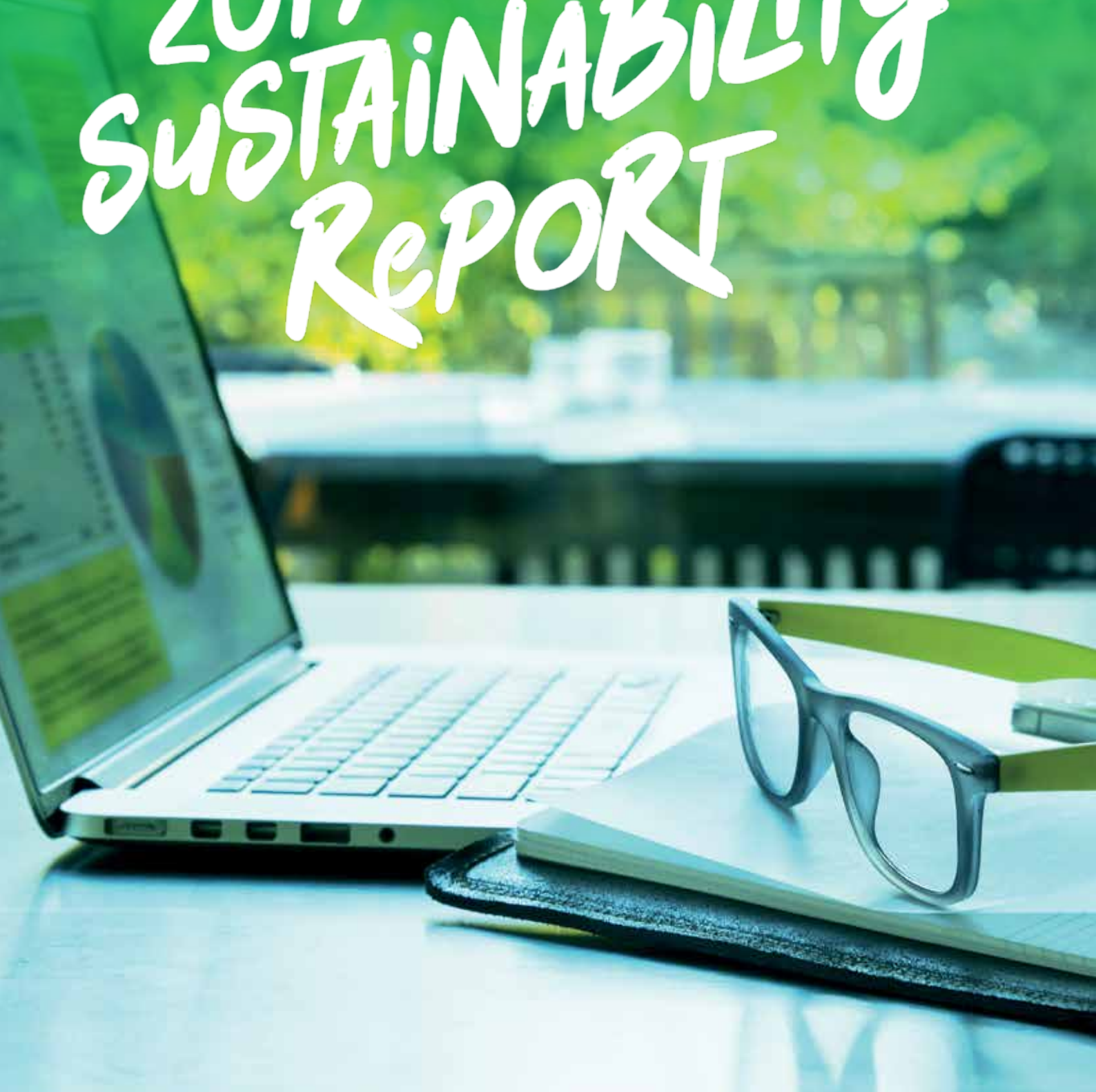


2017 SUSTAINABILITY REPORT



ABOUT THIS REPORT

This is OfficeMax New Zealand's first Sustainability Report, which seeks to communicate the economic, social and environmental impacts of its operations to stakeholders.

This report covers the operations of OfficeMax New Zealand, for the period January 1, 2015 to December 31, 2017, with some exceptions for developments in 2018.

This report uses the Global Reporting Initiative (GRI) Standards as a reference. Where applicable, the relevant standards are noted.

There were no significant changes regarding size, structure or ownership of the company during the time period.





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Letter from our Managing Director

Though this is our first official CSR report, sustainability has long been a core focus for OfficeMax.

For more than a decade we have taken tangible steps to improve our environmental footprint, develop our communities, our people, and to ensure OfficeMax's long term economic viability. For me, looking back, I'm extraordinarily proud of what we have accomplished.

Since starting our sustainability initiatives, we've worked hard to achieve ISO 14001 certification. I am especially proud of our unique Environmental Management System (EMS), which is designed to control documentation and help us better understand the impact our operations, keeps us on our toes and encourages us to continuously improve on our environmental performance. It has encouraged a reduction in fleet fuel consumption of 4.5 percent in 2016 - greater than our initial goal of 3 percent. We encourage recycling at all of our centres and this year reduced our waste-to-landfill by 8.9 percent.

Our senior management team measures our progress against annual targets, illuminates where we can do better, and course-corrects when necessary.

We also believe strongly in investing in education and the wellbeing of Aotearoa's children. Our focus on helping New Zealand children and schools has seen our School Rewards and Max e-Grants grow exponentially. In the past year, we gave back \$713,000 to schools through School Rewards; our cumulative total giving exceeds \$4 million in the past 11 years. In seven years of operating, Max e-Grants, in partnership with Barnardos, has supported more than 13,000 children who would otherwise go without basics such as school uniforms, stationery and access to educational activities.

In our product range and services, we are always looking to develop innovative ways to make our customers' lives better and easier. Our Helpdesk not only assists customers to access our products and services, it is also often the source of new ideas for products and services. One example, the safety category, has grown to an extent that we have hired specialist account managers to provide expert advice for our customers.

With more than 18,000 products on offer, we rely on our suppliers to ensure we are meeting environmental and social standards. We choose to work with large suppliers, such as 3M, who are known to have effective sustainability measures in place.

Approximately 20 percent of our products are OfficeMax branded; we therefore have control of the lifecycle of these items. We have strict parameters for our manufacturers to follow that ensure the people making our products are treated fairly and the conditions they operate in are environmentally safe. And, we keep our customers informed through clear labelling so they can choose products that align with their values.

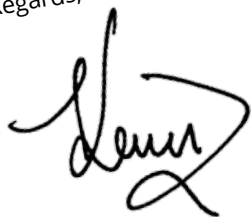
For me, the most vital and important part of our sustainability story to date, and into the future, is our people. Our commitment to sustainability includes a Health, Safety & Sustainability team representative at all of our locations. Every year we host an internal conference with our reps to review our current efforts and identify areas where we can improve in the upcoming year.

In our most recent years, as covered in this report, our focus has been on our environmental footprint, especially reducing waste and in growing our commitment to our communities, primarily through our School Rewards and Max e-Grants programmes and our sponsorship of 0800 What's Up.

We are, at our core, a people business. OfficeMax staff are enthusiastic, engaged and focused on our clients and long-term sustainability. I am continually impressed and humbled by their passion, commitment and resilience. Our people join me in the belief that sound ethical, social and environmental practices ultimately underpin our commercial success.

I feel privileged to work alongside all who make OfficeMax what it is today, and look forward to continuous improvement towards a truly sustainable future.

Regards, Kevin Obern



ABOUT OFFICEMAX NEW ZEALAND

OfficeMax New Zealand Ltd. is a subsidiary of Office Depot, Inc. a US-based multi-national company.

OfficeMax New Zealand traces its roots back to 1871 with the establishment of Coulls Somerville Wilkie, a printing and publishing company. Through various changes of ownership, mergers and acquisitions, the company honed its office and school supplies focus, and grew its national network. It was most recently purchased by Office Depot in 2013.

In New Zealand, OfficeMax operates from more than 19 locations covering distribution, retail, sales and shared service activities. OfficeMax is a progressive provider of office supplies, solutions and services, as well as workplace products and furniture; its product range extends to more than 100,000 products.

OfficeMax's dedicated account managers and product specialists support businesses of all sizes, plus schools and families, throughout the country. Orders are taken online and by phone or email, or through a store visit. OfficeMax's account team and courier partners ensure extensive rural and urban delivery.



Kevin Obern
Managing Director
OfficeMax New Zealand

Our Vision

To realise our true potential through enabling our customers to thrive.

DETERMINING MATERIAL ISSUES

To compile this report, the authors conducted the following steps:

Thorough in-depth telephone interviews with customers, suppliers, business associations and charity partners provided context for material aspects. Twenty-five members of staff completed an online survey of six questions to provide further insights. And, Managing Director Kevin Obern gave a one-hour interview.

A further workshop with senior managers enabled the authors to bring potential material topics to the company's attention and to gain feedback on the relative influence of different groups of stakeholders.

Key stakeholders – selected employees, customers, suppliers and partners – were then asked to rate the importance of each material topic. Following analysis of their responses, the authors built a materiality matrix that identified six core material topics.

The six topics outlined in this 2017 report – Our People; OfficeMax in the Community; Dealing with Waste; Freight Efficiency and Delivery; An Ethical Supply Chain; and Serving our Customers – are those that stakeholders identified as being most relevant and important to the sustainability of the OfficeMax business.



OUR PEOPLE

OfficeMax is a people business, from its sourcing experts to its warehouse staff, account managers and senior management. Their relationships with each other and with OfficeMax stakeholders ensure the ongoing success of the business and uphold its reputation for excellence.

In the research undertaken to formulate this report, OfficeMax's emphasis on people, and the importance of people to its business, was reiterated by staff, customers and suppliers. Management has an open-door policy and career advancement is often driven internally. Staff are viewed as skilled, dedicated and open to feedback. Suppliers and customers often comment on the high morale of OfficeMax staff who worked with them, and the flexibility of working arrangements.

"I am constantly impressed with their people management. They are good from the top down. There is respect all the way through."

Supplier

"OfficeMax does everything in its power to look after people."

Staff member

Staff Engagement

OfficeMax conducts an employee engagement survey annually, which is a key driver in ensuring continuous improvement. Engaged employees at OfficeMax are emotionally committed to the organisation and its goals – they deeply care about their work and about OfficeMax, its reputation and performance.

Reviewing the results of 2016 and 2017, engagement remains high among staff, with an improvement in both participation rates and overall engagement. An engagement score of 70% compares very favourably to international benchmarks.

Engagement survey			
	2015	2016	2017
Participation rate	76%	78%	80%
Engagement rate	65%	66%	70%

Employee Satisfaction Improvements

2017 increases over prior year

Overall, I am extremely satisfied with OfficeMax as a place to work

6.8% ↑

I am encouraged to find new and better ways of doing things, to improve on business performance and customer satisfaction

3.9% ↑

Senior leadership are active role models of OfficeMax's desired culture

3.8% ↑

I feel there is a promising future for me at OfficeMax

3.6% ↑

Important changes made at OfficeMax are well communicated by our leadership team

3.1% ↑

I have seen improvements to cross functional collaboration

2.7% ↑

Leadership in my location is genuinely committed to attracting, developing and keeping a diverse workforce

2.3% ↑

Employee Wellness

The years 2015, 2016 and 2017 witnessed an increased emphasis on OfficeMax employee wellness programmes, recognising that being well at work includes fitness of both body and mind.

OfficeMax introduced 'Shift', a programme designed to encourage employees to move, with teams focusing on completing as many walking steps as possible. Employee interest in Shift grew from 282 people in 2015 to 364 in 2016.

In 2017, a new programme, 'Tracksuit-inc®' was launched to give employees personalised access to holistic health resources, activities and goals, including fitness, diet, sleep, social connections and/or team competitions. Participation numbered 327 employees in 2017, far exceeding expectations.

Other wellness highlights:

- Flu vaccines or vouchers were provided to 332 employees in 2017, up from 291 in 2015, reflecting increased awareness
- Through 2016, OfficeMax employed an occupational nurse to help drive employee wellness
- Employees were able to participate in and self-fund evening yoga classes on site
- In 2016 OfficeMax arranged for all employees to be provided with Death in Service Benefit Insurance
- Health and Safety Representatives held monthly meetings to evaluate progress on various initiatives. The meetings ensure OfficeMax meets its legal obligations and embeds our culture of safety, focusing on all aspects of health and wellbeing.

Flexible working

In addition to complying with the legislation around flexible working, OfficeMax recognises that flexibility is required to retain valued and loyal employees. Employees are offered a variety of working arrangements, tailored to individual requirements.

In Auckland, there is a focus on flexible working days, and varying start and finish times to manage long or difficult commutes.

Recognising that it is challenging for new parents to return to the workplace after parental leave, OfficeMax also offers an additional five days' sick leave during the primary caregiver's first year back.

Employment

Internal Promotions

Internal appointments to progress employees' careers play a significant part in OfficeMax's talent management; internal promotions increased from 29 in 2016 to 45 in 2017 reflecting an emphasis on internal training and professional development, and a focus on retaining and nurturing top talent.

In its hiring practices, OfficeMax is an EEO (Equal Opportunities Employment) employer, and actively adheres and promotes this in every aspect of our hiring practices.

Health and Safety

OfficeMax has a fully integrated Health and Safety management system, working towards an accident-free, hazards-controlled and physically and emotionally safe environment.



Each site has at least one nominated Health, Safety & Sustainability Representative (HS&S Rep) who leads our safety and sustainability work programme. The HS&S Rep is the first point of contact for any accidents or incidents.

Health, Safety & Sustainability Representative Responsibilities:

- Assisting, reporting, reviewing, managing accidents and hazards
- Informing, educating and training employees on safety topics
- Inducting new employees
- Contractor and visitor management
- Attending the annual HS&S Rep Conference
- Site waste and recycling audits
- Site power audits
- Implementing legislation and sustainability management systems
- Spill management
- Informing, educating and training employees on sustainability
- Compliance audits.

In the years 2015 and 2016, the HS&S team focused on the critical and compliance elements of safety, and on staff wellness.

Risk Management

OfficeMax has a fully integrated system to proactively identify hazards and risks, which are identified in four ways:

- Employees identifying a risk or hazard
- Health Monitoring – on workplace and individuals
- Accident and Incident reporting
- Environmental Aspects, Health and Safety Hazards & Risk Register.

Health & Safety Incident History

There was a steady decline in reported workplace incidents throughout 2016, reflecting greater adherence to health and safety processes and procedures, and on improving workplace safety culture. OfficeMax finished the year 2016 with four Lost Time Injuries, resulting in 26 days of employee absence. There was one serious harm incident reported.

During 2016, there were seven accepted ACC claims and 11 customer H&S incidents involving products. There were eight formal complaints about driver behaviour involving company cars.

OH&S Audits and Compliance

OfficeMax participates in external audits and has gained certifications for its systems to comply with legislative requirements.

OfficeMax is independently audited by the following organisations:

- Accident Compensation Corporation (ACC), to maintain its Tertiary status under ACC's Workplace Safety Management Practices (WSMP)
- Ministry for Primary Industry, to maintain compliance with food safety requirements
- Environmental Protection Authority (EPA), to maintain requirements under the Hazardous Substances and New Organism Act. All distribution centres are certificated for the management of dangerous goods, test location certificates and stationery certificates
- ISO 14001 for its Environmental Management System
- Landcare Research for the Enviro-Mark® NZ Diamond certification for the Health and Safety Environment (in 2016).

As of 2016, OfficeMax has the tertiary-level ACC certification; however, ACC is decommissioning the tertiary programme. OfficeMax is researching an alternate programme. Discount levies are applied for the next two years (until 2018).

Site H&SS Internal audits

All sites participate in an annual onsite Health, Safety and Sustainability audit conducted by the HS&S Manager & Coordinator. The audit includes a gap analysis around strengths, weaknesses, opportunities and areas of improvement. Employee feedback is also obtained during this audit. Sites must achieve 80 percent to pass the requirement.

In addition, employees complete an online or in-person training programme to review H&S policies and legislation; the programmes are reviewed at least bi-annually.

Legislation Registers - Compliance

OfficeMax has an active register for Environmental Legislation, Council Bylaws, Standards and Relationships with Other Acts Register (Register of Legislation and Other Requirements Plus Compliance Procedures). These are reviewed during each internal audit and annually to ensure compliance.

This section of OfficeMax's Sustainability report references GRI 401, GRI 401 - 2, GRI 403-1 and GRI 403-2.





OFFICEMAX IN THE COMMUNITY

Community giving has been integral to OfficeMax's long history in New Zealand. Its social programmes have evolved from donations to local communities to today's nationwide, multi-million-dollar commitments.

In New Zealand, according to the 2017 Child Poverty Monitor, almost one in five children are going without the basics most Kiwi kids take for granted. OfficeMax's national programmes respond to the urgent need to ensure all New Zealand children have opportunities to grow, learn and explore their potential.

In the last decade, OfficeMax's Max e-Grants and School Rewards programmes and their sponsorship of the 0800 What's Up helpline have helped create better lives for thousands of New Zealand's young people.

OfficeMax is a major provider of stationery and other classroom products to allow teachers and students to do their best work; OfficeMax's focus on giving to children aligns with its expertise in this area.

OfficeMax account managers understand that the families, communities and education providers they are serving are part of a nationwide network that is invaluable in helping to spread the word about opportunities for schools to apply on behalf of children for OfficeMax-supported funding.

Barnardos, New Zealand's largest kids charity, administers the OfficeMax Max e-Grants programme and runs the 0800 What's Up helpline, and has commented that the partnership with OfficeMax goes far beyond simply giving money.

"The staff at OfficeMax are interested and concerned with the welfare of kids. They are very engaged and always looking to do things better. We are incredibly grateful for the funding and for the connection to schools."

Jan Broome, Barnardos



In the seven years to December 2017, 13,094 disadvantaged New Zealand children have had their lives changed for the better thanks to OfficeMax's Max e-Grants programme. Developed in conjunction with Barnardos, Max e-Grants provides grants of up to \$5,000 per child for basics such as uniforms, stationery and school trips.

In addition to giving children opportunities, the grants also prevent them from feeling isolated or left out of activities due to social or economic disadvantage.

OfficeMax has donated **\$755,000** in Max e-Grants as of December 1 2017, in partnership with 11 preferred suppliers.



Education Sponsorship & Business Partnerships

OfficeMax also supports businesses and organisations that contribute to the education community, including the following:

- Aotearoa New Zealand Association of Art Educators (Art Teacher's Conference)
- Association of Integrated Schools, New Zealand (Silver Sponsor)
- Early Childhood Council (Business Partner)
- Independent Schools of New Zealand (Silver Sponsor)
- National Association of Secondary Deputy & Assistant Principals (Bronze Sponsor)
- National Association Principals of Catholic Secondary Schools (Sponsor)
- New Zealand Area Schools Association
- New Zealand Association for the Teaching of English (English Teachers Conference)
- New Zealand Association of Maths Teachers (Maths Teachers Conference)
- New Zealand Catholic Educations Office Ltd (Sponsor)
- New Zealand Catholic Primary Principals' Association (Bronze Sponsor)
- New Zealand Kindergartens Inc.
- New Zealand Principals' Federation (Gold Sponsor Business Partner)
- New Zealand Social Sciences Conference
- Regional Principals Association (from Northland to Southland)
- School Executive Officers (Gold Sponsor)
- Secondary Principals' Association of New Zealand (Silver Sponsor).





Proudly
brought
to you by
Barnardos



OfficeMax is an official sponsor of 0800 What's Up, a free counselling helpline and web-chat service for kids to talk confidentially to trained counsellors. The service has been helping young people across New Zealand for the past 12 years and is the first in New Zealand to offer an online chat service.

The service takes approximately 50,000 calls per year from children as young as 5-years-old who need a safe place to talk confidentially.

Also facilitated by Barnardos, 0800 What's Up is available 7 days a week, 365 days a year, from 1pm - 10pm Monday to Friday, and from 3pm - 10pm on Saturdays and Sundays.

In 2016, OfficeMax developed a colour-me-in bag to raise awareness of 0800 What's Up.

\$5

of each sale is given to Barnardos. To date, OfficeMax sold 3,000 bags and raised more than \$15,000.



School Rewards enables parents who shop online or in-store for student supplies through OfficeMax MySchool to nominate a school to receive a financial credit. Schools benefit from these rewards as they often use the additional funding for technology and new furniture, as well as sporting equipment and other teaching resources.

Since the programme began 11 years ago, OfficeMax has given \$4 million to schools. In the 2016/17 Back to School season alone, more than \$713,000 was donated and used by schools for resources or improving facilities.

62% of all
parents
surveyed*

said that School Rewards were important when choosing a retailer for their Back to School purchases

(*OfficeMax Back to School Survey, February 2017)



This section of OfficeMax's Sustainability report references GRI 201-1 and GRI 203-2.



DEALING WITH WASTE

As an organisation that imports, sorts, unpacks, re-packs and distributes thousands of products per day, reducing waste is a critical sustainability focus for OfficeMax.

Becoming waste efficient has been a goal of OfficeMax for many years. In 2014, the company achieved a reduction of waste to landfill by 9 percent and increased recycling by 11 percent. While waste reduction continued in 2015 and 2016, data is not available for those years. Waste data collection resumed in full in 2017, when OfficeMax successfully diverted 8.9 percent of waste away from landfill.

OfficeMax works with its internal champions and service providers to understand its consumption through regular waste audits. It also works with Waste Management to measure waste generation and to educate staff to understand the various types of recycling available to them.

In its warehouses, OfficeMax's waste primarily consists of packaging materials, especially plastic wrap and cardboard. Packaging is also a major component of waste in stores, whereas the OfficeMax administrative offices are focused on reducing food and power wastage.



"Waste to landfill is a major focus for us. It is handled well with the audits and the extra resources we have that enable recycling."

Staff member

Warehouse Waste Management

OfficeMax recycles more than 269 tons of cardboard every year. OfficeMax uses compactors and bailers for efficient recycling of cardboard and plastic.

Warehouse staff recycle plastic including strapping, and void fill from suppliers, along with bubble wrap and air pillows.

Where possible, retail teams reuse packaging from distribution centres for customers' packaging and deliveries. Chair dust covers are also routinely reused, where possible.

For general warehouse waste, OfficeMax employs 'on call' waste management services, so that bins are only collected when they are full, reducing fuel consumption and emissions.

OfficeMax's waste contractor could not provide accurate data in 2015 and 2016 for waste-to-landfill diversions. Robust and accurate systems are now in place with measurement, education and waste audits being conducted.

In 2017, OfficeMax set a target to reduce waste to landfill by



The final result
8.9%
DIVERSION
Surpassed all expectations!

Energy consumption

In 2010, OfficeMax launched 'Hit it off or leave it on', a programme that guides employees to make easy changes to save energy, such as turning off lights in meeting rooms after use; OfficeMax introduces new initiatives annually to keep the programme evolving. In 2017 a pilot project began whereby sensors automatically turn off lights when rooms are empty.

In 2016, OfficeMax partnered with Energy Solution Providers, Ltd. (ESP) to reduce energy consumption at Highbrook, OfficeMax's largest facility, where 450-people work. In 2017, OfficeMax set a target of 15 percent reduction on baseline against 2016 energy usage; by the close of the year, consumption was down by 12 percent.

To enhance accuracy of power consumption measurement, in 2017, smart meters were installed at 14 OfficeMax locations, adding to the three meters already in place; a further two are scheduled for installation in 2018. Sites receive a monthly report on energy efficiency progress and managers revise their plans accordingly.

The Auckland-Highbrook distribution centre, engaged in an energy efficiency lighting project, and replaced existing lighting with LED lighting. The new lighting system dims to 15 percent power when there is no movement in the immediate vicinity and has saved energy without compromising visibility in the required spaces.



OfficeMax's fleet of moving machinery, such as forklifts and high reach vehicles, are monitored for emission compliance and output. To assist in reducing its environmental impact, in 2017 OfficeMax replaced an LPG forklift with an electric forklift. The expectation is to continue to move to more electric vehicles in 2018.

Food scraps

In 2017, OfficeMax examined its waste systems and began composting food waste from its Highbrook cafeteria, which serves up to 200 people per day and the site tenants 450 employees.

Rubbish bins

OfficeMax reduced the size of its waste bins from 240 litres to 120 litres, which encourages employees to increase recycling and reduce waste to landfill.

Installers

OfficeMax worked with its third-party installers – people that work with customers to install furniture – to develop a generic job safety analysis process for use while on customers' sites. The job safety analysis includes guidelines for managing waste, including recycling of materials, and reducing waste to landfill. It guides the installer to follow good recycling and health and safety practices.

This section of OfficeMax's Sustainability report references GRI 306 - 2 and GRI 203-2.



From the top of the North Island to the bottom of the South Island, OfficeMax's 140-vehicle fleet services thousands of customers every day. Its sales and account managers are renowned for understanding customer needs, and their dedication to customer service sees the fleet travelling up to 25,000 km every year.

Mobile sales people have for years been part of a fuel and emissions reduction programme that has seen fuel use drop by 20,664 litres since 2016. And, since 2014, OfficeMax's own fleet has run on Bridgestone's Ecopia tyres, the world's first carboNZero tyres. The company has implemented a focused driver safety behaviour programme designed to monitor and understand fuel consumption and improve driver behaviour with the aim to reduce consumption for 2017.

Also in 2014, OfficeMax joined a number of other Sustainable Business Council members in developing national guidelines for freight companies that included environmental, social and economic requirements. These are now integrated into OfficeMax's RFP and tender processes.

OfficeMax is also known for its extensive delivery network, which means even the most rural customers receive their orders quickly. OfficeMax organises delivery through its partners CourierPost and Daily Freight, and has worked with both companies to optimise their delivery routes in order to reduce fuel consumption.

"We are in the middle of nowhere and have lots of issues with deliveries and companies that won't come out. OfficeMax will drop everything and come and bring stuff to us. It makes a massive difference."

SME customer

In 2018, OfficeMax is introducing four electric vehicles that will be engaged for short runs within the Auckland region; the cars will be used by customer coordinators who refill customers' stationery cupboards when they run low. The cars will charge at the Highbrook site each evening.



“Julie won our Packaging Council inaugural employee of the year award for environmental packaging. They built sustainability into their new site and processes.”

Partner

Fuel consumption

OfficeMax has been focusing on fuel consumption for a number of years. It is a challenging project and it wasn't until 2016 that we successfully delivered meaningful reports and data.

With approximately 140 drivers on the road during the working week, OfficeMax recognised an opportunity to reduce fuel consumption and emissions through educating and encouraging different driver behaviour.

Account and sales managers are taught to reduce idling, which consumes an average of two litres of fuel an hour; reduce speed (as a reduction of just 8km/hr can typically result in fuel savings of 10 to 15 percent); and improve transitions between accelerating and braking.

OfficeMax aimed for a 3 percent reduction in fuel consumption in 2016 and achieved a 4.5 percent saving. The goal for 2018 is a further 1 percent reduction.

Sustainable procurement guidelines

The business sector – including all transport of freight – accounts for almost one third of total transport emissions in New Zealand.

According to the Sustainable Business Council, road freight recorded the highest emissions profile in 2014, at 106 (g-Co₂-eq/t-km freight), followed by coastal shipping, at 69, and rail, at 36.

That same year, OfficeMax joined with other major New Zealand companies such as Auckland Airport, KiwiRail, NZ Post Group and Toyota New Zealand to formulate sustainable procurement practices for freight.

The SBC Freight Efficiency Guidelines seek to shift industry away from choices made on the basis of a 'lowest transportation cost' model, to mutually beneficial outcomes linked to improved health and safety, driver wellbeing, better economic and environmental performance, reduced emissions, and a more resilient sector.

The resulting guidelines cover procurement planning, customer considerations, sustainable procurement outcomes, sustainability credentials, discussions with current and potential providers, and formalised line items in the RFP/tender process.

OfficeMax is adopting the concepts from the document by working with its business transport carriers on SAFED NZ driver training and exploring alternative shipping methods to reduce carbon impact.

Modified warehouse management system

With many millions of products moving through its warehouses, including food, cleaning products, dangerous goods and appliances, OfficeMax must ensure it meets its legislative requirements, in particular, transport guidelines and regulations.

In 2017, OfficeMax updated its warehouse management system to recognise that if a customer ordered non-food items, those items could be packaged with a liquid. This new system not only meets customer safety standards, but reduces packaging waste and increases freight efficiency.

Void fill

Void fill refers to the filling of a box with packing materials to ensure the carton maintains its integrity and the process of transportation doesn't damage the enclosed product.

Successful delivery of products is vital for OfficeMax, which processes thousands of orders per day. Returns of damaged stock and resending of products can incur significant environmental impact.

In 2016, OfficeMax changed its void fill solution from recycled paper to AirPlus Air Pillows, which provide benefits to OfficeMax and to its customers. These include the following:

- Improved protection to the product
- Greater carton integrity
- Waste reduction: the product reduces waste, can be reused or recycled, and is made of renewable raw material
- Air Pillows, once popped, can also be collected through OfficeMax's delivery partner, Courier Post.

In 2016, the percentage of stock returned as damaged and resent by OfficeMax reduced by 4 percent.

OfficeMax also introduced a greater variety of carton sizes, which means less void fill and a reduced number of cartons. Automation enables selection of the most appropriate (smallest) carton for each order.

This section of OfficeMax's Sustainability report references GRI 302-1 and 302-4.

AN ETHICAL SUPPLY CHAIN



The story of any OfficeMax product is told through people and places, from New Zealand-manufactured goods to those originating from Brazil, China and further afield. Its range of 18,000 stocked products fall into 47 categories, from own-brand products, such as pens, filing systems, cleaning products and desk sets, to NZ Made products such as office furniture, to international brands ranging from coffee to whiteboards, high visibility safety wear to sunscreen.

OfficeMax chooses to work with suppliers and manufacturers that are committed to sustainability, and has put in place tangible and practical mechanisms to ensure alignment.

Supplier contracts

Understanding that its customers, staff and other stakeholders care deeply about the social and environmental footprint of its products, OfficeMax has in place contracts and standards that ensure suppliers share its values. Every supplier contract contains significant detail on worker conditions, rights, pay and environmental outputs related to its product or products.

"It's important for us (as a supplier) to align with customers that are aligning to sustainability programmes."

Supplier, international brands



OfficeMax own-brand products

For OfficeMax own-brand products, a comprehensive manufacturer's agreement includes audits that are completed on the life cycle of products, with checks including manufacturing processes, packaging, labelling and end-of-life options. The majority of OfficeMax's own-brand products are sourced from China and Brazil.



In addition to its expert sourcing staff based in New Zealand, OfficeMax utilises Office Depot's 80-person sourcing team, based in Shenzhen, China, to create, assess and approve contracts with its manufacturers.

To audit its Asian suppliers, OfficeMax employs SGS, the world's leading inspection, verification, testing and certification company. SGS provides world-leading audit services, and examines all practices, policies and working conditions related to the staff of existing and potential manufacturers.

Each manufacturer is thoroughly assessed and scored on health and safety, housing, working hours, ethics, freedom of association and remuneration.

Auditors look for compliance to national and other applicable laws. Reference is made to International Standard SA8000, the International Labour Organization Convention, and other international instruments on which SA8000 is based.

OfficeMax warns suppliers and manufacturers that do not conform to standards, and factory managers must correct any critical violations immediately. OfficeMax then engages in face-to-face meetings to explore expectations and values, and to help the manufacturer improve their overall score.

In some cases, OfficeMax staff have become mentors to help manufacturers improve and drive their own sustainability programmes.

Manufacturers that cannot or will not conform or provide proof of improvement are no longer able to supply to OfficeMax.

- In the years 2015, 2016 and 2017, OfficeMax affiliates conducted audits on 233 suppliers and 112 factories.
- Of those audited, 13 had Zero Tolerance-level violations, meaning concerns were such that the suppliers could be indefinitely suspended
- Of the 13, six were retained after the suppliers agreed to work through the issue with OfficeMax
- Seven were exited from the supply chain (they no longer produce or supply goods to OfficeMax).

"All of the furniture we supply to OfficeMax is certified in some way as sustainable. I think that is important to them."

New Zealand supplier

Other brands

More than 80 percent of OfficeMax products are supplied through third-party sourcing and distributing companies, rather than being manufactured specifically for OfficeMax.

While OfficeMax cannot audit and verify each of the approximately 16,700 products that are supplied by other companies, OfficeMax chooses to work with New Zealand-based manufacturers and global brands, such as 3M, that are already known to have high ethical and environmental standards.

OfficeMax assesses the sourcing company's reputation, standards and values, in addition to requiring a supplier contract. New Zealand-owned companies are required to complete a self-assessment and show evidence to back up their claims.

Legal compliance

OfficeMax has an active directory of Environmental Legislation, Council Bylaws, Standards and Relationships with Other Acts Register (Register of Legislation and Other Requirements plus Compliance Procedures), which lists all the legalisation, bylaws, product compliance (standards) that the business needs to meet.

This is audited annually and reviewed by the senior leader and business owner for compliance of procedures.

This section of OfficeMax's Sustainability report references GRI 308-1 and GRI 308-2.



SERVING OUR CUSTOMERS

The sustainability of the OfficeMax business is dependent on its relationships with its customers: businesses, government departments, schools and individuals – located throughout New Zealand.

In the last two decades, OfficeMax has expanded its range from stationery, office products and education supplies to include a wide variety of categories and adjacent services, such as furniture, technology, packaging, safety, café essentials, cleaning products and cleaning services.

Research reveals that customers feel that OfficeMax staff often go the extra mile to ensure that products make it to any corner of New Zealand. If an item is not available, genuine efforts are made by staff to source and provide alternative products. This is a significant task given the extensive sourcing processes and procedures the OfficeMax team undertakes to ensure the social and environmental compliance of its products.

Services and Delivery

OfficeMax has 16 stores from Whangarei to Invercargill and offers next-day delivery to most of New Zealand. In addition, its account managers provide services to customers in the form of telephone calls or personal visits.

Carbon Emissions Calculator

In 2015, OfficeMax introduced a carbonZero Compatible Freight Carbon Emissions Calculator for customers to use to track freight carbon emissions from orders.

OfficeMax is the first office products supplier in New Zealand with this tool; using the tool, customers can accurately predict carbon monoxide emissions associated with each order.

Products and Offerings

One of OfficeMax's most successful innovations is the introduction of its Specialised Helpdesk. This is a phone, email and online service that enables customers to give feedback and to request advice on products. The Helpdesk has led to the introduction of popular services and products such as fruit boxes, milk for offices, and cleaning services.

“To be our supplier, OfficeMax has to have a substantial product list. Response and accuracy are also vitally important, and they very seldom make a mistake. Their rep knows his stuff and is in regular contact.”

Large customer

"When we are choosing a supplier we look for an alignment of values. We are always conscious of cost, of course. But we are also interested in whether they are a good corporate citizen."

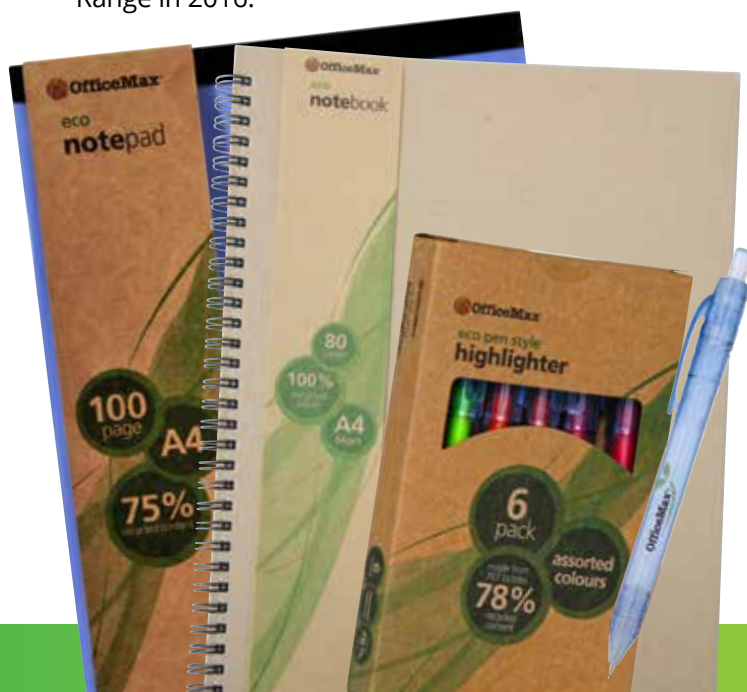
Small customer

Recycling services for customers

OfficeMax partners with Croxley Recycling, which operates a nationwide collection service through its Recycling Collection Box. When customers have filled the box with empty toner and inkjet cartridges, Croxley Recycling will collect the box free-of-charge. Copiers, printers and other office machines from selected manufacturers can also now be recycled.

EcoMax range

Recognising that there are no universally accepted standards or measures for what constitutes an environmentally preferred product, OfficeMax developed its own criteria for its 'EcoMax Range'. OfficeMax EcoMax range products must have a minimum of 30 percent recycled content, and/or be made from recyclable plastics, and feature one or more environmental labels. These products are highlighted in green in the OfficeMax catalogues. There were 1728 products available in the EcoMax Range in 2016.



To ensure customers are well informed of products' environmental and social footprints, OfficeMax investigates accreditations during the procurement phase and assigns labels, such as 'Fairtrade Certified' or 'Forest Stewardship Council® (FSC®)' where a product meets a standard. Catalogues contain information on more than 13 social and environmental accreditations.

Technical Upgrades

In 2017, to help OfficeMax better understand its customers, a new CRM system was implemented to streamline and standardise customers' information. All sales managers were upgraded to laptops for remote working to allow for more face time with customers.

Customer Feedback

In late 2017, OfficeMax introduced Net Promoter Score (NPS), a metric designed to measure customer satisfaction. NPS gains customer insights that enable OfficeMax to continually improve its customer experience.



Website

To provide a more seamless customer experience, in 2016, OfficeMax re-launched officemax.co.nz, combining its officemax.co.nz (corporate website) and ordermax.co.nz (ordering website) into a single enhanced customer website. In 2017, visitor numbers were up 12 percent, year-on-year.

This section of OfficeMax's Sustainability report references GRI 404-2.

ENVIRONMENTAL LABELS



Blue Angel. One of the oldest Type 1 ecolabels* in the world and known for its high standards.



Carbon Neutral. The Carbon Neutral Product (CNP) trademark gives you confidence in the carbon neutrality of the product and that you are adding no further Greenhouse Gas Emissions (GHG) to our atmosphere. A comprehensive Life Cycle Analysis (LCA) is performed under ISO 14040 capturing all Greenhouse Gas Emissions (GHG) from 'Cradle to Grave'. Verified Carbon Offsets are purchased to negate the climate change impact of this product. Go to OfficeMax Disclosure Website (officemax.lowco2.com.au) for further details. For full details of the NoCO2 Program and CNP trademark visit noco2.com.au



Environmental Choice New Zealand. New Zealand's national Type 1 ecolabel*. It is owned by the New Zealand Government and run independently by the New Zealand Ecolabelling Trust. Products carrying the Environmental Choice logo have been independently audited to meet published specifications which require reduction of a range of environmental impacts over the product life cycle (enviro-choice.org.nz).



EU Ecolabel. The European Ecolabel is a Type 1* ecolabel for the European Commission member countries, and distinguishes products that meet high standards of both performance and environmental quality.



Fairtrade Certified. When a product carries the FAIRTRADE Mark it means the farmers, workers and traders have met Fairtrade Standards designed to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade. Fairtrade is the only ethical certification that ensures farmers receive a fair price plus additional investment toward community improvements such as schools, hospitals and farming practices.



Forest Stewardship Council® (FSC®). The Forest Stewardship Council® (FSC®) is an international non-profit organisation committed to responsible forest management through rigorous standard setting. FSC® certification ensures environmentally appropriate, socially beneficial and economically viable management of the world's forests.



Nordic Swan. This is a Scandinavian Type 1 ecolabel*. The certification sets stringent environmental standards focused on limiting the detrimental impact of the manufacturing process by reducing emissions, raw material usage and energy consumption.



Programme for the Endorsement of Forest Certification (PEFC). Certification that assures buyers that the wood and paper products they are purchasing come from forests that comply with in-country sustainable forestry standards approved by an international body.



Rainforest Alliance. An independent seal of approval which ensures that goods and services were produced in compliance with strict guidelines protecting the environment, wildlife, workers and local communities.



Recyclable. This icon indicates products (or packaging) that can currently be recycled in New Zealand. IMPORTANT NOTE: Please check with your local authority, as the ability to handle or recycle product may vary from region to region.



UTZ Certified. A worldwide sustainability programme that gives independent assurance of responsible production and sourcing, enabling everyone in the coffee chain to demonstrate their commitment to making the coffee sector more sustainable.



World Fair Trade Organisation (WFTO). This is a global membership-based organisation for entities committed to best practice in fair trade, rather than a product-based ecolabel. Display of the logo indicates that the WFTO code of practice and key principles are followed by the company providing the product. For more information see wfto.com



% Recycled Content. Indicates the percentage of recycled waste used in the manufacturing of a product.

*These ecolabels are administered to conform with the international ISO 14024 standard. The requirements of this standard include: independent audits; public and industry consultation; public availability of product specifications; and attention to means of reducing significant impact areas for a product group over its whole life cycle. These ecolabels indicate that products carrying them are more environmentally sustainable over a range of impact areas than other products of the same type which cannot be shown to meet equivalent standards.

OFFICEMAX AND SUSTAINABILITY OUR TIMELINE



2016

OfficeMax introduced AirPlus Air Pillows and a wider variety of cartons to increase packaging efficiency and effectiveness, and reduce waste



2014

Packaging Buyer, Bruce Campbell, was nominated into the executive committee of the Packaging Council of New Zealand as a representative of Distribution & Sales for Wholesale



2012

OfficeMax was named one of the 'World's Most Ethical Companies' by the Ethisphere Institute and our Director of Merchandise, Richard Meares, was nominated into the executive committee of the Packaging Council of New Zealand as a representative of Distribution & Sales for Wholesale



2010

We initiated a fleet car replacement programme and promoted video conferencing between NZ and Australia offices as well as locally to minimise fuel emissions; we reduced trans-Tasman flights by two-thirds. Our 'Power Savers' programme reduced energy consumption by 5% and landfill programmes reduced landfill waste by 10%



2009

Health, Safety & Sustainability Manager, Julie Roberts, won Employee of the Year in the Sustainability category at the annual Packaging Council Awards. OfficeMax was presented the Manukau Business Excellence Award in both the Sustainability category and the Health & Safety category



2007

We received an Enviro-Mark® NZ Gold certification for our three main operations. This was upgraded to Enviro-Mark® NZ Diamond across our entire organisation in 2009



2004

We joined the Packaging Council of New Zealand, which promotes a whole-of-life approach to balancing environmental, health and safety impacts/outcomes and economics throughout a product's lifecycle

2017

In the seven years to December 2017, 13,094 disadvantaged New Zealand children and their families have had their lives changed for the better thanks to OfficeMax's Max e-Grants, which provides a grant of up to \$5,000 per child for basics such as uniforms, stationery and school trips



2015

OfficeMax introduced a carboNZero Compatible Freight Carbon Emissions Calculator for customers to use to track freight carbon emissions from orders



2013

OfficeMax joined the Sustainable Business Council (SBC), which is a group of CEO-led companies that have a leading role in creating a sustainable future for business, society and the environment. We were named one of the 'World's Most Ethical Companies' by the Ethisphere Institute for the second year in a row



2011

We gained ISO 14001 accreditation, which we still hold



2009

Our Promise Tree Project was launched amongst three South Auckland schools, teaching Year 5 students ways to cultivate a clean and green future



2008

We expanded our range of Fair Trade products and launched 'Paper Pig' reusable cardboard recycling trays. For every tray purchased, we donate a percentage of the sales to CCS Disability Action



2005

We introduced our EcoMax Range of nearly 800 products with environmental credentials, including descriptions agreed upon by the Ministry for the Environment



2001

We formalised our Health, Safety & Environment work programme and assigned representatives to encourage these initiatives





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