

# Office DEPOT<sup>®</sup>

*Fulfilling Our Vision*



*Living Our Values*

Office Depot 2007 Corporate Citizenship Report  
Reporting 2006 Performance

This report is for all of our stakeholders: customers, associates, shareholders, suppliers, governments, communities, and environmental and non-profit organizations.

## SCOPE OF REPORT

This report focuses on the ways in which Office Depot® demonstrates its commitment to Community, Ethics, Inclusion and Environmental Sustainability in North America as well as globally.

# Community



Making a Difference on a Personal and Global Level

**1,180,000**

Number of backpacks donated by Office Depot to disadvantaged children since 2001.

**\$33,100,000**

Retail value of Office Depot in-kind donations in 2006.

**46**

Scholarships awarded by the United Negro College Fund and the Hispanic Association of Colleges and Universities thanks to contributions through the Office Depot Education and Diversity Partnership Program.

**\$800,000**

Funds raised for Community Anti-Drug Coalition of America's Drug-Free Kids Campaign in connection with recognition of Office Depot as the organization's 2006 Humanitarian of the Year.

## Ethics



Upholding the Highest Standards and Values

**99.78%**

Compliance with the ethics training requirement at Office Depot in 2006.

**391**

Number of overseas factories inspected to assess compliance with the Office Depot Supplier Code of Conduct.

**1,128**

Total number of factory inspections conducted since inception of Office Depot social accountability initiative.

## Inclusion



Being Inclusive in Every Way Possible

**\$530 million**

Sales in HUB product in 2006 vs. \$430 million in 2005.

**50%**

Percentage of women members of the Office Depot Executive Committee.

**127%**

Increase in participation (over 2005) in the "Matchmaker" supply chain inclusion program for women-owned businesses.

**33%**

Percentage of women members on the Office Depot Board of Directors.

# Environment



## Committing to Increasingly Buy Green, Be Green and Sell Green

**30%**

Average Post-Consumer Recycled Content of Cut Sheet Paper used in U.S. Design, Print & Ship Centers in 2006.

**10%**

Absolute reduction in Greenhouse Gas Emissions from Facilities (Based on 2006 Electricity & Natural Gas use in U.S. & Canada) – notwithstanding 4.5% increase in total square footage of facilities!

**>6,000**

Environmentally preferable products included in The Green Book™ catalogs launched in six countries in five languages in 2006.

# 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 Corporate Citizenship Report ("the Report") for the year ended December 31, 2006, as indicated in the table on pages 64 and 65 and referenced in the Report. Office Depot® management is responsible for collection and preparation of the indicators and information within the Report. 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 the relevant criteria.

### Scope

We reviewed Office Depot's 2006 performance assertions relating to sales and use of paper with post-consumer recycled content; landfill waste and offsite recycling of paper, cardboard, metal, plastic, electronics and printer cartridges; energy use and associated greenhouse gas emissions; transportation of product and associated greenhouse gas emissions; corporate donations; and other indicators noted in bold on pages 64 and 65. We did not review the narrative sections of the Report, except where they incorporated the selected quantitative performance information.

### Methodology

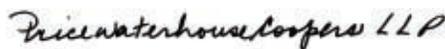
Our review was completed in accordance with the International Standard for Assurance Engagements (ISAE) 3000, developed by the International Federation of Accountants. As such, we planned and performed our

work to provide limited, rather than absolute, assurance with respect to the selected performance information that we reviewed. Our review criteria were based on the Global Reporting Initiative's (GRI) 2006 Sustainability Reporting Guidelines, relevant regulations, Office Depot management definitions, 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 selected quantitative performance information for the year ended December 31, 2006 and presented in bold on pages 64 and 65 of this Report is not presented fairly in accordance with the relevant criteria.

PricewaterhouseCoopers LLP



August 28, 2007

Vancouver, British Columbia, Canada



Office Depot is committed to transparency in Corporate Citizenship Reporting. For the period this report covers, we were Organizational Stakeholders of the Global Reporting Initiative (GRI) in support of the goal of global standardization of sustainability metrics.

We referenced the GRI's G3 guidelines that were finalized in October 2006 for this report, and obtained an application level validation by the GRI.

To view our profile disclosure, please visit [www.community.officedepot.com/environment.asp](http://www.community.officedepot.com/environment.asp).

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## GLOSSARY

### Benelux

Belgium, Netherlands, Luxembourg

### 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), Program for Endorsement of Forest Certification (PEFC) 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 standardized, globally applicable sustainability reporting guidelines and indicators.

### 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 and 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 landfills.

### Renewable Energy Credits (REC)

An energy market mechanism created to encourage the generation of green power such as wind, solar and biogas. One REC represents one megawatt hour of energy generated and/or sold from a renewable energy facility. By purchasing RECs, an organization supports the generation of renewable energy.

### 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.

### VOC

Volatile organic compound

Office DEPOT

# School Supplies

Office DE

Office DEPOT

Create imaginations.



Create bright ideas.

Signs / Letters



## Message from the Chairman and CEO

Through this 2007 Corporate Citizenship Report, we are pleased to describe our most significant accomplishments in the realms of ethical behavior and social accountability, community investment, inclusion and environmental sustainability. Building on the base established by our previous reports, this document highlights key initiatives, offers quantitative metrics and includes personal anecdotes about the many ways in which we brought our Office Depot® values to life during 2006.

From reducing energy consumption through the use of innovative technology in our stores to donating our one-millionth new backpack to a disadvantaged child, we strongly believe that we are doing our part to uphold the principles that our customers, shareholders, associates and other stakeholders expect.

Our positive record does not mean that we are satisfied or complacent, however. Throughout this report, we discuss areas in which we think we can improve and describe how we are going about it. We believe our willingness to share such information further demonstrates our commitment to transparency and accountability – attributes that are essential to any company that aspires to the highest standards of corporate citizenship.

Also indicative of this commitment is the fact that, once again, much of the data in this report has been reviewed externally by PricewaterhouseCoopers and that the content and structure of the document reference guidelines established by the Global Reporting Initiative (GRI).

Corporate governance, values, ethics and sustainability might not have been familiar terms around boardrooms two decades ago, but they are common today – at Office Depot and elsewhere – and we are better for it.

Sincerely,

Steve Odland

Chairman and  
Chief Executive Officer



## About Office Depot

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, Fla., Office Depot has annual sales of over \$15.4 billion, and employs approximately 52,000 associates around the world. Currently, the company sells to customers directly or through affiliates in 43 countries.

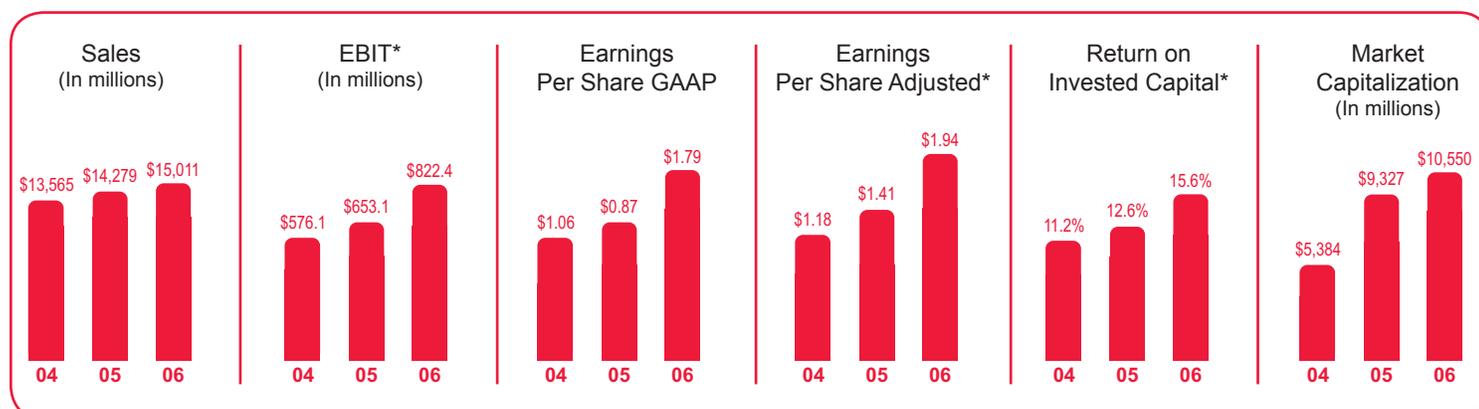
Office Depot is a leader in every distribution channel – from retail stores and contract delivery to catalogs and E-commerce. As of June 30, 2007, Office Depot had 1,186

retail stores in North America and another 369 stores, either company-owned, licensed or franchised, in other parts of the world. Office Depot serves a wide range of customers through a dedicated sales force, telephone account managers, direct mail offerings, and multiple web sites. With \$4.7 billion in online sales during the last 12 months, the company is also one of the world's largest E-commerce retailers.

Office Depot's common stock is listed on the New York Stock Exchange under the symbol ODP and is included in the S&P 500 Index.

# A Year of Growth

In 2006, Office Depot marked our 20th anniversary. We also demonstrated our strength as a growth leader, generating a record \$15 billion in worldwide sales, and 38% EPS growth. Our performance was reflected clearly in our stock price, which rose 19%\* during the year.



\*Non-GAAP number: adjusted for certain charges and credits. A reconciliation of GAAP numbers can be found on the Office Depot® web site at [www.officedepot.com](http://www.officedepot.com).

## Financial Highlights

(in millions, except share and return data)	2004	2005	2006
Sales	\$13,564.7	\$14,278.9	\$15,010.9
EBIT*	576.1	653.1	822.4
Net Earnings*	372.0	443.8	558.3
Diluted Earnings Per Share*	1.18	1.41	1.94
Return on Invested Capital*	11.2%	12.6%	15.6%

\*Non-GAAP number: adjusted for certain charges and credits. A reconciliation of GAAP numbers can be found on the Office Depot® web site at [www.officedepot.com](http://www.officedepot.com).

## Office Depot Vision

Delivering Winning Solutions  
That Inspire Worklife™

## Office Depot Values

- Integrity • Innovation • Inclusion
- Customer Focus • Accountability

## Fulfilling Our Vision

Any company can string a few words together and call them a vision statement. Likewise, a company's values can be nothing more than a hastily assembled list of terms that sound good, yet mean little.

But not at Office Depot®.



# Living Our Values

“The Vision isn’t meant to be a slogan that you hang up on a wall, or a poster that everybody walks by. It’s meant to be a reservoir from which people can draw and a compass that guides them.”

Steve Odland  
*Office Depot Chairman and CEO*

In 2005, through a thorough and intensive process that engaged members of our company’s Global Officer Coalition, Office Depot® adopted a new vision statement: Delivering Winning Solutions That Inspire Worklife™. The words – and the concepts they represent – were thoroughly debated prior to their adoption, for they would be called upon to embody everything that Office Depot stands for as a company.

Through additional efforts of the Officer Coalition – which comprises the Office Depot Executive Committee as well as the company’s top officers – the values that guide Office Depot were identified, distilled and defined: Integrity, Innovation, Inclusion, Customer Focus and Accountability. As the year 2006 began, these values quickly permeated our company and began to make a profound impact on a global scale as they became embedded in our corporate culture.

While our company’s vision and values inform and influence every aspect of our operations, this 2007 Office Depot Corporate Citizenship Report focuses

on those areas that tend to be of greatest interest to internal and external stakeholders as they assess our alignment with Global Reporting Initiative guidelines. Within these pages, we will describe:

- Our commitment to making a difference in the communities we serve and to society as a whole
- Our adherence to the highest standards of corporate governance, ethical behavior and corporate citizenship
- Our determination to support the principles of inclusion
- Our dedication to achieving the greatest possible degree of environmental sustainability

Throughout this document – which reports on calendar year 2006 – we will strive to reinforce and enhance the high levels of transparency, accountability and responsiveness to our stakeholders that were exhibited in our previous reports. Our vision and our values demand no less from us.

# Community

It doesn't matter what you call it. Community relations. Corporate philanthropy. Community investment or involvement.

What *does* matter is the difference a company makes through its community-focused programs. In the case of Office Depot®, our efforts in 2006 can be measured on a very personal level – and on a global scale.



## Serving Communities

“It was an honor to celebrate the ribbon-cutting ceremony at Office Depot’s new store. Your generosity to our community speaks of your commitment to the partnership established with the citizens of Highland Village. Congratulations.”

Dianne Costa,  
*Mayor, Highland Village, Texas*

Dora Shiver is a hard-working South Florida mother of four. She has a good job and a big goal – a home that she and her children can call their own. Enter Office Depot®. In commemoration of our company’s 20th anniversary in 2006, we made the commitment to build a Habitat for Humanity house for Dora and her kids in Delray Beach, Fla., where our global headquarters is located. Office Depot donated funds to support the project, while a number of our associates volunteered to help build the house.

“The home that Office Depot and Habitat for Humanity built for my family is a dream come true,” Shiver said. “My children and I are very thankful and excited to move into our very own home.” This is the second time in three years that Office Depot has supported a Habitat for Humanity project in South Florida.

Shortly before Thanksgiving, Office Depot reached out to individuals near our home base in another significant way – by donating 2,000 turkeys to community shelters, feeding programs and other non-profit organizations in the area for the sixth consecutive year. “The holidays can be especially difficult for many families,” said Jeff Perlman, then Mayor of Delray Beach. “This generous donation by Office Depot will go a long way in helping to make the Thanksgiving holiday brighter for so many of our residents.”

Stories like these can be told in communities wherever Office Depot has a presence. Adhering to the philosophy of

“Giving with a Purpose,” we seek to enhance quality of life in the communities in which we operate and to serve humanity by supporting and inspiring involvement with causes that make a profound social impact.

In the United States and Canada, our commitment to serving the community is evident from the moment we begin to conduct business. In conjunction with each new store grand opening, we donate \$500 Office Depot money cards and 25 backpacks containing essential school supplies to three community-based non-profit organizations. Nearly 400 diverse groups benefited from this program in 2006 – from Tiny Stitches, an organization in Suwanee, Ga., whose volunteers make and donate basic layettes containing clothing and other items to disadvantaged newborns, to the Miracle League of El Paso, which gives children with mental and physical challenges an opportunity to play baseball as a team member in an organized league.

As a global company, we also demonstrate our commitment to the community in other corners of the world. In The Netherlands, for example, Office Depot organizes an annual golf tournament in the name of Charity for Children. The €10,000 raised during the 2006 event was donated to several Dutch national charity foundations that serve children, including Stichting Doe een wens, Warchild, Stichting Kika, the Richard Krajceck Foundation and the Johan Cruyff Foundation.

## Investing in Education



“The backpack I got is the best. I carry all my books and things for school in there. Thank you for caring about kids!”

Joe (12),  
*CASA of Contra Costa County, Calif.*

One million backpacks. In just six years, since the 2001 launch of our uniquely original Office Depot® National Backpack Program, we have put more than one million backpacks into the hands of disadvantaged children in the U.S., Canada and, for the first time in 2006, Puerto Rico. Do they make a difference? Unquestionably. “Children in foster care often move from house to house, sometimes carrying all of their belongings in a trash bag,” points out Sharon Hurwitz, Executive Director of CASA of Cook County in Chicago. “To have a backpack of their very own is an incredible gift for them, something they can cherish and enjoy. Thank you, Office Depot, for giving these vulnerable children such a special present.”

Last year, 300,000 backpacks were given away with the ultimate goal of helping children to be better prepared for school – and thus more likely to succeed. The Office Depot program involved direct contributions to non-profit organizations and schools as well as new partnerships with a number of organizations with a national presence, leveraging their networks and local presence to assist with the distribution. They included Communities in Schools, Court Appointed Special Advocates (CASA), Feed The Children, Kids in Need Resource Centers, the National PTA, the National Foundation for Women Legislators and Speedway Children’s Charities of NASCAR. We have pledged to donate 300,000 backpacks once again in 2007.

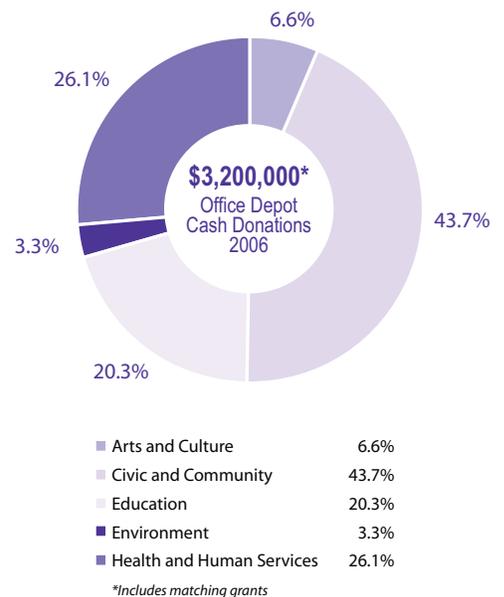
# 1,180,000

Number of backpacks donated by Office Depot to disadvantaged Children since 2001.



Beyond the National Backpack Program, Office Depot invests in education in a number of other key ways. We continued to play an active role in the Business Education Network, a program of the Business Civic Leadership Center of the U.S. Chamber of Commerce, which merged with the Chamber's Center for Workforce Preparation late in the year to create a new entity – the Institute for a Competitive Workforce. Our company's 5% Back to Schools Program enables customers to earmark a specific school to receive credits for free supplies based on a percentage of their qualified purchases. Our Star Teacher Program includes everyday discounts on purchases and a variety of special events and promotions during the year, including our popular annual Teacher Appreciation Breakfasts. Even Carl Edwards, driver of the No. 99 Office Depot Ford Fusion in the NASCAR Nextel Cup Series, joined our efforts to support education by serving as an Ambassador for Youth for the National PTA.

At the collegiate level, Office Depot announced corporate contributions totaling \$4.5 million – the largest gift in our company's history – to three South Florida universities and two national organizations that support educational opportunities for African-American and Hispanic students. When matching funds from the State of Florida were added, the total impact of this Education and Diversity Partnership Program reached \$7.5 million. By the end of the year, the contributions enabled the United Negro College Fund to award 36 scholarships and the Hispanic Association of Colleges and Universities to present 10 scholarships to students. Meanwhile, a variety of academic and research programs are being developed at Florida Atlantic University, Florida International University and the University of Miami with support from Office Depot.



# Philanthropic Partnerships



# \$33,100,000

Retail value of 2006 Office Depot in-kind donations.

“Office Depot understands the necessity of reaching out to children in need to help educate them – for they are our future. It is so wonderful to see children all over our country get excited when they open a box and see school supplies. Thank you Office Depot for your ongoing commitment to children in need.”

Larry Jones,  
*President and Co-Founder,  
Feed The Children*

Office Depot® has developed strong relationships with a number of non-profit organizations that make an impact nationally as well as globally. Through our financial contributions, we help to fight hunger (America’s Second Harvest and the Canadian Association of Food Banks), educate children about the environment (Keep America Beautiful), support biomedical research (City of Hope and The Scripps Research Institute), provide holiday gifts for needy children (Toys for Tots) and enhance economic opportunity for women (Dress for Success).

“Office Depot has been extremely beneficial to our women, our organization and to all of our local Dress for Success programs,” says Joi Gordon, Chief Executive Officer of Dress for Success Worldwide. “The participation and support provided by Office Depot at our Professional Women’s Group Success Summit in 2006 gave more than 100 of our clients and volunteers the drive and determination to develop their careers and it also laid the foundation for a strong partnership in multiple areas for 2007.”

Last year, building on Community Anti-Drug Coalitions of America’s magnanimous decision to honor our company as its 2006 Humanitarian of the Year, Office Depot helped to raise more than \$800,000 for CADCA’s Drug-Free Kids Campaign.

“Due to the success of this year’s campaign, CADCA was able to launch its new National Youth Leadership Initiative, which helps coalitions build their capacity to foster youth leadership in the design, implementation and evaluation of action strategies to address community problems,” reports Arthur T. Dean, Major General, U.S. Army, Retired, Chairman and CEO of the organization. “As a result, over 350 youth were able to participate in youth initiative events, including a youth summit at CADCA’s National Leadership Forum in Washington, D.C., and at regional trainings such as CADCA’s Mid-Year Training Institute in Tucson, Ariz.”

In-kind donations represent a substantial portion of the contributions that Office Depot makes every year – and 2006 was no exception. Working primarily through our ongoing partnerships with Gifts In Kind International and Feed The Children, we gave an array of office products,



# 800

Number of non-profit organizations receiving in-kind donations from Office Depot in 2006.

school supplies and other useful items with a retail value of more than \$33.1 million that eventually assisted some 800 non-profit organizations in North America and overseas. The impact of these in-kind donations is widespread – and profound. To cite just one example, scrapbooking supplies donated through Gifts In Kind International to the Kent/Sussex Human Services Council in Delaware became holiday gifts for several teenagers. “How wonderful it is to be able to provide something for these children, living in poverty, whose parents do not have the resources to support activities that foster creativity and imagination development,” the organization’s officials wrote in a thank you letter.

Office Depot also provides in-kind donations to the SHOPA (School, Home and Office Products Association) Kids in Need Foundation and its network of resource centers around the U.S. In southern Ohio, northern Kentucky and southeastern Indiana, more than 700 new computer desks donated by Office Depot made their way into 72 schools in 13 counties. “Teachers were just amazed. Students no longer had to rely on desks that were falling apart.

Five or six schools completely redid their computer labs. This is one of the greatest donations we’ve ever received,” said Tom Haggard, Operations Manager with Crayons to Computers in Cincinnati, Ohio.

Another way in which we help to support non-profit organizations is through the Office Depot Affiliate Program. By placing links from *officedepot.com* directly on their own web sites, groups are able to generate income based on the purchases that their members and constituents make with us. “Office Depot joined *iGive.com* in May 2001 and has consistently been one of our top five donation generating stores,” says Jimmy Binns, Relationship Manager for *iGive.com*. “In 2006, Office Depot helped *iGive* Members raise over \$8,000 for causes as diverse as wildlife preserves in Minnesota, medical research in California, care for the elderly in Texas and the preservation of Female Barbershop Singing in Indiana.” Percentages paid to participants vary, depending on the item purchased. Information about joining the Office Depot Affiliate Program is available at [www.officedepot.com](http://www.officedepot.com).



Mercifully, few major hurricanes or other catastrophes struck during 2006 – and so Office Depot did not need to repeat the large investments in disaster relief and recovery that were made the previous year in the wake of Katrina and other devastating hurricanes. Prior to hurricane season, we launched a timely educational campaign called “Disaster Preparedness: Advice You Can Depend on to Weather Any Storm,” which underscored the critical need for businesses to take potential disasters – from tornadoes and fires to computer viruses and power outages – seriously.

In November, Office Depot was honored for our monumental efforts following Hurricane Katrina when Chuck Rubin, President of North American Retail for our company, was invited to receive a special award from the U.S. Chamber of Commerce’s Business Civic Leadership Center on behalf of all of corporate America. We were also recognized by the American Red Cross, which presented Office Depot with its prestigious Circle of Humanitarians Award.

As the scope and influence of Office Depot continue to increase around the world, our desire to make a difference on a global scale grows even stronger. As 2006 came to an end, the Office Depot Foundation began to assume a

larger and more comprehensive role in helping to advance our company’s corporate citizenship agenda.

Originally established as the Office Depot Disaster Relief Foundation in 1994 to assist Office Depot associates following Hurricane Andrew’s onslaught on South Florida, the Foundation has helped hundreds of individuals and their families to get back on their feet following a variety of tragedies. While this remains one of the Foundation’s priorities, the Office Depot Foundation is taking on a much broader role beginning in 2007.

Its global focus will encompass a variety of initiatives – known collectively as the “5 X 5 Program” – designed to help children get ready for life and work, enable charitable organizations to become more professional and productive, promote local and global development and help communities to redevelop after disasters. Responsibility for many of the programs previously managed by the Office Depot Department of Community Relations are being assumed by the Office Depot Foundation in 2007. With this new vision comes a newly defined purpose, which is embodied in the Foundation’s mission: **Listen Learn Care.**

# Ethics

As Office Depot® continues to acquire new companies and expand into new global markets, we recognize that special efforts are required to broaden the understanding and acceptance of our values and ethical standards. We placed great emphasis on this objective in 2006 while working to strengthen these practices within our North American operations.

We maintained corporate governance practices that uphold the highest standards, consistent with Chairman and CEO Steve Odland's leadership of the Business Roundtable's Corporate Governance Task Force from 2004 to 2006. And we made further progress in ensuring that the manufacturing of products that carry the Office Depot brand is carried out in ways that demonstrate the utmost respect for human rights and social accountability.



## Code of Ethical Behavior

Every full-time, salaried Office Depot® associate in North America receives a Code of Ethical Behavior booklet at orientation, must complete an online ethics training course within a year of joining our company and must achieve ethics recertification on an annual basis. The Code is distributed to all associates in printed form and electronically on our Intranet. Additionally, it is fully transparent to the public: anyone can view this document in the Company Information section of the Office Depot web site, [www.officedepot.com](http://www.officedepot.com).

This fact, along with strong performance in seven other benchmarking categories, led *Ethisphere Magazine* to award the Office Depot Code of Ethical Behavior a grade of “A-” in a 2006 assessment of the codes of ethics of 50 top retail and consumer products companies. Office Depot was one of just 11 companies to receive a grade of “A-” or “A.”

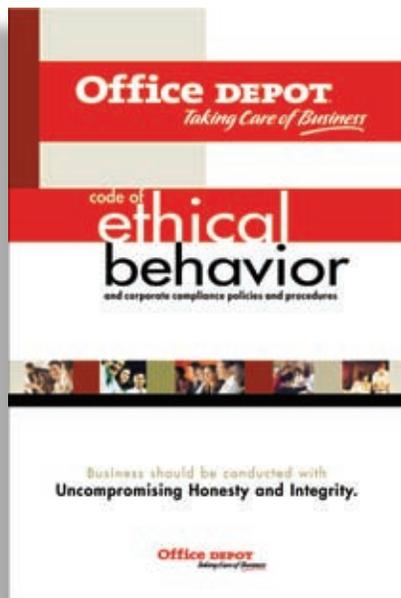
While such recognition provides external validation that is greatly appreciated, we have no intention of resting on our laurels. The *Ethisphere* feedback, along with information gained through ongoing dialogue with many other internal and external stakeholders, will be taken into account as Office Depot revises and refreshes the Code during 2007.

Ethics training continues to be a top priority at Office Depot. In 2006, compliance with the company’s ethics training requirement rose to 99.78%. The 5,486 individuals who completed this training included all salaried associates at Office Depot corporate headquarters and in our North American Business Solutions Division, all managers and above in our Supply Chain and in retail stores, and all associates of Allied Office Products, which Office Depot acquired during the year. The process was given even greater credibility in 2006 by engaging an independent company to develop and conduct the training, rather than utilizing our internal personnel. Plans call for the evaluation of additional firms that can provide these highly specialized services in 2007.

Another important 2006 development was the introduction of the Office Depot Information Security Awareness Program, which supports our company’s commitment to our values of integrity, accountability and customer focus. Recognizing that sensitive company and customer information must be protected at all times, we introduced an Information Security training program for all domestic associates. Training is available through multiple

# 14

Number of countries in which Office Depot ethics training was deployed by end of 2006.



communication channels, including print media, computer-based training, electronic newsletters and instructor-led classroom training. With this program in place, we are able to further foster an environment of personal accountability for each associate and to help them in making informed decisions during their daily computing and communications practices.

Further supporting our culture of ethics is the fact that all Office Depot associates can utilize a confidential hotline and web site – administered by an independent third party – to comply with ethical and legal obligations and to report suspected violations of laws or policies. This process ensures our associates that they can express any concerns they might have without fear of retribution.

As Office Depot continues to grow internationally, we will extend our Code of Ethical Behavior into new countries and markets. The Code was introduced to Office Depot associates in the Czech Republic, South Korea, China, Hungary, Lithuania and Slovakia in 2006 – beginning a process that will lead to even more widespread understanding and adoption of our vision and values in the years to come.

## Sample Questions from Office Depot® Ethics Certification Test

Question: A friend who works for another company asked me to provide the names of some of our best customers. My friend's company does not compete with our company and is a completely different industry. Is it okay to give her this information?

**Correct Response: No. Our customer information is strictly confidential and should not be shared with anyone.**

Question: A vendor who often partners with the company called to ask me to provide a proposal for a project we are bidding on. He offered to give me a competitor's pricing so we could underbid them. In exchange he wanted to be awarded a subcontract if we won the proposal. Is this appropriate or not?

**Correct Response: No. Definitely not. A vendor who provides you with another company's confidential information is not someone our company wants to partner with. Not only should you refuse his offer, you should report it to the Chief Compliance Officer.**

## Corporate Governance



Our company's commitment to acting in accordance with our values applies to every one of our associates as well as each member of our Board of Directors. To keep pace with changes in the larger business environment, our Corporate Governance Guidelines are evaluated and updated regularly. Each year, we conduct an audit of our progress in this area as measured by the New York Stock Exchange's rules for corporate governance.

Highlights of our Corporate Governance Guidelines include:

- **Director Independence** – Apart from our CEO, all 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 on the Audit, Compensation, Corporate Governance and Nominating Committees are Independent Directors,

while 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. This individual must be an Independent Director as defined by our Corporate Governance guidelines.

Under the leadership of the Corporate Governance Committee, the Board periodically evaluates its work as a whole. In addition, each Committee conducts evaluations of its own work and each individual Director conducts a self-evaluation of his or her performance. In 2006, Office Depot® formalized its training program for the Audit Committee of the Board, which previously was administered on an internal, ad hoc basis. The program now utilizes the services of an external accounting firm to prepare and conduct training on corporate fraud and a variety of other relevant topics.



## 100 Best Corporate Citizens

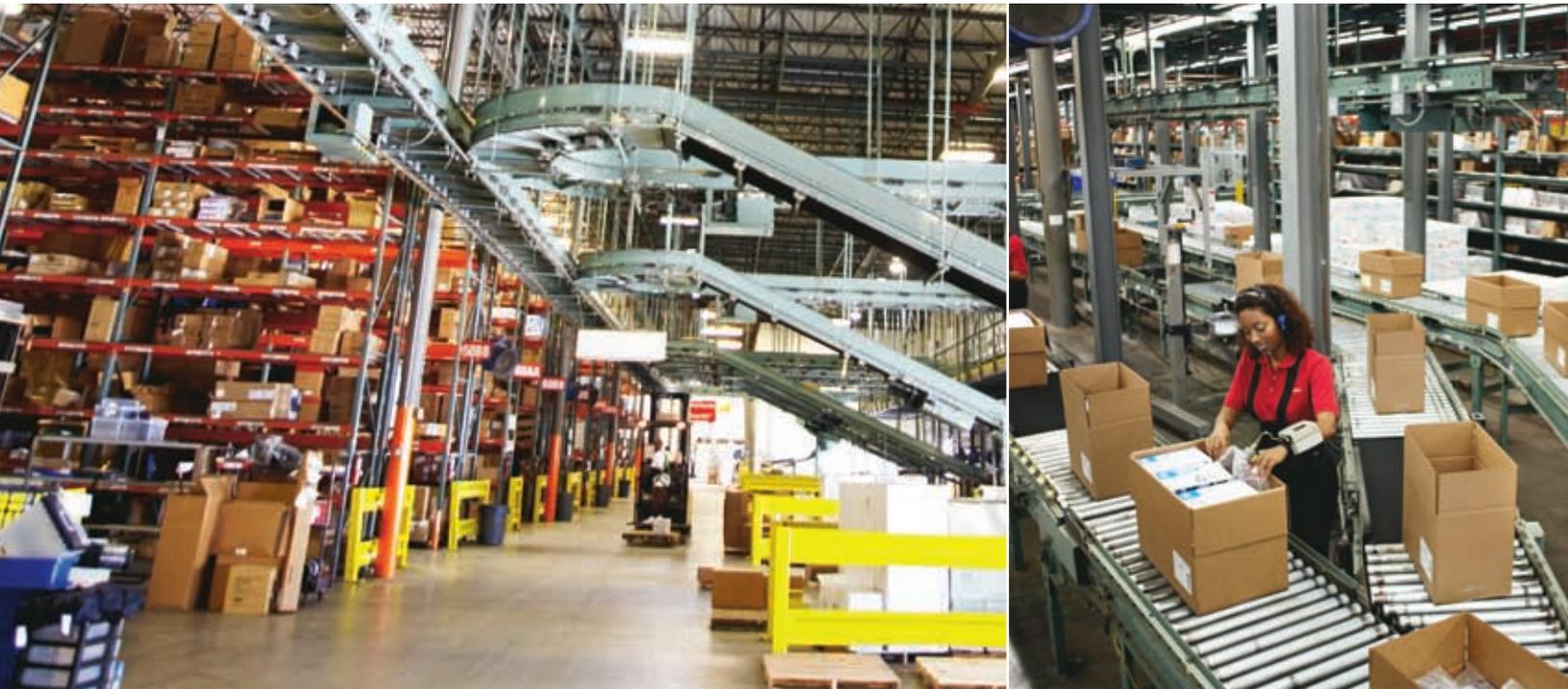
Office Depot made its first appearance on *Corporate Responsibility Officer Magazine's* list of 100 Best Corporate Citizens in 2006 and was selected again in 2007, based on its 2006 performance. The magazine rates companies on the basis of such criteria as creating healthy returns for shareholders, emphasizing good jobs for employees, promoting a clean environment and responsible relations with the community, and offering reliable products for consumers.



### New on the Board

*At the end of 2006, four of the 12 members of the Office Depot Board of Directors were women. Joining the Board during the year were Marsha Johnson Evans (left), former President and CEO of the American Red Cross, and Kathleen Mason, President and CEO of Tuesday Morning Corporation.*

## Social Accountability



The variety and number of products that are manufactured exclusively for Office Depot® grew significantly in 2006 as we worked toward developing globalized private brands. Along with this expansion came a corresponding increase in the scope of our Social Accountability initiatives.

Inspections (also known as audits) of overseas factories, where such products are made, more than doubled in 2006 – from 179 to 391. Just under half of those audits involved factories that were visited for the first time, confirming our dedication to making certain that everyone who provides products to Office Depot understands that they are subject to our Supplier Code of Conduct as well as country labor laws and accepted international standards.

Provisions of the Supplier Code of Conduct 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. Office Depot also expects our suppliers to comply with the Foreign Corrupt Practices Act, all applicable export control legislation and any other U.S. laws and regulations that may be applicable.

When the third-party auditors engaged by Office Depot visit a factory, they look at payroll and hiring records, assess workplace conditions such as safety and sanitation, and interview employees to determine if their experiences are consistent with the data in the company's records. On a first inspection – which comes unannounced – problems often are observed. This is not unexpected; we recognize that other countries and cultures are in various stages of industrialization.

Therefore, in all but the most extreme cases, our approach is focused on improvement. We believe it is our role to teach, train and consult with these firms in a supportive

## Factory Inspections – 2005 vs. 2006

	2005	2006	Increase	Total since program inception in 2002
Total Audits Conducted	179	391	212	1,128
Initial Audits	70	198	128	617
Follow-Up Audits	109	193	84	511

## Factory Inspections – 2006

Grade	Initial Audit	Re-Audit	% Change
Zero Tolerance <sup>1</sup>	4.9%	2.6%	47% Decrease
Needs Improvement	37.6%	39.4%	4.6% Increase
Satisfactory	5.6%	10.0%	78.6% Increase

<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.

way that continually raises the bar. Progress is gauged through follow-up audits, which are also unannounced. Factories that show measurable improvement have the potential to be rewarded by gaining more business from Office Depot.

The success of this program is about much more than raw numbers, of course. When a factory improves its environment and workplace practices, its employees stand to benefit as well. Children can go to school rather than work. Living conditions become better as a result of higher wages. These changes don’t happen overnight, but they do happen – and Office Depot associates in every part of our company are proud of these achievements.

Office Depot continued to build positive relationships with its suppliers by hosting two vendor conferences in 2006 – one in China and one in Florida. As in previous years, vendors in China who had achieved best-in-class

audit scores and improvement records were recognized for their transparency and cooperation.

The outlook for further accomplishments in the area of social accountability is extremely promising. Office Depot has made a strategic investment in these efforts through hiring additional associates at our Global Headquarters and by opening and staffing a global sourcing office in China. Third-party auditors will continue to assess factories when they begin working with us, but then our own Office Depot team will step in to assist these suppliers as they strive to improve.

Office Depot is committed to the success of this program not only because more and more of our stakeholders expect it, but because – consistent with our vision and values – we expect it of ourselves.

# Inclusion

## *Inclusion.*

It's a simple word with straightforward definitions:  
"The state of being included." "The act of including."  
And so forth.

At Office Depot®, however, the concept of Inclusion is anything *but* simple. As one of our core values, it is infused with multiple layers of meaning. As we define it, Inclusion means that we approach all opportunities and challenges by respecting the diverse thoughts, beliefs, backgrounds, cultures and energies of all associates, customers and suppliers.



## Supply Chain Inclusion

Our commitment to Inclusion inspires us as we buy, as we sell, as we recruit new associates to work with us and as we strive to keep the Office Depot® family in good health. It inspires us to reach out to individuals and companies who, in the past, might not have had the chance to stand before a wide-open door of opportunity, much less to stride through it with confidence. As a global company that offers an extensive range of products to our customers – and that also makes a significant investment in supplies and services to keep our own business running smoothly – Office Depot constantly searches for ways to partner with minority-owned businesses. Through our multifaceted approach to small business development, we reach out to Historically Underutilized Businesses (HUBs)\* throughout our Supply Chain. We seek to identify and work with such companies that manufacture products we can offer to our customers (Vendor Inclusion) or that we can purchase for our own internal use (Supplier Inclusion). In addition, through our innovative Tier One Program, we adopt a mentor/protégé approach to assist small and disadvantaged firms in enhancing their own performance.

In the realm of Vendor Inclusion, Office Depot sold approximately \$530 million in products from companies designated as HUBs – including more than 800 distinct items – in 2006. While the number of products remained about the same, sales rose by \$100 million over the

previous year – a 23% increase. The Vendor Inclusion team is committed to repeating or exceeding that level of performance in 2007.

When one considers that small businesses represent the core of our company's customer base, then efforts to engage HUBs as our partners make perfect sense. Companies owned by women and minorities make up the fastest-growing business segments. Many of our contract customers serve small businesses, who in turn are increasingly women- or minority-owned.

A similar philosophy applies to Supplier Inclusion at Office Depot, which falls under the umbrella of the company's Global Procurement Solutions initiative. We strive to find companies with which we can build relationships. We frequently guide them through the process of obtaining HUB certification through the Women's Business Enterprise National Council, the National Minority Supplier Development Council, the Small Business Administration and other agencies. We participate in conferences and are proactive in "Matchmaker" programs, which create opportunities for minority-owned companies to meet with Office Depot and other prospective customers.

Also indicative of our strong commitment to Inclusion is the fact that we actively seek out minority-owned businesses to participate in our Request for Proposals and to engage

\*Historically Underutilized Businesses (HUBs) include certified Minority, Women, Disabled, Veteran, and Small [SBA 8(a), SDB, and HUB Zone] enterprises.



their services as we build new stores and remodel existing ones. In total, Supplier Inclusion programs accounted for \$42 million in Office Depot expenditures in 2006.

The third component of our multi-dimensional approach to Supply Chain Inclusion is the Office Depot Tier One Program. Through this initiative, we partner with independently owned and operated HUB firms in a manner that positively contributes to their economic development, job creation and long-term viability. The program included seven partners in 2006, including three firms that operate on a national scale.

Companies that purchase from our Tier One partners appreciate the fact that these firms help them satisfy their diversity spend requirements while offering a broad product assortment, easy order entry options, nationwide

distribution and outstanding customer service. During the past year, Office Depot focused on enhancing our Tier One partners' IT infrastructure in order to help them become even more efficient – and further improve their bottom line.

Office Depot is widely recognized for our industry-leading efforts in Supply Chain Inclusion, and our representatives reinforce that position by serving in leadership roles with key organizations such as the National Minority Supplier Development Council and the Women's Business Enterprise National Council. In 2006, Office Depot helped to establish the Minority Business Opportunity Center of Florida in partnership with the United States Department of Commerce; our own Director of Vendor Development, Robert McCormes-Ballou, serves as its first chairperson.

In 2006, Office Depot was named one of America's Top Corporations for Women's Business Enterprises by the Women's Business Enterprise National Council for the fifth straight year and also was listed among the Top 50 of America's Corporations for Minority Business Enterprises by *diversitybusiness.com* for the sixth year in a row. Office Depot was the only retailer, regardless of industry, to be included consecutively on both lists.

**\$530 million**

Sales in HUB product in 2006  
vs. \$430 million in 2005.

**\$42 million**

Spent by Office Depot Global Procurement  
Solutions with Diversity Suppliers in 2006.

Office Depot presented its first HUB Supplier of the Year Award in 2006 to Smead Manufacturing Company – a woman-owned business for more than half of its 100+ year history.

## Women's Business Initiatives



# \$295,000

Amount raised by Office Depot for Count-Me-In for Women's Economic Independence via Silent Auctions held during the 2003-2006 Success Strategies for Businesswomen Conferences.

“Office Depot gave me the tools to successfully grow my business and to be in a position where now I can mentor other woman-owned companies.”

Julia Rhodes

*President and Founder, Kleen Slate Concepts, and Matchmaker Program Participant*

Office Depot® continues to focus on women in business as one of our key constituencies. Not only do women represent a vitally important component of our customer base, but we also partner with numerous women and their companies as vendors and suppliers – and we turn to successful women business leaders and entrepreneurs across the nation to guide us in our efforts. The 15 members of the Office Depot Women’s Advisory Board reinforced the value of their contributions in this capacity once again in 2006.

The Office Depot Success Strategies for Businesswomen Conference returned in 2006 with record-breaking attendance, which increased 10% over the previous year. The roster of distinguished speakers included Sara Blakely of Spanx, Maxine Clarke of Build-A-Bear®, Judge Glenda A. Hatchett, B. Smith of B. Smith Enterprises, actress and comedienne Lily Tomlin and former New Jersey Governor Christine Todd Whitman, now president of The Whitman Strategy Group. The conference added new educational

tracks for women in the corporate world and also provided exceptionally important opportunities for women business owners to establish relationships with Office Depot and a number of other companies through “Matchmaker” sessions. Participation in this program rose 127% over the year before.

Office Depot reaches out to women in business through active partnerships with a number of leading associations, including Business Women’s Network, the Center for Women’s Business Research, eWomenNetwork, Women Impacting Public Policy and the Women’s Business Enterprise National Council. In addition, we inaugurated our first global association partnership in 2006 by establishing a relationship with the International Women’s Forum.

# Workforce Inclusion



The Office Depot Diversity Mission Statement clearly says that our company is committed to creating an inclusive environment where all people are valued and respected. In support of our core value of Inclusion, as well as our values of Innovation and Customer Focus, we strive to:

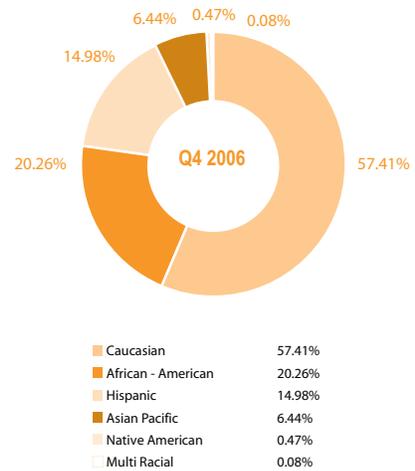
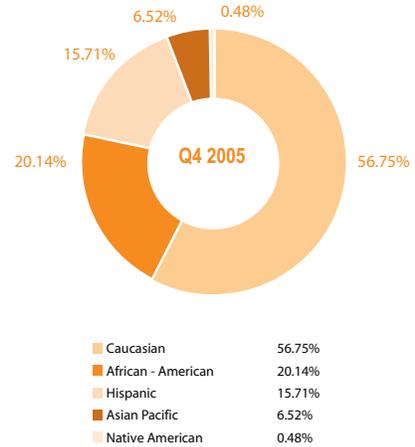
- Employ a diverse workforce reflective of the communities in which we do business
- Provide equal opportunity and encourage all associates to develop to their full potential
- Appreciate the importance of a diverse workforce at the highest levels of management
- Embrace new ideas and perspectives and respect individual differences

We do not tolerate harassment of any sort. Furthermore, we constantly seek to create and nurture a work environment based on honesty and mutual respect – and to ensure that all people-related decisions are made objectively on the basis of merit. Managers at all levels of Office Depot are accountable for implementing action plans to achieve these goals.

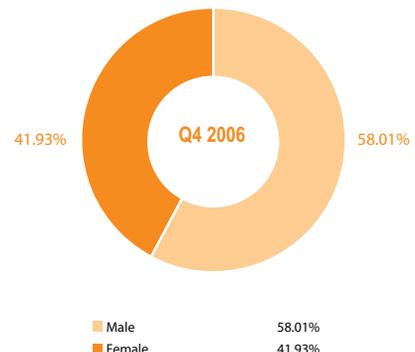
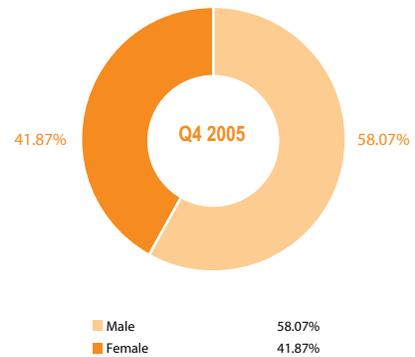
Our emphasis on inclusion continues to produce positive results. At the end of 2006, women comprised 41.93% of our overall workforce, while minority representation was 42.58%. Our professional workforce included 39.49% women and 29.67% minorities, while women comprised 44.93% of our sales workforce, with minority representation of 40.82%.

At the executive level (defined as officers, executive vice presidents, vice presidents and directors), women and minorities comprised 42.99% of our workforce at year-end. In fact, four of the eight executive officers at Office Depot are women: Patricia McKay, EVP and Chief Financial Officer; Elisa D. Garcia C., EVP, General Counsel and Corporate Secretary (who joined Office Depot in 2007); Monica Luechtefeld, EVP, Business Development, Supply Chain and IT; and Daisy Vanderlinde, EVP, Human Resources. In addition, Cindy Campbell, EVP, North American Business Solutions Division, is retiring in 2008. Overall, women represented 37.38% of our managers (senior managers, managers, assistant managers and supervisors) while 29.54% of our managers were minorities.

## WORKFORCE DIVERSITY



## GENDER DIVERSITY



## Inspiring Wellness



# 13,500

Health assessments completed  
by Office Depot associates  
during 2006.

“Aetna would like to recognize Office Depot for its industry-leading role that focuses on wellness by actively engaging associates and their families in the healthcare process. Office Depot continues to explore innovative solutions that provide its associates with the materials, incentives and other tools to ensure they are well-equipped to make informed healthcare decisions. These tools and materials enable associates and their families to identify areas where they can make a positive change to improve their health and lifestyle.”

Jeff Bernhard  
*Market Head, National Accounts, Aetna*

Office Depot® associates are accustomed to seeing NASCAR Driver Carl Edwards in company advertising and marketing materials because of our sponsorship of the No. 99 Office Depot Ford Fusion in the Nextel Cup Series. However, they might have been a little surprised to find him smiling at them from the front of their Annual Enrollment Newsletter.

In a message to the associates, Edwards wrote, “I can do a back flip (but only after a victory)! I lift weights four times a week. I snack on fruits and vegetables and I explore cycling and running trails at every single NASCAR tour stop. Live your life in a way that helps you be both physically and emotionally healthy,” he advised. “Why? It’s your health!”

Carl Edwards’ encouraging words are indicative of the high priority Office Depot places on promoting health and wellness among our associates. Over the past several years, we have added Domestic Partner Benefits, the LifeCare Resource and Referral Program, a Voluntary Benefit Program, discounts at national fitness centers, flu shots, mammograms and other benefits programs for our associates in North America.

We are working hard to educate everyone in the company about how they can become better healthcare consumers. All full-time associates in the United States and Canada received a “Health at Home” book and a wellness calendar at the end of 2006. This emphasis will continue over the next three years as these messages are communicated to members of the Office Depot family around the globe. The communications strategy will include a special portal on the company intranet as well as monthly newsletters, face-to-face seminars and other initiatives year-round.

Office Depot will continue to partner with its healthcare insurance provider, Aetna, in providing financial incentives to associates who take such positive steps as completing a health assessment, having an adult wellness exam and participating in other programs promoting a healthier lifestyle. Approximately 13,500 health assessments were completed during the annual enrollment process for 2007, providing a tremendous baseline of data from which to base strategic future benefit-related decisions.

# Environment

The environment has become such a hot topic that almost everyone's starting to go green in one way or another. We've been on a green journey for over six years now and have been recognized as a trailblazer in our industry. While we're proud of our accomplishments so far, we know the future's even greener.



# Environmental Strategy

At Office Depot, we recognize that environmental challenges require systems-thinking and holistic solutions covering the supply chain, operations and the marketplace. This is why we have structured our Environmental Strategy around the three value-chain concepts of Increasingly Buying Green, Being Green and Selling Green. These efforts are supported by policies and systems to create a strong foundation as well as an open approach to stakeholder engagement.



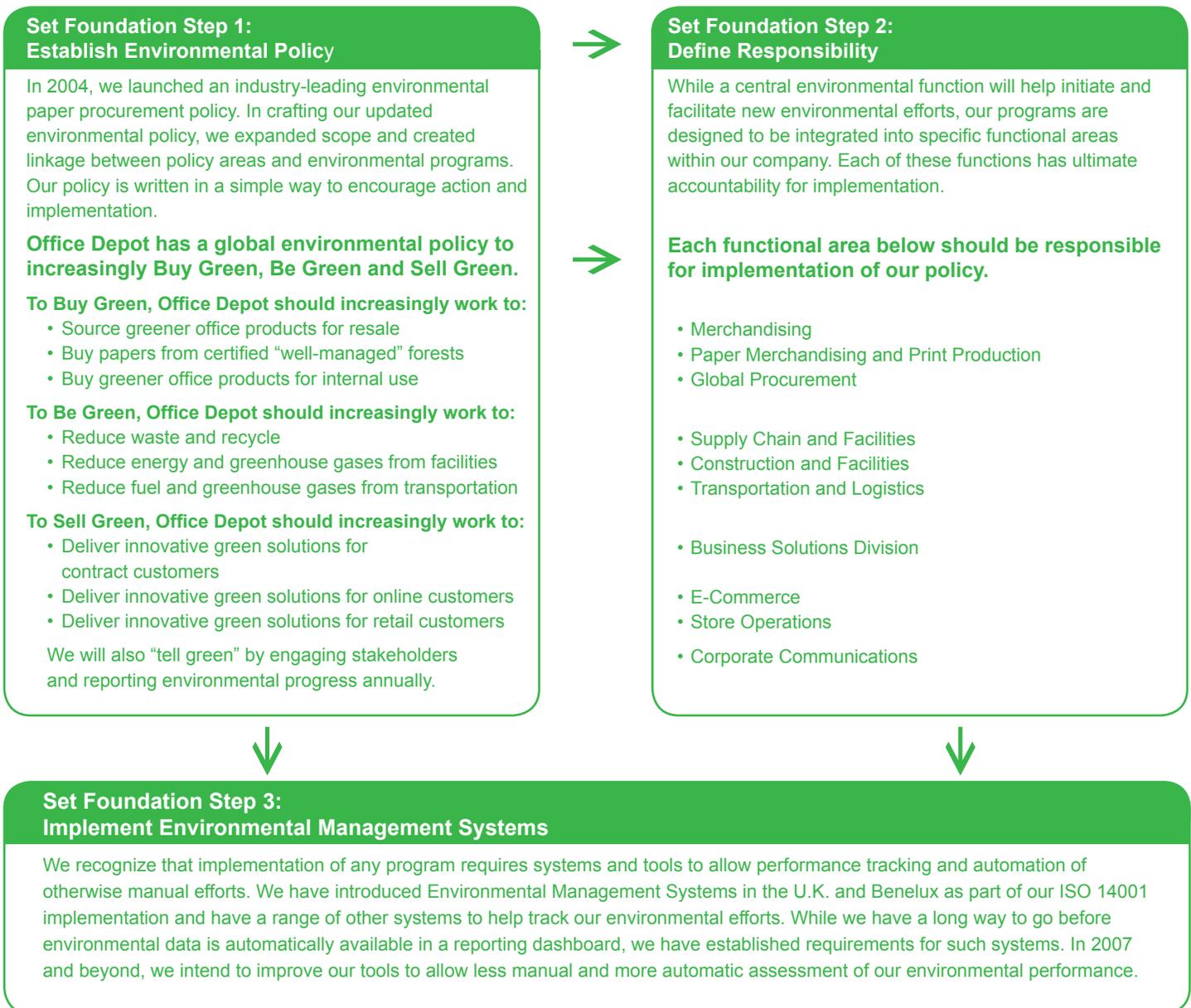
While we have a holistic strategy, we do not take a hard-line position in terms of achieving it – for ourselves or our value-chain partners. We believe the most effective path to sustainability is through encouraging more people within more companies (including our own) to take small steps with the environment in mind. We realize that environmental issues are often seen as so “big” that

breaking them into specific program areas and discrete actions encourages more progress than a “purist” or “all or nothing” philosophy.

The environmental section of this report details our activities and progress in each area of our strategy.

# Set Foundation: Environmental Policy, Responsibility & Management Systems

In order to execute any effective program, perhaps the most difficult and important task is to set a foundation for action. This is just as true for environmental programs as it is for any other business initiative. To set a good foundation for our long-term environmental strategy at Office Depot®, we are implementing a three-step approach to integrate environmental thinking into our organization. We have focused our efforts to date in the U.S. and Europe, with a view to expand the scope more globally over the next three years.



## Source Greener Office Products for Resale



When people think of “green” office products, the first thing that often comes to mind is recycled paper. While we acknowledge recycled paper as a critical part of our assortment, we also believe it is just one of a wide range of environmentally preferable product categories.

We also believe that “green” office products have a wide range of attributes that make them environmentally preferable, just one of which is recycled content. In late 2006 we started using a simple technique to educate suppliers, our own buyers and customers on buying greener by looking for product attributes beginning with the prefix “re”:

### Products that reduce waste and resources

- **Recycled:** Contain 10% or more post-consumer or 20% or more total recycled content
- **Responsible forestry:** Paper and products from certified “well-managed” forests
- **Recycling solutions:** Bins and boxes that encourage recycling
- **Remanufactured:** Made from parts from previously used products

- **Refillable and refills:** Products that reduce use of one-time-use disposables
- **Rechargeable:** Batteries and chargers that avoid one-time use batteries
- **Rewritable:** CDs, DVDs and storage to reduce paper use and enable reuse

### Products that reduce energy

- **Reduced energy during use:** Electronics and lights that use less electricity than typical alternatives
- **Renewable energy in use:** Items using solar or manually cranked power

### Products that reduce chemicals

- **Reduced chemicals in use:** Non-toxic writing instruments, cleaners and supplies; formaldehyde-free furniture, VOC-free furniture
- **Reduced chlorine bleaching:** Process chlorine-free, total chlorine-free bleaching
- **Reduced chemical biodegradation:** Safely biodegradable liquids and packaging

## Green Assortment

# 4,000

Estimated number of “green” office products sourced by Office Depot for resale in the U.S.

# 960

Estimated number of “green” office products sourced by Office Depot for resale in Benelux.

# 980

Estimated number of “green” office products sourced by Office Depot for resale in the U.K.

# 700

Estimated number of “green” office products sourced by Office Depot for resale in Germany.

Since 2006 was the first year we started tracking our full range of environmentally preferable products, we only have estimates of the products that meet our criteria, and only from a selected number of countries.

We recognize that while we have a very extensive green assortment in many of the countries we operate in, we still have an opportunity to do more. For example, one of the gaps in our assortment in the U.S. is green

cleaning solutions for institutional buyers. We know there is strong growth in demand for green cleaning products, and will be adding these items to our assortment in 2007. Also, we do not yet have a full assortment of green products in all our countries of operation, but are working to develop a more global green offering in the future.



## Buying Papers from Certified “Well-Managed” Forests



In 2004, Office Depot® worked with PricewaterhouseCoopers and Catalyst to create the first independent chain of custody system for certified fiber. Through this system, suppliers gain third-party verification that fiber used follows an unbroken “chain of custody” from verified recycled materials and forests certified to Canadian Standards Association (CSA), Forest Stewardship Council standards (FSC) and Sustainable Forestry Initiative (SFI) standards.

The value of this system was that it allowed suppliers with complex fiber baskets to provide verification of “environmentally preferable” sources, irrespective of forest management standards or recycled streams.

Building on this philosophy of accepting all of the main certification standards, Office Depot has worked extensively with other suppliers of catalog and insert papers to encourage their pursuit of forest certification. We recognize that FSC is still the only standard accepted by many environmental groups. Given that as of 2006 only 6% of the world’s forests were certified to any standard (according to Conservation International), we prefer to grow demand for “certified” fiber overall, rather than focus on nuances between standards. We have also asked suppliers to assure us of sustainable fiber by providing chain of custody certificates.

Our efforts have resulted in a near doubling of fiber (30% to 54%) from catalog and insert suppliers with chain of custody verifying fiber from certified forests. To accelerate this upward trend, Office Depot took another major step in 2006 towards comprehensive implementation of our Environmental Paper Purchasing Policy: all suppliers of catalog and insert papers seeking to do business with Office Depot were asked to complete a questionnaire disclosing a wide range of environmental information. Suppliers were selected for Office Depot volume commitments in 2007 partly based on their responses to this questionnaire.

# 54%

Percent of marketing papers in the U.S. independently verified (through chain of custody) to have come from mills sourcing from certified “well-managed” forests. Nearly doubled from 30% in 2005.

## Forest & Biodiversity Conservation Alliance



# 75%

Percentage of Office Depot's broad forest footprint for which high quality data\* on rare species populations has been developed by NatureServe with Office Depot funding.

\*This data is prepared by NatureServe and provided to suppliers to help ensure "well-managed forests" in our footprint.

The \$2.2 million of funding support provided by Office Depot as part of the Alliance with Conservation International, NatureServe and The Nature Conservancy continued through 2006. The Alliance reflects one of the largest-ever commitments by a corporation to work with conservation groups to support sustainable forestry. Our funding supported development of new scientific tools, data and processes for sustainable forestry.

Specific tasks undertaken in 2006 included:

**Conservation International** ([www.conservation.org](http://www.conservation.org)) continued to develop environmental purchasing tools and processes for Office Depot paper buyers, focused initially on marketing papers:

- Creating a draft code of conduct and questionnaire to evaluate supplier performance.
- Providing analysis and guidance on supplier responses to environmental questions.
- Refining environmental procurement tools based on stakeholder feedback.
- Preparing communication materials to inform Office Depot associates and customers about the mission and work of the Alliance.

**NatureServe** ([www.natureserve.org](http://www.natureserve.org)) helped map the Office Depot Forest Footprint and improve availability and quality of biodiversity data within it:

- Mapping the Office Depot “detailed forest footprint” with one of our largest paper suppliers.
- Assessing nearly 1,000 populations of rare species and documenting ecological communities in the Cumberland Plateau of the S.E. United States.

- Developing management guidelines for 15 rare plant species and 25 rare animal species within the Office Depot Forest Footprint.
- Developing a manual for conducting ecological inventories in forested landscapes. This manual is a “how to” guide for forest companies committed to documenting rare species and ecological communities.

**The Nature Conservancy** ([www.nature.org](http://www.nature.org)) continued to work in two important areas of Office Depot supply – the Canadian Boreal and the Southeast U.S.:

- Helping develop the Boreal Information Centre to enable high-quality data for boreal conservation.
- Helping the Centre develop a web-based portal to disseminate this data ([www.consbio.org/canboreal](http://www.consbio.org/canboreal)), and initiating plans to train Office Depot suppliers to incorporate new conservation information in forest management decisions.
- Educating suppliers in the Southeast U.S. on conservation priorities and their relationship to forest management planning.
- Developing a coalition of interested parties to work toward a “Desired Future Condition” on the Cumberland Plateau in the Southeast U.S.



## Buy Greener Office Products for Internal Use



Greener Office Concept

At Office Depot® we recognize that as an office solutions company with a vision to “increasingly buy green, be green and sell green,” we need to ensure we walk the talk and maintain “green offices” within our own operations.

In 2006, we started tracking which customers of Office Depot in North America were increasingly “buying green office supplies.” We calculated this by considering which of our customers who spent more than \$1 million in 2006 purchased the highest percentage of products from The Green Book™.

Based on this analysis, Office Depot had a green spend percentage of 46% in 2006 and, as such, we were our own “greenest customer” in terms of purchasing office supplies from The Green Book.

Much of our “green spend” percentage was driven by our internal policy to use 35% Post-Consumer Recycled Content Paper in all suitable black and white printing operations. This enabled us to deliver substantial environmental benefits in terms of trees saved and greenhouse gases avoided.

We also recognize that a “greener office” is not just one in which recycled paper is used. As depicted on this page, greener offices develop when a company buys a wide variety of greener office products including, but not limited to, paper. At Office Depot, we are heavy users of Office Depot brand remanufactured ink and toner cartridges as well as other green office supplies, including recycled content filing and storage products, certified non-toxic writing instruments and Energy Star-qualified electronics.

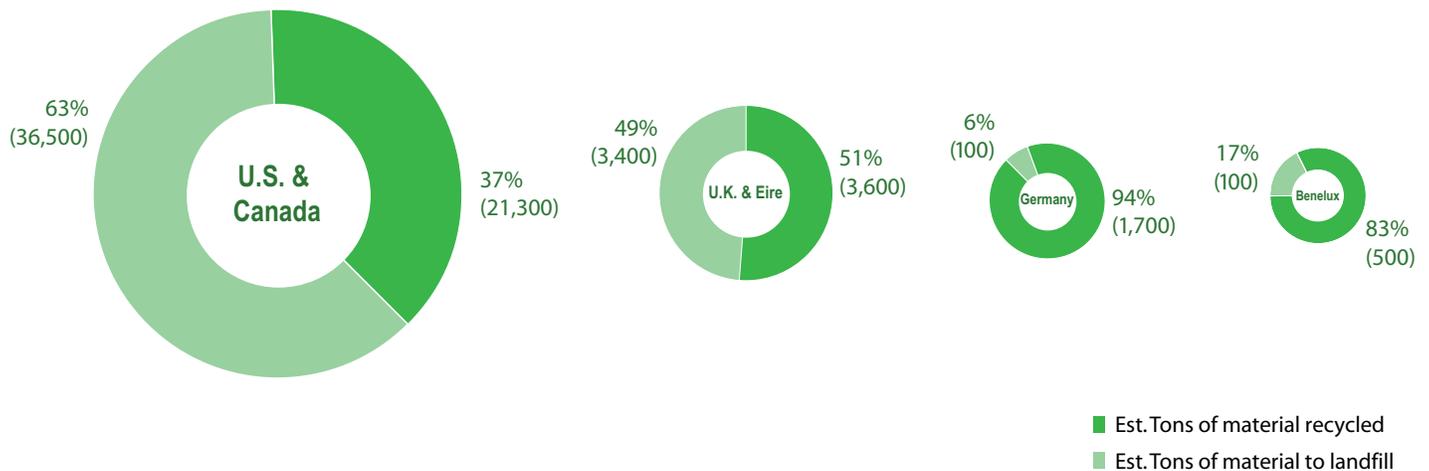
# 32.7%

Average Post-Consumer Recycled Content in paper used in U.S. corporate operations in 2006, saving 2,331 trees\* in the process.

(\*Based on Environmental Defense paper calculator)

# Recycle Materials and Reduce Waste

Total weight of waste by type and disposal method  
(Size of circle represents relative weight by country)



In 2006, Office Depot® started to extend the ISO 14001 Environmental Management System implemented in the U.K. into our mainland European operations. While we were not able to finalize our ISO certification in additional countries during 2006, we did implement a number of key initiatives to increase recycling and reduce waste.

In Germany, where strict regulations exist for waste disposal, Office Depot separates all materials generated. Unseparated waste is also sent for recycling by a waste management company. As a result, Office Depot Germany recycles 94% of all end-of-life materials and the remaining 6% of organic materials are incinerated. Likewise, Benelux recycled 83% of its waste and incinerated 17%.

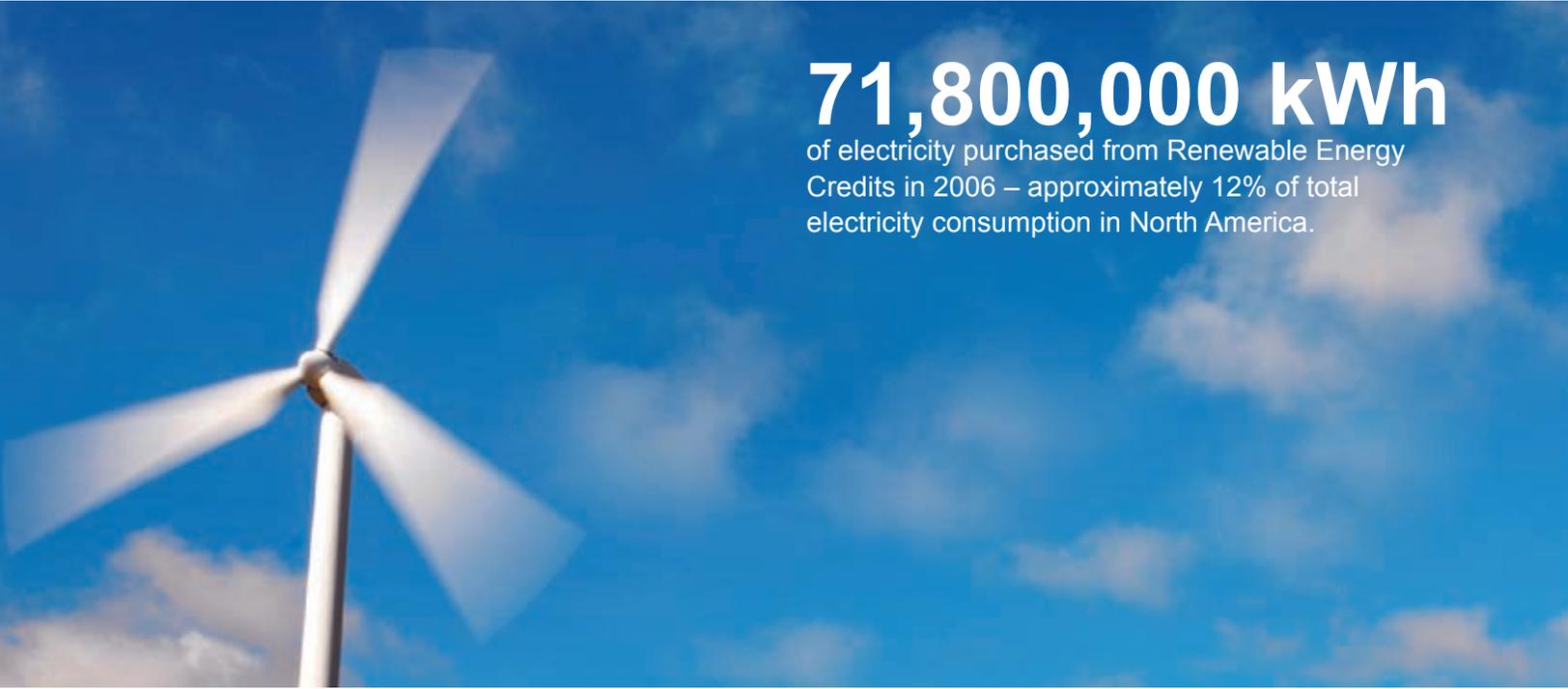
In the U.K. and Ireland, the recycling rate of 51% is not as high as in Germany or Benelux, but a number of innovative programs have been implemented to drive up that number. Beginning in 2006, all 17 locations started participating in a “Greenest Site” competition in which one of the key metrics is percent of materials recycled by weight.

In the U.S. and Canada, our waste volume is the highest and our recycling rate the lowest among countries where we track waste volumes. In many locations we have strong recycling programs that cover most material streams. At our Corporate Headquarters, for example, we have a waste program that covers nearly 80% of our total end-of-life materials and we ran a number of waste awareness events to increase recovery in 2006. We also ended the year with at least one corrugate bailer in each retail store location that has access to the two-way transportation required to backhaul collected corrugate.

In 2006 we paid nearly \$5 million in haulage and landfill fees for the 36,500 tons of materials we sent to landfill. By contrast, we earned approximately \$2 million in revenues from recycling in North America in 2006, so we know recycling pays and are committed to finding ways to increase recovery rates.

The biggest opportunity we see in terms of waste is to further increase recovery of corrugate, implement paper recycling across more stores and facilities, and reduce waste at its source.

## Greenhouse Gas Reduction Strategy



# 71,800,000 kWh

of electricity purchased from Renewable Energy Credits in 2006 – approximately 12% of total electricity consumption in North America.

Office Depot® recognizes that growth in greenhouse gas emissions is one of the main environmental challenges of the 21st century. We also recognize that weather-related events linked to greenhouse gases – such as droughts, hurricanes and floods – bring a range of operational risks that can dramatically impact the ability for a company to operate. Acknowledging these realities, we have rapidly developed a focus on greenhouse gas reduction as a priority environmental area with the following efforts:

- Began calculating Greenhouse Gas (GHG) Emissions in many of our largest operating countries, including U.S., Canada, U.K. and Ireland, Germany and Benelux.
- Dramatically reduced Absolute Greenhouse Gas emissions by 10.1% across our North American facilities between 2005 and 2006.
- Reported to the Carbon Disclosure Project for the first time\*
- Joined the Business Roundtable's Climate Resolve program.
- Joined the U.S. E.P.A.'s Green Power partnership – purchasing Renewable Energy Credits equal to 12% of our total electricity consumption.

As such, 2006 represents a very strong foundation for our Comprehensive Greenhouse Gas Reduction Strategy that will continue to unfold over the next several years:

### Phase 1:

- a. Complete North American Carbon Footprint for operations and transportation.
- b. Complete implementation of initial phase of efficiency and conservation efforts.
- c. Purchase renewable energy credits.

### Phase 2:

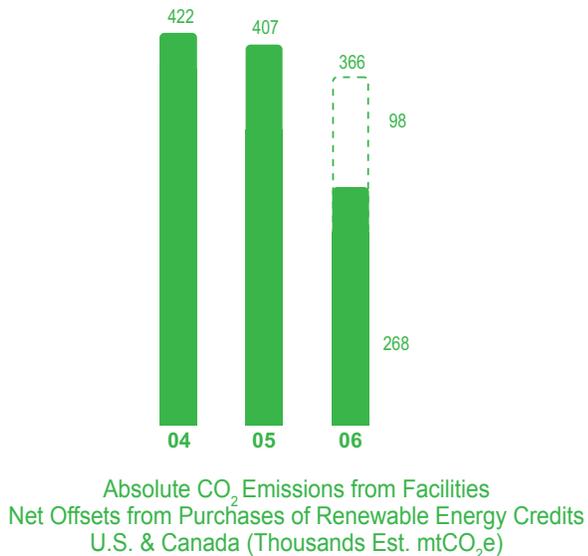
- a. Complete European carbon footprint for operations and transportation.
- b. Complete "Phase 2" of efficiency and conservation efforts "beyond quick wins".
- c. Explore investment in renewable energy infrastructure.

### Phase 3:

- a. Aim to develop Global greenhouse gas inventory.
- b. Aim to develop Global GHG reduction goals.

\* A coalition of investors managing funds of over \$31 trillion that annually request information on the greenhouse gas reduction strategies of the world's largest companies.

## Reduce Energy and Greenhouse Gases from Facilities



Between 2005 and 2006, Office Depot® completed a series of efforts to dramatically reduce our energy consumption in North America. The results have far exceeded our expectation and this has cemented our belief that being green also means saving green (dollars). By reducing kilowatt hours by nearly 66 million, we significantly exceeded our savings target of \$4.3 million by avoiding over \$6.2 million in utility costs within 2006 alone.

Examples of initiatives we undertook in 2006 include:

- Completing one of the largest energy efficiency lighting retrofits ever by a retailer by upgrading an additional 377 stores to T5 lighting.
- Ending 2006 with T5 coverage across the majority of our North American footprint of over 1,110 stores.
- Installing 350 new high-efficiency heating, ventilation and air conditioning units.
- Adding sensors in 476 stores for associate break rooms, restrooms and managers' offices that automatically shut off lighting when rooms are not occupied.

- Rolling out an energy management system upgrade to 155 stores in 2005 and an additional 476 stores in 2006 in the U.S. and Canada, thus completing the implementation of a system that allows:
  - Tracking energy usage and trends from a central location.
  - Setting temperatures for all stores at the most efficient energy setting.
  - Identifying energy-use anomalies, e.g., lights left on overnight, malfunctioning AC units.
  - Central notification by alarm when anomalies occur, allowing us to fix any issues remotely or notify store managers or outside vendors immediately.

For these and other efforts undertaken in 2006 we received the Flex Your Power award from the California Public Utilities Commission, as well as a Certificate of Recognition from Southern California Edison – one of the largest utilities in the United States.

## Green Building Design



Example of green building design concepts being tested: daylight harvesting

# 65,900,000

Estimated kWh of electricity saved due to energy efficiency and conservation efforts in North American warehouses and stores.



### Case Study: Global Data Center

As one of the world's largest online retailers, Office Depot® drives a huge volume of data through our Global Data Center. We recognize that data centers have significant environmental impacts due to their energy use and cooling requirements. To address these issues, we have implemented a range of initiatives over the past three years to bring our Global Data Center up to industry best practices:

- We include power and cooling criteria on our scorecard for evaluating server and Central Processing Units; these criteria have driven purchasing to more energy-efficient options.
- We retro-fitted all raised floor openings to increase the efficiency of our HVAC system. By doing so, we doubled the cubic feet per minute of cold air brought to our computing equipment – increasing air movement efficiency.
- We began installing individual circuit monitoring, allowing us to understand and control how much power we are using and where.

These are just a few of the many initiatives undertaken in the past. In the near future we plan to further enhance the efficiency of our cooling system by working with thermal flow experts.

Notwithstanding our success to date, our energy efficiency and conservation efforts are by no means complete.

Office Depot continues to refine our store prototype – the master set of drawings and specifications used by developers, architects and vendors to help them understand our expectations and requirements. While this is not yet confirmed, we will investigate having our prototype certified to the U.S. Green Building Leadership in Energy and Environmental Design (LEED) System™ – the accepted benchmark for design, construction and operation of high-performance green buildings.

In Europe, where we have fewer stores and more of a distribution-based business model, we have targeted our efforts towards building greener corporate offices and warehouses. We are developing greener buildings in Europe that include technologies such as:

- Central lighting controls for warehouses with daylight sensing, timing modules and movement sensors to ensure we only use lighting when necessary.
- Air exchange systems that cool buildings overnight using natural air circulation.
- Heating systems based on biofuels such as scrap wood-chips.

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## \$6.2 million

Estimated electricity costs avoided in 2006 vs. 2005 due to energy efficiency and conservation efforts in North American facilities.

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## Reducing Fuel and Greenhouse Gases from Transportation



**9.4%**

Estimated reduction in  
Greenhouse Gas Emissions  
from Office Depot's transport  
of products to customers  
and to Office Depot stores.

“Office Depot is already one of the largest purchasers of fuel efficient Sprinter cargo vans for distribution purposes. We plan to expand this leadership role by adding another 100 to 150 Sprinters to our fleet in 2007.”

Mark Cartwright,  
*Vice President, Transportation, Office Depot*

Office Depot® continually looks for ways to improve environmental performance across the various modes of transportation that we use in day-to-day operations. For example, over the past several years, our company has been replacing its oversized diesel-powered delivery “box trucks” with Sprinter cargo vans. Sprinter cargo vans essentially have twice the fuel efficiency of their predecessors, an estimated 15 or more miles per gallon. They are ultra-low emission vehicles and offer the added bonus of being ergonomically friendly to our drivers.

Another important way in which we have cut costs and fuel consumption is by using Roadnet Transportation technology for customer deliveries. This sophisticated software is used to arrange delivery routes in order to maximize the number of packages on each route while minimizing the distance traveled and time. Roadnet also regulates the number of left-hand turns, which typically take longer than right-hand turns. Prior to utilizing Roadnet, we estimate that we delivered between 125 to 135 packages per truck, with each route covering between 80 to 100 miles. We can now deliver 180 to 200 packages per truck within the same number of miles, enabling us to put 30%

to 50% fewer trucks on the road while getting better fuel economy and lower carbon emissions.

Roadnet is also being used to plan the delivery of products from our crossdocks (distribution centers) to Office Depot stores. These planning tools have enabled us to increase the volume shipped per truck from about 1,400 cubic feet to approximately 2,200 cubic feet – resulting in approximately a 30% reduction in transportation costs and fuel consumption. Office Depot is proud of our strategic decisions, which have resulted in a near 10% reduction in our transportation greenhouse gas emissions.

On other fronts, we saved approximately 1.25 million gallons of fuel in 2006 by using inter-modal transportation – combining ships, railroads and trucks – instead of strictly utilizing over-the-road transportation. We also achieved our target of utilizing 100% battery-operated forklifts in our distribution centers. Looking forward, we are planning to begin using plastic shipping pallets as an alternative to wood pallets – a strategy that is also forecast to save money and reduce fuel consumption by taking better advantage of space on trucks and in trailers.

## Deliver Innovative Green Solutions for Contract Customers



In our previous report, Office Depot® said that 2006 would be “the year of The Green Book™,” and we delivered on that promise. Not only did we remain the only U.S.-based office supplies company to have a dedicated catalog to help contract customers “buy green,” but we also became the first to create multiple language versions around the world.

The Green Book is an Office Depot innovation, and is starting to become one of our key differentiators among contract customers. It is our primary environmental education tool for the increasing number of customers who are asking “how do we go green in our office?” and it is also becoming a key driver of sales: with 29% sales growth in the U.S. up to an estimated total of \$1.35 billion in sales of products represented in the Green Book, green is becoming increasingly green (\$) for Office Depot.

### Green Book Case Study: Pacific University

In what is perhaps a first for an office products catalog, The Green Book is playing a key role in a Ph.D. research project. The Green Book was selected as an educational tool for a Ph.D. in Leadership and Change at Pacific University in Oregon. The goal of Greening Pacific! was to encourage behavior change in relation to paper use, recycling and green purchasing. Key aspects of the project included:

- Creating bookmarks reminding people to “Buy Green”
- Marketing The Green Book as a simple tool
- Creating a web-based green shopping list

As a result, hundreds of Green Books were distributed, a faculty dean asked staff to buy exclusively from The Green Book when possible, and computer labs and printers on campus switched to 35% recycled paper. The university’s average “green spend %” increased significantly, average costs remained stable and total environmental impact decreased substantially.

## Green Customer Awards and Recognition – U.S.A.



Yalmaz Siddiqui,  
Office Depot®  
Environmental Strategy  
Advisor, presenting  
Office Depot's inaugural  
"Green Customer Award"  
to Dianne Schayot of  
Southwest Airlines.

To continue delivering innovative green solutions to contract customers, we launched an awards program in the U.S. for customers that drove the highest demand for greener products in 2006. We believe that if we publicly recognize customers for environmental purchasing, more will be encouraged to follow – thus helping us meet our goal to increasingly “sell green.”

To select award winners, we analyzed the 2006 spending patterns of all customers in the U.S. with total purchases of \$1 million or more.

Next, we determined which customers purchased a significant volume of products represented in The Green Book™ catalog.

We then created Green Customer Awards and publicly recognized five customers for buying green in 2006.

### For purchases made in 2006 in the U.S., Office Depot presented Green Customer Awards to:

- JPMorganChase
- Massachusetts Institute of Technology
- Southwest Airlines
- U.S. Communities
- Wilson Sonsini Goodrich & Rosati

## Green Customer Quotes and Case Studies – Europe

“ It is important to BT to work with companies with strong environmental reputations within their supply chains.

Office Depot was able to provide evidence of this independently through audited reports, awards and membership of leading environmental organizations. Office Depot’s ability to provide analysis on BT’s green product portfolio spend and via independently verified environmental claims, allows BT to communicate confidently and transparently with internal stakeholders, employees and BT’s shareholders.

Corporate Social Responsibility is at the heart of how BT behaves and operates, and is one of the reasons why BT awarded their stationery contract to Office Depot.”

Tony Aitken (MCIPS),  
Office Supplies Buyer, British Telecom Plc



### Green Customer Case Study: U.K.

Office Depot® has been the preferred office solutions supplier to The British Natural History Museum (NHM) over the past five years. Office Depot has supported the museum in influencing its end-buyers to choose office products and processes with lower environmental impact. These objectives have been achieved in support of this vision:

- Low value orders: Reduced 30% of orders processed under £30.
- Average order value (AOV): Increased from £90 to £135
- Environmental spend: Increased from 8% to 29%

These excellent results were achieved through a series of small steps:

- Switching virgin product for a recycled alternative
- Ordering recycled paper in bulk on a monthly basis, and distributing through internal mail
- Reducing deliveries from next-day to biweekly
- Informing buyers of procedures to ensure efficient supply
- Introducing new, environmentally preferable products

By implementing this series of initiatives, the NHM and Office Depot have established greater control of office purchases, engaged the end-buyer community and successfully pushed the environmental message. This has not only made “green” a priority for the organization, but has also helped deliver cost savings to both NHM and Office Depot.

### Green Customer Recognition: Hungary

In 2006, Office Depot acquired Papirius, one of the largest business-to-business suppliers of office products and services in Eastern Europe. One of the many advantages of this new relationship was the integration of Papirius’ Trees for Life customer-recognition program.

Through the Trees for Life program, Office Depot plants a tree every time a customer purchases 50 packages of selected papers. Trees are planted every spring and autumn, based on the total volume of eligible purchases. Customers are then recognized with a certificate to commemorate the new trees standing on their behalf. Since 2005, Papirius planted more than 70,000 trees – and has a stated target of 100,000 trees.

## Develop Innovative Online Tools for Green Customers



# \$4.5 Billion

Total E-commerce sales through Office Depot® web sites globally in 2006.

As one of the world's largest online retailers, Office Depot® has a commitment to driving more customers to our web sites. We consider online purchasing as economically and environmentally beneficial for a number of reasons:

- Paper catalogs not printed allowing paper reduction
- Real-time updates are simplified leading to fewer new editions of catalogs being printed
- Catalogs not shipped resulting in fewer greenhouse gases

But we do not see the web simply as an environmentally beneficial channel. Given our commitment to increasingly sell green, we also see the web as a critical tool for selling greener products and educating our customers on why and how to “go green.”

In 2006, we completed all the major IT and information architecture design for two important online innovations that were then launched in the U.S. in early 2007:

### **The Green Book Online**

This is a virtual version of our 2006 Green Book™ catalog. This innovative tool allows business customers to experience a virtual equivalent of the printed Green Book. The benefit of the online Green Book is that nearly 2,300 greener products can be selected and added directly from an electronic catalog page to a customer's shopping cart with a simple click. The online version also simplifies the process for customers who want to recommend the Green Book to colleagues.

### **Web site**

In yet another environmental first for the office products industry, the Office Depot environmental and E-commerce teams worked together in 2006 to create what may be one of the world's largest on-line stores for environmentally preferable office products. Our storefront [www.officedepot.com/buygreen](http://www.officedepot.com/buygreen) features over 4,000 environmentally preferable products as well as a “Buying Green Guide” to help customers make educated decisions and Frequently Asked Questions on environmental purchasing.

## Deliver Innovative Green Solutions for Retail Customers



# 1 to 25

Increase in maximum number of ink and toner cartridges accepted for recycling in a single customer visit in the U.S.

### **Ink & Toner Recycling**

Since 2003, Office Depot® has been running a hugely successful ink and toner recycling program in the U.S. Between the program's inception in 2003 and the end of 2005, over 15 million cartridges had been recouped for recycling in the U.S. alone. Within the retail channel, our recycling limit was one cartridge per visit, but in 2006 we significantly increased that limit to 25 cartridges. This change led to an increase in the number of ink and toner cartridges collected through 2006.

### **Ink & Toner Refilling Stations**

In 2006, Office Depot launched another innovation that helped us extend our successful ink and toner program and moved us up the waste-management hierarchy: from recycling to re-use. By installing Ink Refill stations by the end of 2006, we refilled thousands of empty cartridges, helping save customers money and reducing waste.

### **Technology Recycling Programs**

In 2004, Office Depot partnered with Hewlett Packard and the U.S. Environmental Protection Agency in one of the largest-ever free recycling drives – an effort that resulted in over 10.5 million pounds of electronics being recovered for recycling. The overwhelming success of this recycling drive caused significant operational challenges for Office Depot and made us a little cautious when designing our permanent tech recycling solution.

In 2006, we launched a pilot in approximately 100 stores across the U.S. in which customers paid a small fee for a Tech Recycling box. Between May and December 2006, we collected 2,581 boxes with an average weight of 42 pounds. This resulted in over 108,000 pounds of technology items being recovered for recycling. Additionally, we continued our free cell phone and rechargeable battery recycling programs and diverted approximately four tons of small electronics from landfills.

### **Future Opportunities**

In 2007 we plan to launch a U.S.-wide Tech Recycling program, to extend the paper recycling program we have in just a few regions across the U.S., and to develop additional recycling solutions for our retail customers.



### **Global Green Case Study: Retail Innovations in Japan**

In our retail stores in Japan, Office Depot “sells green” by encouraging retail customers to purchase reusable ECO bags for a nominal price. When customers bring their ECO bag back to the store, they receive bonus points in the Office Depot customer loyalty program. Japan also has a successful ink and toner recycling program through which customers receive discount coupons when they bring back empty cartridges.

## Engage Environmental Stakeholders



At Office Depot® we recognize that stakeholder engagement takes place on many levels. We don't define engagement only in terms of formal round-table discussions with organizations interested in our sustainability performance. We believe that improvement comes from open and regular dialogue between a company and its range of stakeholders in a variety of ways, both formal and informal. In 2006, the stakeholder engagement efforts we undertook related to environmental sustainability included:

### **Customers:**

In 2006, we proactively arranged discussions with over 30 large green customers in the U.S to better understand and prioritize their environmental needs. These "green" customers had a combined contract value of well over half a billion dollars. By implementing programs to support these evolving environmental needs, we plan to increase their long-term loyalty and achieve our goal to increasingly "sell green."

### **Investors:**

We had extensive discussions about our environmental programs and presented our previous report to environmentally conscious investors. We also responded for the first time to the Carbon Disclosure Project, a group of investors with combined assets under management of over \$31 trillion.

“At Irving Paper we are proud to be working with Office Depot on their environmental stewardship. They are clearly an industry leader in their approach to sustainable practices within the catalog and insert paper industry. Their leadership sets the benchmark for others to follow.”

*Irving Paper*

**Suppliers:**

We held a number of workshops with suppliers of our most material environmental commodity: paper. As illustrated in the testimonials, for many of these suppliers Office Depot is seen as an industry leader on issues related to sustainability:

*“Office Depot’s proactive and balanced position on key sustainability issues is helping drive responsible behavior and procurement in the catalog and insert industry. We are proud to align ourselves with a partner like Office Depot, as their efforts help make us a better, more focused and sustainable supplier.”*  
*Verso Paper*

*“Office Depot is helping drive the whole catalog and insert paper industry in a more sustainable direction. Their leadership will help others adopt more sustainable practices.”* *Graphic Communications*

**Environmental Groups:**

In parallel to our formal partnership with Conservation International, NatureServe and The Nature Conservancy ([www.forestryalliance.org](http://www.forestryalliance.org)), we are fully open to dialogue with some of the more vocal environmental groups such as ForestEthics, Dogwood Alliance and Greenpeace. In 2006, we held a number of discussions with these organizations and also spoke at a major international conference organized by ForestEthics in the United Kingdom.



## Fulfilling Our Vision – Living Our Values Today, and Every Day

“A rules-based approach will only take you so far. We want to take a values-based approach. We have to articulate what we stand for and what is important for our company.”

Steve Odland  
*Office Depot Chairman and CEO*

Few people would expect young men or women of 20 to be worldly wise and proficient in every possible task. After all, they're still young – continuing to find their way.

For a 20-year-old company such as Office Depot®, however, the learning curve is much steeper and the expectations considerably higher. Success had to come early – and it must be sustained, year after year.

We firmly believe that one of the primary keys to the success we have experienced through our first two decades is the strong foundation that our values have always represented: Investing broadly in the community. Upholding the principles of ethical behavior. Embracing inclusion in every sense. Serving as good stewards of our environment.

Our values inspire our associates around the world to treat our colleagues, our customers, our communities and our planet with the greatest respect. And they influence our company every day in the ways that we engage with our stakeholders.

We know that we must succeed strategically and financially. But we must do so in a way that enables us to start each new day with the confidence that Office Depot is more than just a corporation. We are a citizen of the global community – and an exemplary one at that.

It is because we are living our values that we are able to fulfill our vision – and that is a statement we are very proud to make.

## 2006 Awards, Affiliations and Indices



### Community

**Citizenship in Action Award – Special Tribute,**  
Accepted by Office Depot® on behalf of  
U.S. business community

**Companies That Care Honor Roll,**  
Center for Companies That Care –  
Third consecutive year

**Educational Excellence Award,**  
SHOPA Kids in Need Foundation

**Circle of Humanitarians Award,**  
American Red Cross

**Humanitarian of the Year,**  
Community Anti-Drug Coalitions of America (CADCA)

**Environmental Education Partner Award,**  
Keep America Beautiful

**NACo Award for Corporate Excellence,**  
National Association of Counties

**Torch Society, Gold Flame Member,**  
Florida International University

### Values/Ethics

**100 Best Corporate Citizens,**  
Corporate Responsibility Officer Magazine

### Supply Chain Inclusion

**America's Top Corporations for Women's  
Business Enterprises,**  
Women's Business Enterprise National Council  
(WBENC) – Fifth consecutive year

**Top 50 Corporations for Multicultural  
Business Opportunities,**  
DiversityBusiness.com – Fourth consecutive year

### Environment

**International Green Apple Award,**  
The Green Organisation

**Environmental Reseller of the Year,**  
Office Products International

**Flex Your Power Award,**  
California Public Utilities Commission

**Multi-Channel Marketer,**  
Silver Award for The Green Book™



### Social Indices

- Dow Jones Sustainability Index
- Domini 400 Social Index
- FTSE4Good Index

### Affiliations

- Committee Encouraging Corporate Philanthropy
- Business Civic Leadership Center, U.S. Chamber of Commerce
- Center for Corporate Citizenship at Boston College
- Business Roundtable Institute for Corporate Ethics
- Donors Forum of South Florida

### Partnerships

- Business Roundtable – Climate RESOLVE
- Business Roundtable – SEE Change
- EPA – SmartWay Transport Partner
- EPA – Green Power Partner
- WWF Forest and Trade Network U.K.
- Conservation International: Business and Biodiversity Council
- Corporate Voices For Working Families

*In the League of American Communications Professionals' 2006 Spotlight Awards competition, the Office Depot® Sustainable Value Report 2004-2005 received a Gold Award "Overall," a Bronze Award for "Best Debut" and was included among the Top 100 Communications Materials of 2006.*

# Office Depot Performance Indicators Reviewed by PricewaterhouseCoopers

PricewaterhouseCoopers LLP has reviewed the data for this report on pages 64 & 65 noted in bold font. See page 2 for more information. In selecting these indicators, we referenced the Global Reporting Initiative's guidelines. Numbers are rounded for reporting purposes.

GRI#	Office Depot Indicator Aligned to GRI	2004	2005	2006
<b>Waste – GRI: Total Weight of Waste by Type &amp; Disposal Method</b>				
EN22	Mixed Paper (not shredded) Recycled, Office Depot Facilities (Est. Tons) <sup>1</sup>	200 <sup>3</sup>	1,100	<b>800</b>
EN22	Shredded Paper Recycled, Office Depot Facilities (Est. Tons) <sup>2</sup>	NA	NA	<b>60</b>
EN22	Corrugated Cardboard Recycled, Office Depot Facilities (Est. Tons) <sup>1</sup>	5,600 <sup>3</sup>	14,700	<b>18,100</b>
EN22	Ink Cartridges Recycled, Office Depot Facilities (Est. Tons) <sup>1,4</sup>	400	400	<b>400</b>
EN22	Laser Toner Cartridges Recycled, Office Depot Facilities (Est. Tons) <sup>1,4</sup>	1,900	2,000	<b>1,700</b>
EN22	Electronics Recycled, Office Depot Facilities (Est. Tons) <sup>2</sup>	NA	NA	<b>90</b>
EN22	Cell Phones & Rechargeable Batteries Recycled, Office Depot Stores (Est. Tons) <sup>1,5</sup>	NA	2	<b>4</b>
EN22	Plastic Recycled, Office Depot Facilities (Est. Tons) <sup>1</sup>	0 <sup>3</sup>	100	<b>30</b>
EN22	Metal Recycled, Office Depot Facilities (Est. Tons) <sup>1</sup>	0 <sup>3</sup>	200	<b>100</b>
EN22	Total Materials Diverted from Landfills through Recycling (Est. Tons) <sup>1</sup>	8,100	18,500	<b>21,300</b>
EN22	Total Landfill Waste (Est. Tons) <sup>1,6</sup>	18,900 <sup>3</sup>	26,500	<b>36,500</b>
<b>Post Consumer Recycled (PCR) Content in Cut Sheet Paper – GRI: Percent Materials Used that are Recycled</b>				
<b>Office Depot Global Headquarters, Field Offices, &amp; Store Offices</b>				
EN2	Average PCR Content of Cut Sheet Paper, Purchased Internally <sup>2</sup>	28.5%	29.6%	<b>32.7%</b>
EN2	% by Weight of Cut Sheet Paper with 10% or more PCR Content, Purchased Internally <sup>2</sup>	86.4%	89.6%	<b>95.3%</b>
<b>Sold through Retail, Web, Catalog, &amp; Contract Sales</b>				
EN2	Average PCR Content of Cut Sheet Paper, Sold <sup>1,7</sup>	9.1%	10.6%	<b>10.2%</b>
EN2	% by Weight of Cut Sheet Paper with 10% or more PCR Content, Sold <sup>1,7</sup>	52.6%	67.7%	<b>69.1%</b>
<b>Office Depot In-Store Design.Print.Ship Centers (DPSS)</b>				
EN2	Average PCR Content of Cut Sheet Paper Purchased, DPSS <sup>2,14</sup>	28.5%	29.3%	<b>30.0%</b>
EN2	% by Weight of Cut Sheet Paper with 10% or more PCR Content Purchased, DPSS <sup>2,14</sup>	84.9%	91.1%	<b>94.8%</b>
<b>Office Depot Regional Print Facilities (RPFs)</b>				
EN2	Average PCR Content of Cut Sheet Paper Purchased, RPFs <sup>2,14</sup>	NA	NA	<b>21.0%</b>
EN2	% by Weight of Cut Sheet Paper with 10% or more PCR Content Purchased, RPFs <sup>2,14</sup>	NA	NA	<b>75.2%</b>
<b>Direct Mail, Catalogs &amp; Inserts – GRI: Environmental Initiatives &amp; Percent Material Recycled</b>				
NA	% Direct Mail Production with at least 10% Post Consumer Recycled Content <sup>2,19</sup>	76%	79%	<b>82%</b>
EN26	% Direct Mail Production using Soy-Based Inks <sup>2,19</sup>	89%	83%	<b>64%</b>
NA	% Marketing Paper from Suppliers Indicating Fiber Sourced from Certified Well-Managed Forests <sup>2,8,9</sup>	NA	85%	<b>71%</b>
NA	% Marketing Paper Independently verified (through chain of custody) to have come from mills sourcing from certified well-managed forests <sup>2,8,10</sup>	NA	30%	<b>54%</b>
<b>Biodiversity – GRI: Number of IUCN Red List/National Conservation Species</b>				
EN15	% of Quality Biodiversity Data within Office Depot's Forest Footprint <sup>2,11</sup>	NA	NA	<b>75%</b>
<b>Headquarters' "Green" Spend – GRI: Initiatives Mitigating Environmental Impacts of Products &amp; Services</b>				
EN26	% of Office Depot Headquarter Supply Expenditures on items included in The Green Book™ (Excluding Office Depot 'Red Top', 10% PCR paper) <sup>2</sup>	NA	NA	<b>46%</b>



Office Depot received a GRI Report C+ Checked for our North American data; this means that we reported on under 20 GRI Performance Indicators, our data was reviewed by a third party, GRI checked completeness of criteria, we reported a Disclosure Profile ([www.officedepot.com/environment](http://www.officedepot.com/environment)), and we did not report a Management Approach Disclosure.

GRI#	Office Depot Indicator Aligned to GRI	2004	2005	2006
<b>Electricity &amp; Natural Gas – GRI: Direct &amp; Indirect Energy Consumption by Primary Source</b>				
EN3	Natural Gas Consumption, Office Depot Facilities (mmBTU) <sup>1</sup>	354,100	340,300	<b>292,300</b>
EN4	Electricity Consumption, Office Depot Facilities (mWh) <sup>1, 12</sup>	688,700	666,000	<b>600,800</b>
EN4	Electricity Consumption, Central Data Center (mWh) <sup>2</sup>	10,700	11,400	<b>11,100</b>
NA	Square Footage of Office Depot Facilities Leased or Owned <sup>1</sup>	35,793,000	36,239,000	<b>37,952,000</b>
NA	Kilowatt Hours of Electricity used per Square Foot of Facilities <sup>1</sup>	19.24	18.38	<b>15.83</b>
EN4	Purchased, Green-e Certified Renewable Electricity Credits (RECs) (mWh) <sup>2, 13</sup>	NA	NA	<b>71,800</b>
EN4	% of Electricity Consumption Offset by Purchase of RECs (Green e-Credits) <sup>1</sup>	NA	NA	<b>12%</b>
EN5	Electricity Saved due to Conservation and Efficiency Measures in Stores and Warehouses (Est. mWh) <sup>1, 12</sup>	NA	NA	<b>65,900</b>
<b>Office Depot Dedicated Transportation – GRI: Direct Energy Consumption by Primary &amp; Secondary Source</b>				
EN3	Diesel Fuel used by Office Depot Branded Fleet to Deliver to Customers (Est. Gallons) <sup>2</sup>	NA	2,581,000	<b>2,088,000</b>
NA	Miles Driven by Office Depot Branded Fleet to Deliver to Customers (Est. Miles) <sup>2</sup>	NA	25,799,000	<b>23,454,000</b>
EN3	Diesel Fuel used by 3rd Party Carriers to Deliver to Stores (Est. Gallons) <sup>2, 17</sup>	NA	11,094,000	<b>9,915,000</b>
NA	Miles Driven by 3rd Party Carriers to Deliver to Stores (Est. Miles) <sup>2, 17</sup>	NA	66,562,000	<b>60,109,000</b>
EN5	Fuel Saved due to Transition within Office Depot Branded Fleet from “Box Trucks” to “Sprinter Vans” (Est. Gallons) <sup>2</sup>	NA	67,300	<b>207,700</b>
<b>Greenhouse Gas Emissions – GRI: Direct &amp; Indirect Greenhouse Gas Emissions</b>				
EN16	GHG Emissions, Natural Gas, Facilities (Est. Metric Tons Carbon Dioxide Equivalent, mtCO <sub>2</sub> e) <sup>1</sup>	18,700	18,000	<b>15,400</b>
EN16	GHG Emissions, Electricity, Facilities (Est. mtCO <sub>2</sub> e) <sup>1, 12</sup>	403,200	389,300	<b>350,600</b>
EN16	Total GHG Emissions, Natural Gas & Electricity, Facilities (Est. mtCO <sub>2</sub> e) <sup>1</sup>	421,900	407,300	<b>366,000</b>
EN16	Annual % Change in Total GHG Emissions, Electricity & Natural Gas (Est. mtCO <sub>2</sub> e) <sup>1</sup>	NA	-3.5%	<b>-10.1%</b>
EN18	GHG Emission Offsets through Purchase of Renewable Energy Credits (Est. mtCO <sub>2</sub> e) <sup>2</sup>	NA	NA	<b>97,500</b>
EN16	Absolute GHG Emissions, Net of Offsets, Electricity & Natural Gas (Est. mtCO <sub>2</sub> e) <sup>1</sup>	421,900	407,300	268,500
EN16	Annual % Change, Absolute GHG Emissions, Net of Offsets, Electricity & Gas (Est. mtCO <sub>2</sub> e) <sup>1</sup>	NA	-3.5%	<b>-34.1%</b>
EN16	GHG Emissions, Transporting Products to Customers (Est. mtCO <sub>2</sub> e) <sup>2, 15, 16</sup>	NA	53,800	<b>46,700</b>
NA	Total Number of Customers Orders <sup>2</sup>	NA	NA	<b>24,570,000</b>
EN16	Average Pounds GHG Emissions per order (Pounds per Order) <sup>2</sup>	NA	NA	<b>4</b>
EN16	GHG Emissions, Transporting Products to Stores (Est. mtCO <sub>2</sub> e) <sup>2, 17</sup>	NA	135,600	<b>111,000</b>
EN16	Total GHG Emissions, Transportation of Office Depot Products (Est. mtCO <sub>2</sub> e) <sup>2</sup>	NA	189,400	<b>157,700</b>
EN16	Annual % Change, Total Transportation GHG Emissions (Est. mtCO <sub>2</sub> e) <sup>2</sup>	NA	NA	<b>-9.4%</b>
<b>Social Indicators – GRI: Programs &amp; Practices for Managing Impacts on the Community</b>				
SO1	Cash Donations (Est. U.S. dollars) <sup>18</sup>	\$5,400,000	\$10,800,000	<b>\$3,200,000</b>
SO1	In-Kind Donations (Retail Value)	\$22,700,000	\$43,300,000	<b>\$33,100,000</b>
SO1	Number of Backpacks Donated Per Year	200,000	300,000	<b>300,000</b>
SO1	Number of Charities Assisted with In-Kind Donations	NA	1,100	<b>800</b>

<sup>1</sup>U.S. & Canada | <sup>2</sup>U.S. only | <sup>3</sup>April to December 2004 only | <sup>4</sup>Includes In-Store Ink & Toner Recycling Program | <sup>5</sup>A wide range of cell phones and batteries are accepted, not exclusively those sold at Office Depot | <sup>6</sup>Tonnage as reported by 3rd party waste management company, may exclude some store locations serviced by municipalities; data also includes ink & toner cartridges that “failed” recycling inspection (2004 & 2005 updated to include) | <sup>7</sup>Includes Headquarters’ internal cut sheet paper purchases | <sup>8</sup>Includes catalogs and inserts | <sup>9</sup>Supplier claims fiber sourced from CSA, FSC, PEFC or SFI certified forests | <sup>10</sup>Supplier provided independently verified Chain of Custody certificates showing fiber sourced from CSA, FSC, PEFC or SFI certified forests | <sup>11</sup>The percentage of rare species populations that contain high quality data within Office Depot’s forest footprint; data provided by NatureServe and used to enhance forest management | <sup>12</sup>Includes Office Depot’s Data Center | <sup>13</sup>Independent certification and verification program for renewable energy | <sup>14</sup>Values are estimated based on best available data | <sup>15</sup>Includes UPS deliveries | <sup>16</sup>Excludes LTL (Less than Truck Load) Carriers - a small percentage of Office Depot deliveries | <sup>17</sup>Includes 3rd party dedicated and non-dedicated vehicles | <sup>18</sup>Includes matching grants | <sup>19</sup>Includes special projects | NA = Not Available

# Office Depot Environmental Performance Indicators in Selected Countries Outside the U.S.

(Not Reviewed by PricewaterhouseCoopers)

GRI#	Office Depot Indicator Aligned to GRI	UK & Ireland 2006	Germany 2006	Benelux <sup>9</sup> 2006
<b>Waste – GRI: Total Weight of Waste by Type and Disposal Method</b>				
EN22	Mixed Paper Recycled, Office Depot Facilities (Est. Tons)	700 <sup>1</sup>	NA	200
EN22	Corrugated Cardboard Recycled, Office Depot Facilities (Est. Tons)	1,900 <sup>1</sup>	1,500	300
EN22	Toner Cartridges Recycled, Office Depot Associates at Non-Store Office Depot Locations (Est. Tons)	7 <sup>2,7</sup>	NA	NA
EN22	Electronics Recycled, Used by Office Depot (Est. Tons)	NA	3	NA
EN22	Plastic Recycled, Office Depot Facilities (Est. Tons)	200 <sup>1</sup>	200	20
EN22	Metal Recycled, Office Depot Facilities (Est. Tons)	800 <sup>1</sup>	7	10
EN22	Total Materials Diverted from Landfills through Recycling (Est. Tons)	3,600 <sup>1</sup>	1,700	500
EN22	Total Landfill Waste (Est. Tons)	3,400 <sup>1</sup>	100	100
<b>Products with Environmental Attributes – GRI: Initiatives to Mitigate Environmental Impacts of Products &amp; Services</b>				
EN26	Estimated Total Number of Products Offered with Positive Environmental Attributes	980 <sup>3</sup>	700	960
<b>Office Depot Non-Store Offices – GRI: Initiatives to Mitigate Environmental Impacts of Products &amp; Services</b>				
EN26	% Remanufactured Ink & Toner Cartridges, Purchased Internally	46% <sup>3</sup>	NA	14%
<b>Recycled Content in Cut Sheet Paper – GRI: Percent Material Used that are Recycled</b>				
<b>Office Depot Offices</b>				
EN2	% by Weight of Cut Sheet Paper with 10% or more Recycled Content, Purchased Internally	NA	NA	47%
EN2	% by Weight of Cut Sheet Paper with 30% or more Recycled Content, Purchased Internally	NA	NA	47%
<b>Sold through Contract Sales</b>				
EN2	% by Weight of Cut Sheet Paper with 10% or more Recycled Content, Sold	22% <sup>3,4</sup>	NA	28%
<b>Electricity &amp; Natural Gas – GRI: Direct Energy Consumption &amp; Saved by Primary Source</b>				
EN3	Natural Gas Consumption, Warehouses & Offices (mmBTU)	83,400 <sup>5</sup>	NA	11,300
EN4	Electricity Consumption, Warehouses & Offices (mWh)	18,200 <sup>5</sup>	4,500 <sup>6</sup>	8,600
NA	Square Footage of Office Depot Facilities Leased or Owned	1,724,000 <sup>5</sup>	688,000	544,000
EN5	Electricity Saved due to Conservation and Efficiency Measures in Stores and Warehouses (Est. mWh)	NA	NA	40
<b>Transportation of Products – GRI: Direct Energy Consumption &amp; Saved by Primary Source</b>				
EN3	Fuel used by Office Depot Branded Fleet to Deliver to Customers (Est. Gallons)	482,000 <sup>3</sup>	NA	11,500 <sup>8</sup>
EN3	Fuel used by Third Party Carriers to Deliver to Customers (Est. Gallons)	1,353,000 <sup>1</sup>	NA	NA
EN5	Fuel Saved due to Efficiency Measures in Office Depot Branded Local Delivery Fleet (Est. Gallons)	NA	NA	400 <sup>8</sup>
<b>Greenhouse Gas Emissions – GRI: Direct and Indirect Greenhouse Gas Emissions</b>				
EN16	GHG Emissions, Natural Gas, Warehouses & Offices (Est. Metric Tons Carbon Dioxide Equivalent, mtCO <sub>2</sub> e)	4,600 <sup>7</sup>	NA	600
EN16	GHG Emissions, Electricity, Warehouses & Offices (Est. mtCO <sub>2</sub> e)	7,800 <sup>7</sup>	2,700	4,600
EN16	Total GHG Emissions, Warehouses & Offices (Est. mtCO <sub>2</sub> e)	12,500 <sup>7</sup>	NA	5,200
EN16	GHG Emissions, Office Depot Branded Local Transportation Delivery Fleet (Est. mtCO <sub>2</sub> e)	4,800 <sup>7</sup>	NA	200 <sup>8</sup>
EN16	GHG <sup>2</sup> Emissions, Third Party Carriers Local Transportation Delivery Fleet (Est. mtCO <sub>2</sub> e)	13,500 <sup>7</sup>	NA	NA
EN16	Total GHG Emissions (Est. mtCO <sub>2</sub> e)	30,800 <sup>7</sup>	NA	NA

<sup>1</sup>Contract & Direct; UK & Ireland | <sup>2</sup>Inkjet cartridges not reported as new supplier/remanufacturer of inkjets was unable to report returns | <sup>3</sup>Contract only | <sup>4</sup>Copier paper only | <sup>5</sup>Warehouses & Offices in UK only; Contract & Direct | <sup>6</sup>Reported for three warehouses; does not include offices | <sup>7</sup>U.K. only | <sup>8</sup>Represents a percentage of deliveries, not comprehensive | <sup>9</sup>Benelux Belgium, Netherlands, Luxembourg | NA = Not Available

## COMMUNITY

“Office Depot and the Office Depot Foundation have been great partners and allies, as we have worked through some of the biggest issues facing public-private partnerships at the national level in the areas of disaster assistance, education, and community development. They bring a wealth of experience to the table, and they have been willing to take a leadership role in the issues they strongly believe in.”

Stephen Jordan  
*Senior Vice President, Business Civic Leadership Center  
U.S. Chamber of Commerce*

## INCLUSION

“In partnership with the National Urban League’s Black Executive Exchange Program (BEEP), Office Depot has established itself as an employer of choice for students that attend Historically Black Colleges and Universities. Additionally, through Office Depot’s financial support and committed volunteers, the Black Executive Exchange Program continues to grow, expand, and evolve. We are proud to have the support of Office Depot.”

Mark V. Monteverdi  
*Vice President, Black Executive Exchange Program and Volunteer Programs  
National Urban League*

## ETHICS

“We’re delighted to see Office Depot recognized for its commitment to corporate citizenship on the 2007 ‘100 Best Corporate Citizens’ list. Reputation is something earned and consolidated over time and Office Depot has excelled at serving a variety of stakeholders with excellence and integrity in quantitative rankings of corporate responsibility.”

Jay Whitehead  
*CEO, CRO RE: 2007 ‘100 Best Corporate Citizens’ list*

## ENVIRONMENT

“Office Depot has set a leadership example for conservation and for sustainability in the retail business in the office products sector. The actions that Office Depot is undertaking and the commitments through their policies are demonstrating that it is possible to conserve nature and operate as a successful business.”

Justin Ward  
*Vice President, Business Practices, Conservation International*

# Our Global Presence



Andorra  
Australia  
Austria  
Belgium  
Canada  
China  
Costa Rica  
Croatia  
Czech Republic

Denmark  
El Salvador  
Finland  
France  
Germany  
Guatemala  
Honduras  
Hungary  
Ireland

Israel  
Italy  
Japan  
Korea  
Liechtenstein  
Lithuania  
Luxembourg  
Monaco  
Mexico

Montenegro  
Netherlands  
Norway  
Panama  
Poland  
Portugal  
San Marino  
Serbia  
Slovakia

Spain  
Sweden  
Switzerland  
Thailand  
United Kingdom  
United States  
Vatican City



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