation efficiency.

## 2014 Materiality Analysis Grand & Toy



Office Depot leveraged the above analysis and stakeholder feedback to create a framework that focuses on all material aspects of sustainability: *economic, environmental, and social*.

# Environmental Sustainability

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

## Green Products

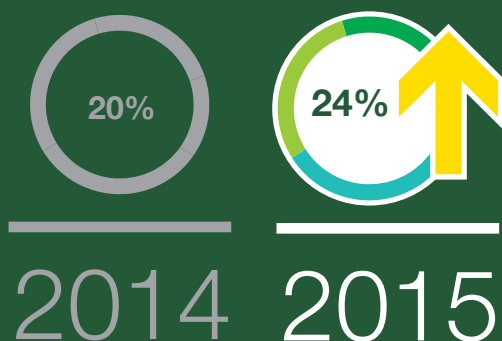
The green products program at Grand & Toy was identified by the majority of our stakeholders as the most important aspect of the organization's sustainability program. Prior to 2014, all green products, regardless of category, were classified using the same principles based primarily on recycled content and third party certifications. Office Depot's superior category-specific classification ("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. Green products are now classified according to their environmental attributes and are assigned a Light, Mid or Dark Green shade. These definitions were developed with stakeholder input for every product category.



The Greener Office page ([grandandtoy.com/greeneroffice](http://grandandtoy.com/greeneroffice)) was created to share best practices and to explain the new classification system. The Go Green page ([grandandtoy.com/gogreen](http://grandandtoy.com/gogreen)) was launched to allow customers to search for green products more effectively. Green product reporting is now available to all customers that can break down customer spend by "shades of green" and by green attributes of purchased products such as "recycled", "energy efficient" etc.

## Green Products By The Numbers

### Sales Of Green Products



### Number Of Green Products



# 50%



Recycled or remanufactured products constituted about 50% of all green products.

# Waste And Recycling

## TerraCycle Zero Waste Boxes

In 2014, Grand & Toy became the first retailer in Canada to offer a recycling solution for K-cup® packs by partnering with TerraCycle Canada and offering their Zero Waste Boxes for coffee capsules for sale. The pilot project started in Ontario and approximately 50,000 K-cups were recycled over the next few months.

In January of 2015, the pilot project was deemed to be a success and the Zero Waste Boxes became available

nationally. As a result, over 270,000 coffee capsules were recycled by Grand & Toy and our customers in 2015; a vast improvement over the 50,000 capsules recycled in the previous year. In addition, other Zero Waste Boxes were offered to help Grand & Toy customers recycle the “unrecyclable”: office supplies, personal protective equipment, and computer accessories.



“Canadians are among the world’s top recyclers, so we’re thrilled to see the growing demand for more Zero Waste Boxes. Grand & Toy was the first Canadian retailer to support this innovative solution and we’re pleased to continue working with them to offer even more recycling opportunities to Canadians. We are confident this program will continue to grow.”

~**Tom Szaky**, CEO, TerraCycle



In November of 2015, Grand & Toy and TerraCycle Canada received a Corporate Social Responsibility Leadership (Product) Award from the Canadian Office Products Association.

## Other Recycling Initiatives

### THINK

The **THINK** program for ink and toner cartridges was started by Grand & Toy in 2007. The program allowed for remanufactured cartridges to be resold, creating a circular consumption pattern. (Remanufactured cartridges are classified as Mid Green under the new “shades of green” system.) In 2015, 273,184 ink and toner cartridges were recycled or remanufactured through the **THINK** program, down from 345,458 cartridges in the previous year.

[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. The program has been promoted through the Grand & Toy website since 2014 and has been increasing in scope ever since, with over 1,600 kg of batteries recycled by the organization and our customers in 2015.

Year	Batteries Recycled	Cell Phones Recycled
2013	754 kg	108
2014	1,067 kg	35
2015	1,665 kg	149

## Internal Waste Practices

Waste numbers from Grand & Toy operations continued to decline in 2015, with waste sent to landfill being 131.7 metric tonnes, a 14% decrease compared to 2014. Total recycled waste number also decreased, with 255.7 metric tonnes recycled, a decrease of 21% from the previous year. The waste diversion rate remained steady at 66%, down slightly from 68.3% in 2014.

Waste Stream	2013 Weight (Metric Tonnes)	2014 Weight (Metric Tonnes)	2015 Weight (Metric Tonnes)
Waste	892.5	151.2	131.7
Cardboard	372.0	280.1	242.7
Wood	2.1	11.0	0.0
Mixed Recycling	70.0	34.4	13.0
<b>Total Landfill</b>	<b>892.5</b>	<b>151.2</b>	<b>131.7</b>
Total Recycled	453.2	325.5	255.7
<b>Diversion Rate</b>	<b>33.7%</b>	<b>68.3%</b>	<b>66.0%</b>





## Packaging

Packaging continues to be one of Grand & Toy's main sustainability concerns. The Boomerang Box returnable packaging program was retired in 2015: the box return rates were around 60%, substantially below the rates needed to sustain the program. The environmental impact of heavier and sturdier Boomerang Boxes was larger than that of a regular box if they were only used once; each box had to be returned at least once to have a positive environmental impact. Grand & Toy continues to work on a more sustainable packaging solution that is expected to be rolled out in 2017. In the meantime, all of our boxes are recycled, with none of the packaging going to the landfill. Lighter packaging that produces less waste is also under consideration.

## Transportation Efficiency



Grand & Toy transportation routes are continually streamlined to ensure that the carbon footprint from transportation is reduced. The number of Grand & Toy owned trucks decreased from 89 in 2014 to 79 in 2015, resulting in the 12% drop in emissions from 1,403.4 metric tonnes of CO<sub>2</sub>e in 2014 to 1,238 metric tonnes of CO<sub>2</sub>e in 2015.

## Greenhouse Gas Footprint



The greenhouse gas footprint of Grand & Toy facilities continues to decrease due to the business activities and streamlining of operations. In 2015, the emissions decreased 12% compared to the previous year, and 52% compared to the 2010 baseline year.

## Greenhouse Gas Emissions

Year	Electricity (kWh)	Natural Gas (m3)	Total emissions (tonnes CO <sub>2</sub> e)
2010 (baseline)	10,875,588	1,062,077	6,740
2014	8,635,069	1,314,128	3,659
2015	7,907,838	1,068,108	3,257

## Social Sustainability

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



# Pause And Affect

Grand & Toy launched a new volunteer program in May of 2015 named "Pause and Affect". Through this program, every associate is provided eight paid time hours annually to participate in volunteer activities. In addition, Grand & Toy stages corporate volunteer events, allowing our employees to contribute even more to our communities. These events have included tree plantings, random acts of kindness, neighbourhood clean-up and packing school supplies for underprivileged children. Grand & Toy associates contributed 577 hours of volunteering across Canada in 2015.

### Project UP™ in Toronto

Project UP™ is an initiative by Boise Paper designed to transform distressed urban spaces into vibrant community parks. Funded through sales of select Boise papers and in partnership with ACTrees, Project UP™ was brought to Canada for the first time in 2015 to the Jane and Finch area in Toronto's Black Creek Neighbourhood. Previous Project UP™ recipients include Indianapolis, Indiana, Baltimore, Maryland, and Opa-locka, Florida.

Due to its limited access to green space, large low-income population, and high crime rate, the Jane and Finch area is classified as one of Toronto's thirty one Priority

Neighbourhoods. The existing urban forest in the neighbourhood has a very low proportion of mature trees. A local Sustainable Neighbourhood Action Plan (SNAP), developed by the Toronto and Region Conservation Authority (TRCA), shows there is potential to increase the urban forest tree canopy to cover over 30% of the neighbourhood's area.





Employees of Boise and Grand & Toy, together with community residents, planted 150 trees and shrubs surrounding the San Romanoway Apartment Complex in this neighbourhood as part of phase one of the San Romanoway Revival Project. The project transformed 3.2 hectares (about 8 acres) of underutilized open areas, originally covered with compacted soil and dying lawn, into beautiful spaces with ecological value. The larger revitalization project will include a community fruit orchard, vegetable garden, pollinator gardens, an outdoor theatre, natural playground, sustainable light fixtures, naturalization with native species, sitting areas and interpretative signage. It will also include skills training and social enterprise programs for residents.

Project UP™ kick-started the community revival by funding a pavilion complete with native trees and shrubs around it, which will be used as a gathering space for the community. The shelter is designed to harvest rainwater from the roof, in order to support surrounding trees and gardens. Young artists from the neighbourhood will be involved in an art project to help beautify the space and create ownership. Residents will be trained on fruit care management and horticulture and will be paid honorariums to help maintain the open areas.

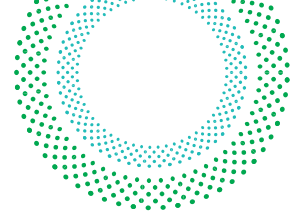
"I've walked the area.  
I've seen the plans TRCA  
developed with the residents at  
San Romanoway. And I am so excited  
Boise chose to invest in this project.  
This event is the kick-off for a  
collaborative development that  
will blossom within the community!"

~ **Corinne Dubois,**  
*Strategic Account Manager,  
Boise Paper*





# Community Partnerships



## Start2Finish

Grand & Toy continued to support Start2Finish in their efforts to provide school supplies to thousands of kids in low-income communities across the nation, who begin the school year without proper essentials. Grand & Toy hosted the annual Backpack Packing Day in Don Mills at the company headquarters, with over a hundred associates involved in the pack.

The various Start2Finish programs have positively impacted more than 76,000 children across Canada. Since 2000, Start2Finish has provided almost 70,000

students with backpacks, valued at more than \$7.8 million. In 2015, Start2Finish donated 2,900 backpacks to 76 high needs schools and 28 after school clubs across Canada. Poverty remains an ongoing challenge faced by many students, driving the need for this program.

This is the ninth year that Grand & Toy supported Start2Finish's mission of breaking the cycle of child poverty by providing ongoing educational support to Canada's at-risk children from Grade 1 through to high school graduation. Grand & Toy associates also volunteer at the after school programs and other annual activities.





## McMaster University Partnership

Grand & Toy collaborated with McMaster University over the past two years by serving as a Community Project Champion for McMaster's interdisciplinary sustainability program. Through this partnership, Grand & Toy offered university students the opportunity to implement real-world sustainability initiatives. One of the projects resulted in the publication of Grand & Toy's 2015 *Insights* report, while the other allowed Grand & Toy and McMaster communities to engage in the Random Act of Kindness Day in November of 2015.

"It is the mission of the Academic Sustainability Programs Office to inspire in all students a desire for continued learning and inquiry through experiential education. To help realize our mission, we provide students with opportunities for interdisciplinary, student-led, community-based, and experiential learning about sustainability. We would not be able to achieve these objectives without the incredible support from our community project champions, such as the team at Grand & Toy."

~ **Kate Whalen**, Senior Manager,  
Academic Sustainability Programs,  
McMaster University.



## Insights 2015: Sustainability Issues Influence Students' Career Choices

The 2015 *Insights* report started as a student survey that was proposed by Grand & Toy to the McMaster sustainability class in late 2014. The survey would examine the student attitudes towards their potential employers and their sustainability programs. The survey results demonstrated that the students were aware of many different aspects that contribute to corporate sustainability and that poor environmental and social practices factor into students' decisions towards potential employment opportunities.

The respondents' answers were surprising, with 43% of students indicating that they would be willing to reject a job offer as mid-career professionals if they deem the company to have poor sustainability practices. These findings were published as a thought leadership exercise to help sustainability professionals bolster their case for environmental and social initiatives.





## Random Act Of Kindness Day®

Random Act of Kindness Day® is an event administered by The Kitchener and Waterloo Community Foundation to create a more empathetic and connected community. Grand & Toy project champions, along with students from McMaster University helped facilitate Random Act of Kindness Day® on November 6th, 2015 for Grand & Toy employees. The event was lead by the Pause and Affect volunteer committee and consisted of events organized both within the Grand & Toy organization and in the community at large.

The goal of the day was to perform acts of kindness across Canada. Grand & Toy associates participated in many ways including providing donations for local shelters and food banks, as well as distributing various food, office supplies, and “kindness cards” in locations surrounding the participating Grand & Toy facilities. Associates were also encouraged to post positive messages to each other on “Kindness Trees”. Grand & Toy supplied students at McMaster with the items necessary to facilitate this event on campus.



# Sustainability Dashboard



Goal	Corporate Sustainability Metric	Total	Proposed Sub-Metric	Sub-Metric Data	GRI Indicators
Economic Sustainability*	Global Office Depot Sales (in millions)	\$14,485	Net Sales (all products & services)	\$14,485	G4-9
	Global Office Depot Spend (in millions)	\$10,983	COGS (all products & services)	\$10,983	G4-9
	Global Office Depot Gross Profit (in millions)	\$3,502	Gross Profit (all products & services)	\$3,502	G4-9
Environmental Sustainability	Eco-Conscious Sales	24.20%	Sales of products containing recycled content	14.40%	G4-EN27
			Sales of products with other meaningful eco-attributes	9.80%	G4-EN27
			Sales of products with third party eco-labels**	25.60%	G4-EN27
			Sales of eco-conscious services (Terracycle Zero Waste Boxes)	0.01%	G4-EN28
	Eco-Conscious Spend	23.90%	COGS on eco-conscious products & services	23.90%	
	Waste From Operations	393 mt	Waste Footprint	137 mt	G4-EN23
			Recycling From Operations	256 mt	G4-EN23
	Weight of products recycled from customers	320 mt	Ink/Toner Weight	309.79 mt	G4-EN28
			Terracycle Boxes	8.46 mt	G4-EN28
			Batteries/Cellphones	1.67 mt	
	Carbon Footprint From Transportation	1,238 mt CO2e	Carbon Footprint From Private Fleet	1,238 mt	G4-EN15, G4-EN30
	Carbon Footprint From Facilities	3,257 mt CO2e	Electricity	7,907,838 kWh	G4-EN3, G4-EN16
			Natural Gas	1,068,108 m3	G4-EN3, G4-EN15
Social Sustainability	Socially Conscious Sales	0.16%	Diverse Supplier Sales (%)	0.12%	
			Sales of Fair Trade Products and Products with >1% of sales to charity (%)	0.04%	
	Philanthropy	\$102,000	Cash Donations	\$2,000	G4-EC1
			Number of Backpacks Donated	2,900	G4-EC1
			Value of In-Kind Donations From Grand and Toy	\$100,000	G4-EC1
			Number of Hours Donated by Employees	577 hours	G4-EC1
	Supplier Diversity	8	Number of Diverse Suppliers Supported by Grand and Toy	8	
	Global Supplier Compliance*	2%	Number of Factories Manufacturing Office Depot, OfficeMax and Grand & Toy Private Brand Products	260	G4-HR9
			Number of Audits Completed	266	G4-HR9
			Number of Factories with Satisfactory Audit Results	5	G4-HR9
			Percent of Factories with Satisfactory Audit Results	2%	G4-HR9
	Ethical Practices	\$0.00	Total Amount Paid in Fines (Environment, Health & Safety)	\$0.00	G4-EN29

\* Global Office Depot information was used for this metric. All other data in the dashboard is specific to Grand & Toy.

\*\* Not all products containing third party eco-labels are classified as green products.



GRAND&TOY®

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