

OFFICEMAX NEW ZEALAND

2018 SUSTAINABILITY REPORT



We're putting a stake in the ground

This is our second 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, 2018 to December 31, 2018.

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

About OfficeMax New Zealand

OfficeMax New Zealand Ltd. is owned by Platinum Equity, a US based firm with a global portfolio of companies across diverse industries.

We trace our 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.

In New Zealand, OfficeMax operates from more than 19 locations offering 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.

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





Contents

- About OfficeMax New Zealand 2
- Message from our MD 4
- MATERIAL ISSUES**
- What's important to us 5
- How we've made a difference in 2018 6
- We couldn't do it without our people 8
- Caring for our community 12
- Putting our customers first 14
- Keeping our supply chain ethical 19
- Managing freight efficiently 22
- Waging a war on waste 24
- OUR SUSTAINABILITY TIMELINE**
- Moving forward every year 27



Message from our MD

Kia ora and welcome

Our headway with sustainability is one of the things I am most proud of this year – after more than a decade of hard work we are building tangible momentum with customers, suppliers and, of course, our own dedicated team of eco-warriors. It's making a real difference to the way we approach every business decision.

Our ownership change to Platinum Equity, has further enabled our progress as we continue to improve our systems and processes driven by our Kiwi values and long history of serving New Zealanders.

In terms of economic sustainability, our strategy to offer a broader range of categories such as safety, cleaning, hygiene and technology has led to strong sales growth and a more complete product range to our customers.

Purchasing Waiwhetu Distributors, a Wellington-based supplier to cleaning companies, has further allowed us to extend our product range. Everything from highly efficient vacuum cleaners and floor scrubbers, to automated dispensers that help customers reduce chemical use. Along the way, we have also been able to improve the health, safety, and efficiency of Waiwhetu's own operations.

As a nationwide provider of business consumables, we have our finger on the pulse of New Zealand when it comes to sustainability and this year customers have been especially focussed on reducing plastics.

In response to this and to make this goal achievable, our retail stores have done away with single-use plastic bags, we've reduced the packaging required for some products and we're exploring opportunities for further improvements in 2019.

To help our customers recycle e-waste such as computers and printers, we've introduced the TechCollect recycling service. Unwanted, end-of-life items can simply be dropped at one of our OfficeMax retail stores and for corporate organisations, we collect larger volumes directly, across the country.

This year our first four electric vehicles (EV's) took to Auckland roads and we are now exploring other opportunities for EV use. We also added a new GPS tool to assist driver safety and manage fuel consumption through better driver behaviour.

Community involvement right across the country is a core value for us. In 2018, we gave back more than \$817,000 through our School Rewards programme (totalling more than \$4.8 million over the past 12 years). This funding has been used by schools to give young Kiwis access to technology, furniture, sporting equipment and other teaching resources vital to their education.

When CEO of Barnardos, Jeff Sanders, visited OfficeMax this year, he talked about the difference we're making to individual children through our ongoing sponsorship of Max e-Grants and the 0800 What's Up helpline. His presentation struck a chord with me as I grew up in a family that was not materially wealthy, so I know how it feels to go without. My Dad was an immigrant to New Zealand on an assisted scheme to be a farm labourer.

“

Without realising it the 'Reduce, Re-use, Recycle' ethos was built into our daily lives.

”

The local supermarket brought bruised fruit and veges as well as out of date bread and cakes to the farm for the pigs. We would sort through it, cutting out the bad bits and using the rest. Mum bottled the things she could, making chutney's and sauces and pretty much everything else came from our own vege garden. Clothes were patched and darned to make them last longer and toys were handed down amongst family and friends. This was my first lesson in sustainability – it has never left me!

So, I'm extremely proud of OfficeMax and our ongoing commitment to Kiwi kids.

With ongoing progress in our sustainability journey, we are frequently being asked to share our experiences and our expertise. Both existing and potential customers include sustainability in their tender documents and we've seen an increase in interest from customers and suppliers who want to learn how to create, implement, and manage their own sustainability programmes.

Our people remain the most vital and valued part of OfficeMax. I am constantly impressed by their determination to find the best solutions to drive improved customer experience and satisfaction.

They care about sustainability. They are creative and passionate. I am very grateful for their ongoing support.

Regards

Kevin Obern



MATERIAL ISSUES

What's important to us

The six topics outlined in this 2018 report are those that stakeholders identified in 2017 as being most relevant and important to the sustainability of the OfficeMax business.

- 1 We couldn't do it without our people
- 2 Caring for our community
- 3 Putting our customers first
- 4 Keeping our supply chain ethical
- 5 Managing freight efficiently
- 6 Waging a war on waste

“

We're chasing that magical 1%.

With TechCollect and Croxley Recycling, less than 1% of your old printer is ending up in landfill.

”

EMPLOYEE

How we've made a difference in 2018

- > Introduced TechCollect, New Zealand's first free dedicated e-waste recycling service, hosted at OfficeMax retail stores across the country. TechCollect gives households and small businesses a recycling option for out-of-date and unused office technology products such as computers, tablets, mice, keyboards and more.
- > Invested more than \$872,000 in Max e-Grants as of December 2018, helping more than 14,000 kiwi kids (working in partnership with 11 preferred suppliers). Max e-Grants provides grants of up to \$5,000 per child for basics such as uniforms, stationery and school trips.
- > Gave back more than \$817,000 through our School Rewards programme, bringing our total School Rewards giving to more than \$4.8 million.
- > Introduced four electric cars to the fleet and a new GPS system to better understand driver behaviour. Both initiatives will contribute to a lower emissions profile for OfficeMax.
- > Reported a steady increase and sustained increase in employee engagement and participation rates.
- > Developed a mental health programme as part of our broader wellness initiative.
- > Julie Roberts, our Health, Safety and Sustainability Manager, played a pivotal role in winning major contracts as sustainability continues to gain in importance for our customers.
- > Purchased Waiwhetu Distributors, a Wellington-based business that supplies cleaning products and machinery. The acquisition expands our range of cleaning machinery and has contributed to a 30% increase in sales in this category.
- > For our own-brand OfficeMax products, we updated our stringent sustainability audits to be more focussed on sustainability and product life cycle considerations.





“

The people who are involved in our contract really want it to succeed. They will do anything to make it work.

”

CUSTOMER

“

I think they're a fantastic people organisation. They have had similar leadership for a long time. The staff are engaged and you can feel that when you walk into their premises.

”

SUPPLIER



We couldn't do it without our people

They're at the heart of OfficeMax. Our 700+ employees serve customers from Northland to Southland, ensuring customers receive a friendly and efficient service.

In research for this report, customers, suppliers and employees reiterated the importance of OfficeMax's people to our business and praised our supportive and respectful working culture.

Our employees have stood beside us through the change of ownership of the OfficeMax business, remaining resolute and engaged. In fact, many ideas for sustainability improvements implemented across our business have come from them.

Staying engaged

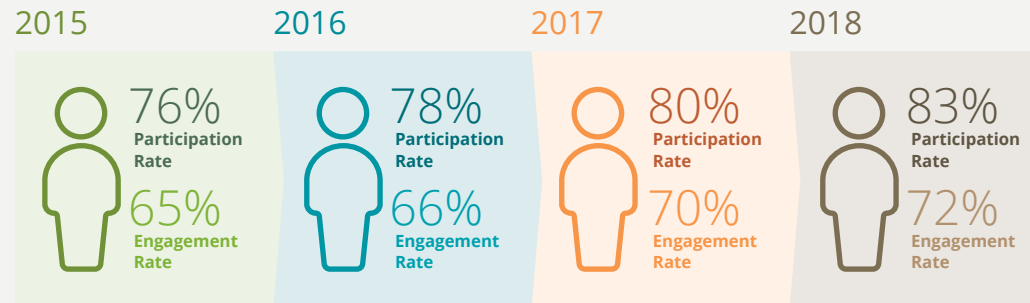
We conduct an employee engagement survey annually to measure how employees are feeling about OfficeMax as a place of work.

Engaged employees are committed to OfficeMax and its goals, and care deeply about its reputation and performance.

The commitment and hard work of our Human Resources team is demonstrated through an increase in employee participation in the survey.



An engagement score of 72% compares very favourably to international benchmarks.



"Leaders in our organisation allow opportunities for learning and development. Team members create a warm working environment. There is a desire to be the best we can for our customers."

"OfficeMax is an inclusive, diverse, caring organisation with a pleasant culture and friendly collaborative people."

"I work with good people in my department, who are practically now my family."

"A fantastic culture of hard working and driven people all striving for the same goal. OfficeMax also has a fabulous family feel and this comes from the Executive Leadership Team and is endorsed by the managers."

"I am treated with respect and there is a friendly atmosphere."



The year's highlights:

- > Flu vaccines or vouchers were provided to 354 employees in 2018, up from 332 in 2017.
- > Employees were able to participate in and self-fund evening yoga classes on site.
- > All employees have Death in Service Benefit Insurance.
- > Health and Safety Representatives hold monthly meetings to evaluate progress on various initiatives. The meetings ensure OfficeMax meets its legal obligations and embeds a culture of safety, focusing on all aspects of health and wellbeing.
- > Sponsored participation in Rotary Walk/Run for 28 entrants.

Wellness for all

Our Tracksuit-Inc® wellness initiative grew from 327 employee participation in 2017 to 491 in 2018.

Tracksuit-Inc® gives our employees personalised access to holistic health resources, activities and goals, including fitness, diet, sleep, social connections and/or team competitions.



Keeping our people safe

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

Each site (19 in total) has a nominated Health, Safety & Sustainability (HSS) Representative who leads OfficeMax's safety and sustainability work programme. During our annual HSS Representative conference, we award our HSS Representative of the Year

and Highly Commended awards for outstanding leadership in health, safety and sustainability.

- > Highly Commended HSS Representative – Corey Murphy from our Highbrook Distribution Centre.
- > HSS Representative of the Year – Jill de Lacey from our Hickory Place Christchurch office.

In 2018, the HSS team focused on reducing waste, and improving safety and staff wellness.

As part of its wellness initiative, the team developed a mental health programme, with the aim of creating a culture of acceptance and helpfulness.

Partnering with St John New Zealand, we supported 120 managers as they initiated conversations around mental health with their team. We also provided advice so that managers would know what to do if an employee needed help.

During our annual Health, Safety and Sustainability Week, we held lunchbox talks with experts from 0800 What's Up, the Barnardos helpline for young people that OfficeMax sponsors, to help our employees talk with children about mental health issues.

Managing risk better

OfficeMax has a fully integrated system to proactively identify hazards and risks in the workplace.

We conduct annual health monitoring, to monitor employees for exposure to health hazards. Employees can raise hazards through our 'Find It Fix It' form or when an accident or incident has occurred. We also conduct regular reviews and monitor critical hazards and environmental issues in our Health and Safety Hazards & Risk Register.

Site HSS Internal audits

All of our sites participate in an annual onsite Health, Safety and Sustainability audit conducted by the HSS Manager & Coordinator.

The audit includes a gap analysis around strengths, weaknesses, opportunities and areas of improvement. We also request employee feedback. 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.

Audits and Compliance

We participate in external audits and have gained certifications for our systems to comply with legislative requirements.

OfficeMax is independently audited by the following organisations:

- > AS/NZS 4801 Health and Safety
- > 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
- > ISO14001 for its Environmental Management System

We've reduced the number of workplace incidents

The Health, Safety and Sustainability team made a concerted effort in 2018 to make trainings for employee's fun, engaging and creative. As a result, there was a decline in reported workplace incidents in 2018.

We recorded two Lost Time Injuries in 2018, resulting in 14 days of employee absence. During 2018, there were 23 accepted ACC claims and five customer H&S incidents involving products.

There were four formal complaints about driver behaviour involving company cars; this is a 50% reduction from 2017, showing that the new GPS safety monitoring system is making a positive difference.

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



Marilyn Vickery

**Retail Manager
OfficeMax, Christchurch**

My job is to make every customer happy who walks in our door.

When it comes to sustainability, we move forward really quickly. We continue to look at ways we can improve.

Mine's been a great experience – everybody here is open and willing to discuss issues. We continue to give good feedback internally and reduce our waste.

The big thing for us in terms of sustainability is: what will that product do to the environment?

Anything we can direct away from waste to landfill is good. We are focused on these areas because we have goals and targets, and we want to hit those targets. We have moved away from plastic bags and that's exciting. As a business we want to hit the targets that show we are doing our bit to improve the environment.



Caring for our community

“

We really value our relationship with OfficeMax.

They make such a large contribution via supporting Max e-Grants and 0800 What's Up that the lives of many children in need are changed for the better every single day.

”

JAN BROOME, BARNARDOS

The year 2018 saw growing national sentiment focused on child wellbeing. It's an issue we know well: for more than a decade, OfficeMax has played a part in improving the lives of young New Zealanders who are 'doing it tough'.

In the last decade, OfficeMax's support of Max e-Grants, in partnership with Barnardos, has improved the lives of thousands of children who are going without the basics.

Barnardos is also the facilitator of the 0800 What's Up helpline, which we fund. This service gives kids a person to talk to when they have nowhere else to turn.

Our School Rewards programme provides much needed funds for schools all over New Zealand and aligns directly to the education channel of our business. It's also another way we can help Kiwi kids – and their teachers – thrive.

0800 What's Up

We are an official sponsor of 0800 What's Up, a free phone counselling helpline and web-chat service for kids to talk confidentially to trained counsellors.

Facilitated by Barnardos, 0800 What's Up takes approximately 30,000 calls per year from children as young as 5-years-old. The service has been helping young people across New Zealand for the past 13 years.

0800 What's Up is available 7 days a week, 365 days a year, from 12pm to 11pm (and 3pm to 10pm for the online chat service).

In 2016, OfficeMax developed a colour-me-in bag to raise awareness of 0800 What's Up, with \$5 of each sale being donated to Barnardos to help run 0800 What's Up.

To date, OfficeMax sold more than 4,000 bags and raised more than \$20,000.



Max e-Grants

Max e-Grants provides grants of up to \$5,000 per child for basics such as uniforms, stationery and school trips. The extra help also prevents boys and girls from feeling isolated or left out due to economic disadvantage.

In the year to December 2018, we supported another 1209 Kiwi kids. In total over eight years, we have provided much needed support to more than 14,000 children and their families.

OfficeMax has invested more than \$872,000 in Max e-Grants as of December 2018, in partnership with 11 preferred suppliers.

School Rewards

School Rewards enables parents who shop online or in-store for student supplies to nominate a school to receive rewards. Schools report that the rewards are often used for technology and new furniture, as well as sporting equipment and other teaching resources.

Since the programme began 12 years ago, OfficeMax has given \$4.8 million to schools. In 2018, more than \$817,000 was donated and used by schools for resources or improving facilities.

65% of all parents surveyed* said that School Rewards was important when choosing a retailer for their back to school purchases.

*OfficeMax Survey conducted February 2018
This section of OfficeMax's Sustainability report references GRI 201-1 and GRI 203-2.



Education Sponsorship & Business Partnerships

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

- > Association of Integrated Schools (Platinum Sponsor)
- > Catholic Primary Principals Association and Catholic Education Office
- > Early Childhood Council (Business Partner)
- > Independent Schools of NZ (Silver Sponsor)
- > National Association of Secondary Deputy & Assistant Principals
- > NZ Area Schools
- > NZ Kindergarten Association
- > NZ Principals Federation (Bronze Business Partner)
- > NZ School Executive Officers Association (Gold Sponsor)
- > Rural and Teaching Principals
- > Secondary Principals Association of New Zealand
- > Regional Principals Associations (from Northland to Southland)
- > New Zealand Kindergarten Inc.
- > New Zealand Playcentre Federation
- > Te Rito Maioha / Early Childhood New Zealand



Putting our customers first

Our customers represent all facets of New Zealand society. From the education products we provide to families and teachers, to café, packaging, technology, furniture and cleaning solutions for large businesses and government departments, we support New Zealanders with our products from early childhood through education, work and even in aged care.

Our business strategy reflects the changing needs of our customers. As office product volumes such as paper, envelopes and traditional items decline in use, other categories such as health and safety and cleaning are growing. We are concentrating on expanding these growing categories and providing products and services that provide solutions for our customers as their needs evolve.

This year, customer feedback identified packaging as a major focus area for us – and one we are taking action to address. Our customer-first culture is deeply embedded in what we do and how we provide our services.



I think having a sustainable supply chain is critical for OfficeMax because we know increasingly consumers are interested in these issues and will pry into things to find out information.



CUSTOMER



They look to see where changes in society are happening and adapt their business to take advantage of those changes.



SUPPLIER

Our customers love sustainability

While service and price continue to be important priorities for our customers, in 2018, OfficeMax was increasingly asked during presentations and RFP responses to describe its sustainability strategy and values. It is a welcome trend that allows us to detail our sustainability credentials.

The increasing interest in sustainability is also an indication of public sentiment: our customers are responding to their audiences, who are increasingly interested in the life cycle of products and services they purchase. As proof of the change in sentiment across New Zealand, OfficeMax sold more paper bags in 2018 than previous years as our customers moved away from plastic in response to public sentiment.

This trend also gives our sustainability manager, Julie Roberts, a platform to lead the discussion on how customers may improve their own sustainability initiatives.

Julie's presentations and expertise were critical in OfficeMax winning a number of major contracts in 2018 and we anticipate that sustainability will continue to play a role in future RFP responses.



Julie Roberts – OfficeMax Health, Safety and Sustainability Manager

Introducing our very own Customer Satisfaction Police

Service and delivery is important to us. OfficeMax has 17 stores from Whangarei to Invercargill and offers free, next-day business delivery for orders over \$50 excl. GST to most of New Zealand. Our sales team – the largest business-to-business team in our industry, in New Zealand – is available to customers by phone or in person.

In 2018, OfficeMax created a new team that is focused on identifying reasons why customers may be dissatisfied with our service or products. The team will identify gaps in our processes and, through continuous improvement, will take action to improve outcomes for our customers.

In 2018, we introduced a customer self-service element to our online ordering system to enable easy and convenient processing of products for return to us; previously returns were processed by phone through our Customer Contact Centre or in person; this option is already proving popular with customers.

Products and offerings are on the up and up!

OfficeMax boosted its product lines by 6% in 2018, with the acquisition of Waiwhetu adding to our cleaning category offer; in this category, our sales are up by more than 30% compared to 2017.

We saw a decline in the number of orders as customers consolidated their purchases into fewer deliveries.

Our education category continues to grow and innovate. As schools adopt new teaching methods such as digital learning, classroom needs change and we adapt to teachers' needs. OfficeMax provides furniture and education products to support open learning environments; this category has grown 10% on the prior year.



Building up STEAM

Schools are mandated to have a digital technologies curriculum by 2020 and to assist schools to achieve this target, OfficeMax has launched a range of products to support teachers. We have partnered with leading educators and a digital learning specialist to work with customers to develop workshops and products with a focus on STEAM (science, technology, engineering, arts and maths) learning for children.

To support this exciting new initiative, OfficeMax's Specialised Helpdesk is a phone, email and online service that enables customers to give feedback and to request advice on products.



Recycling made easy for customers

OfficeMax partners with Croxley Recycling, who operate 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. OfficeMax also hosts TechCollect, featured earlier in this report.



Our EcoMax range sets the bar high

OfficeMax EcoMax products must have a minimum of 30% recycled content, and/or are made from recyclable plastics, and feature one or more environmental accreditations. These products are highlighted in green in the OfficeMax catalogues. There were 1728 products available in the EcoMax range in 2018.

To ensure customers are well informed concerning products' environmental and social footprints, OfficeMax investigates accreditations during the procurement phase and assigns labels, such as 'Fair Trade' or 'Totally Chlorine Free' where a product meets a standard. Catalogues contain information on more than 13 social and environmental accreditations.



Great Customer Feedback

OfficeMax uses the Net Promoter Score methodology to gain customer insight to enable us to continually improve our customer experience.

Our NPS score in 2018 was 51 – this is considered to be a very high score for a business in our sector. We are committed

to continual improvement and place importance on all customer feedback we receive.

NPS scores also help us identify trends around customer attitudes and sentiment. NPS feedback in 2018 shows us that increasingly, packaging and plastics are of

interest to our customers: in Quarter Three of 2018, in response to the question 'what is the single biggest thing we should improve upon,' 11% of customers answered "eco packaging" – an increase from 5% in Quarter Two. For government customers, the figure was 15% in Quarter Three.

Understanding Carbon Emissions is just the start

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

Using the tool, customers can accurately predict carbon monoxide emissions associated with each order.



Managing carbon emissions just got easier

Climate change is arguably the biggest issue of our time.

As a large company, OfficeMax has a role to play in limiting our contribution to global warming through minimising

the greenhouse gases we generate.

In 2016, with the assistance of carbon specialists Catalyst® Ltd, we embarked on a journey of measuring, monitoring and mitigating the carbon we emit.



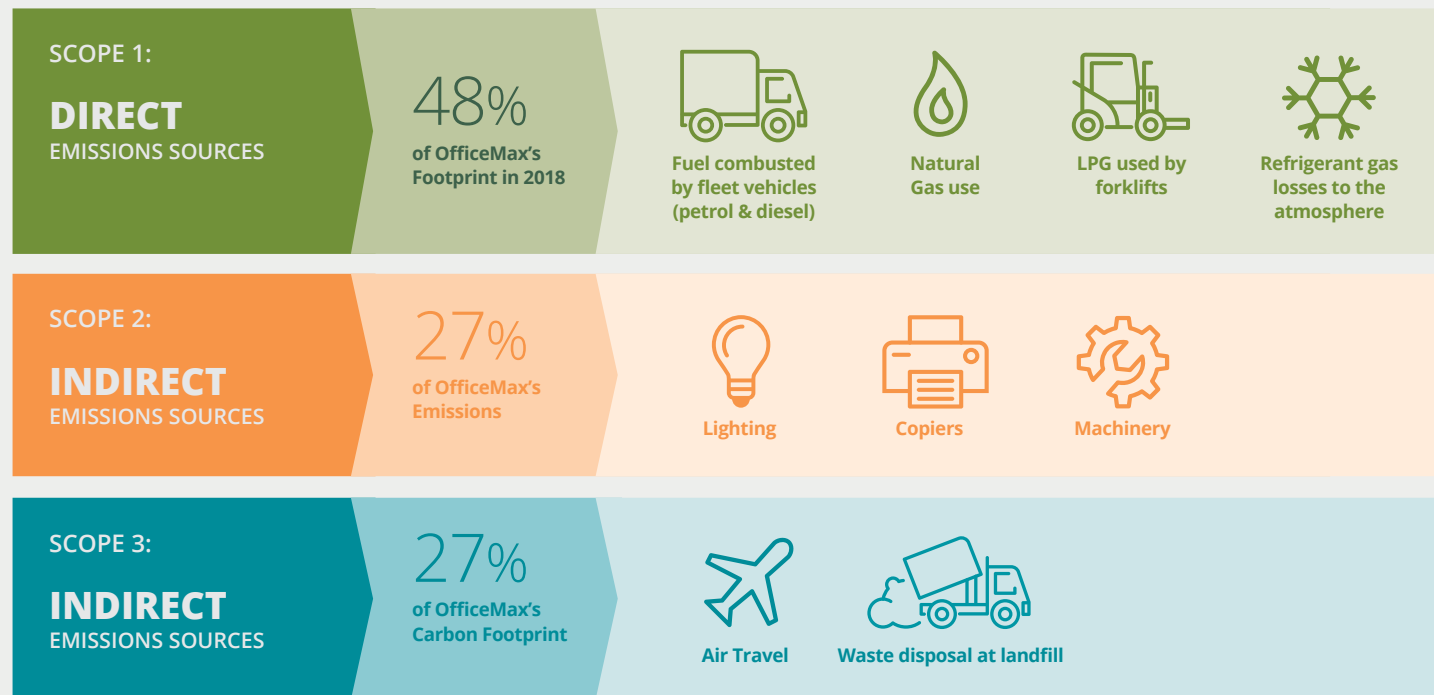
To reduce our carbon footprint, we're putting on smaller shoes

In 2018, our organisation's carbon footprint was 1,703 tonnes CO2e.

This equates to 2.29 tonnes CO2e Per Full Time Equivalent (FTE), the hours worked

by one employee on a full-time basis; this latter figure is referred to as our intensity carbon footprint.

Below we summarise the boundary of this measurement, the emission sources (i.e. the activities that contribute to the footprint) and the hotspots.

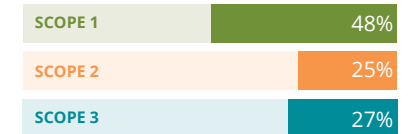


The head office and sales offices accounted for 52% of all carbon emissions. Retail stores accounted for 30% and distribution centres 18%.

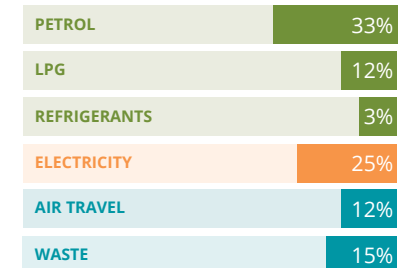
At time of publication, OfficeMax's carbon footprint has not been formally verified. Plans are in place to have our carbon emissions independently audited in 2019.

2018 GHG Emissions

BY SCOPE: 1,703 TONNES CO2e



BY SOURCE



When we set our 2026 target, we aimed high

As part of OfficeMax's carbon management plan, we have set ourselves a 2026 target of a 20% reduction in GHG emissions per FTE (against 2016 levels).

OUR 2026 TARGET

20%
reduction

66

We're using technology to reduce travel for meetings.

99

EMPLOYEE



How we're going to get there:

- ① **Diverting organic waste from landfill by recycling all cardboard packaging and paper, composting kitchen waste and reusing or repurposing unwanted wooden pallet bases**
- ② **Reducing travel for meetings where practical**
- ③ **Staged and systematic conversion of company cars to electric vehicles**
- ④ **Improving energy efficiency in stores, offices and distribution centres through a LED light replacement policy and the possible installation of solar panels to selected distribution centres and/or office buildings.**

Our journey to lowering emissions is already underway, with waste and energy audits in place at all of our sites (as described in this report). We are converting to virtual meetings whenever possible and will scope our electric fleet conversion strategy in 2019.

So, how are we tracking after 2 years?

Good, but not good enough. To achieve a 20% reduction in intensity emissions by 2026 (against 2016 base levels) an average annual reduction of 2% is needed.

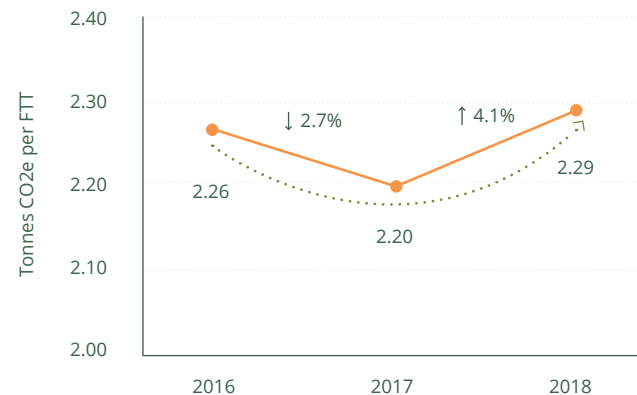
In 2017 we achieved a 2.7% reduction in intensity emissions and a reduction in absolute emissions of 4.1%.

In 2018, however, intensity emissions grew by 4.1%, and absolute emissions

increased by 14.5%. The increase in absolute emissions is in part driven by the acquisition of Waiwhetu Distributors.

Against our baseline, after two years we have actually increased our intensity emissions by 1.3% as the graph below demonstrates. We understand that our long-term reduction strategy cannot be expected to achieve immediate, consistent, linear reductions all the time, but we will carefully monitor and review the direction our 2019 footprint to ensure we achieve our 10-year target.

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



— Percentage of Emissions
 Overall increase of 1.3%

Keeping our supply chain ethical

Ethical sourcing is core to who we are and what we do. In 2018, we continued to hold ourselves and our suppliers accountable to maintain high standards in this important area.

OfficeMax's range of 18,000 stocked products falls into 47 categories.

For our own-brand OfficeMax products, we conduct stringent sustainability audits which were revised this year to be even more focused on sustainability and product lifecycle considerations.

For other brands, we carefully choose to only work with reputable organisations, who share our values both in New Zealand and internationally.

Keeping our suppliers honest

OfficeMax has in place formal contracts which ensure our suppliers adhere to stringent rules related to working conditions, employee rights, pay and environmental outputs.

We stand behind our OfficeMax own-brand products

More than 1,200 of our 18,000 products are OfficeMax own-brand products. When a consumer picks up an OfficeMax pen or file folder, they can be assured these products have been through an extensive vetting process.

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

In 2018, OfficeMax updated its Request for Proposal (RFP) terms for OfficeMax-branded products. We now gather information on a potential product's packaging, safety, recyclability, disposal and end-of-life prospects, as well as its social impact before we make a decision on its suitability. We also request a copy of the supplier's environmental policy and evidence of its commitments.

Our sourcing process leaves no stone unturned:

- ① Our sourcing team starts with thorough research to determine if the supplier has a good reputation. In doing so, we check existing accreditations such as ISO 9001:2015 on quality, Business Social Compliance Initiative (BSCI), or the Forest Stewardship Council (FSC) certification. We also investigate whether the supplier already works with large, recognised international brands who are known to have high ethical standards.
- ② Next, we initiate a factory audit carried out by our specialist auditors – usually SGS or UL, two of the world's leading inspection, factory audit, verification, testing and certification companies. Our suppliers are located all over the world, so our auditors will visit factories from cities in China to small towns in Brazil to assure compliance.
- ③ The auditors will ask between 25 and 50 employees of the factory up to 100 questions each about working conditions, health and safety, general HR, environmental practices and more.



“

I think they are a good corporate citizen – from a corporate citizen perspective they want to be doing the right thing.

SUPPLIER

”

“

We give them the data around the content of our products and they use that information in their OfficeMax catalogues.

SUPPLIER

”



- ④ If the factory passes, and the auditors and OfficeMax in New Zealand are satisfied with the report, we set the supplier up in our system and start trading.
- ⑤ Our auditors will return to the factory every year to ensure ongoing compliance.

Our OfficeMax procurement managers also meet suppliers in person to ensure mutual commitment to ethical practices, and work with factory management teams to correct any violations, large or small.

Any Zero Tolerance violations, such as employment of child labour, withholding passports, lack of fire escapes or attempted bribery, leads to supply being cancelled immediately. Non-critical violations must be fixed within a prescribed time period.

Manufacturers that are unable to meet our requirements, or show proof of improvement, will no longer be able to supply to OfficeMax.

- > In the year 2018, OfficeMax affiliates conducted audits on 67 suppliers and 102 factories.

- > Of those audited, two had Zero Tolerance-level violations and were removed from the supply chain (they no longer produce or supply goods to OfficeMax).

If it's not our brand, we make it our business to know

More than 80% of OfficeMax products are supplied through third-party sourcing and distributing companies, rather than being manufactured specifically for OfficeMax. OfficeMax chooses to work with manufacturers and global brands, such as 3M, that are already known to have high ethical and environmental standards.

New Zealand-owned suppliers are required to complete a Global Self-Assessment Survey (GSAS) and provide evidence to back up their claims. The GSAS is diligently reviewed prior to being accepted by OfficeMax.

Legal compliance matters, too

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) that lists all the legalisation, bylaws, product compliance (standards) that the business needs to meet.

This is audited annually and reviewed for compliance of procedures.

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

When it comes to sustainable paper, we leave no sheet unturned

As the largest importer and seller of cut-sheet paper in New Zealand, we know how vital it is that we play a lead role in ensuring our products are sustainably sourced.

Every single sheet of our paper is environmentally certified; we simply only sell paper that meets stringent environmental standards.

This means, no matter where in the world our paper is supplied from, our customers can be confident in buying from us.

We accept two major certifications:

- > Forest Stewardship Council® (FSC®): FSC® certification guarantees that the product has been grown in a sustainably managed forest and that the supply chain is managed responsibly.

- > Programme for the Endorsement of Forest Certification (PEFC): PEFC best practice standards promote environmentally sound, socially just, and economically viable management of forests globally.

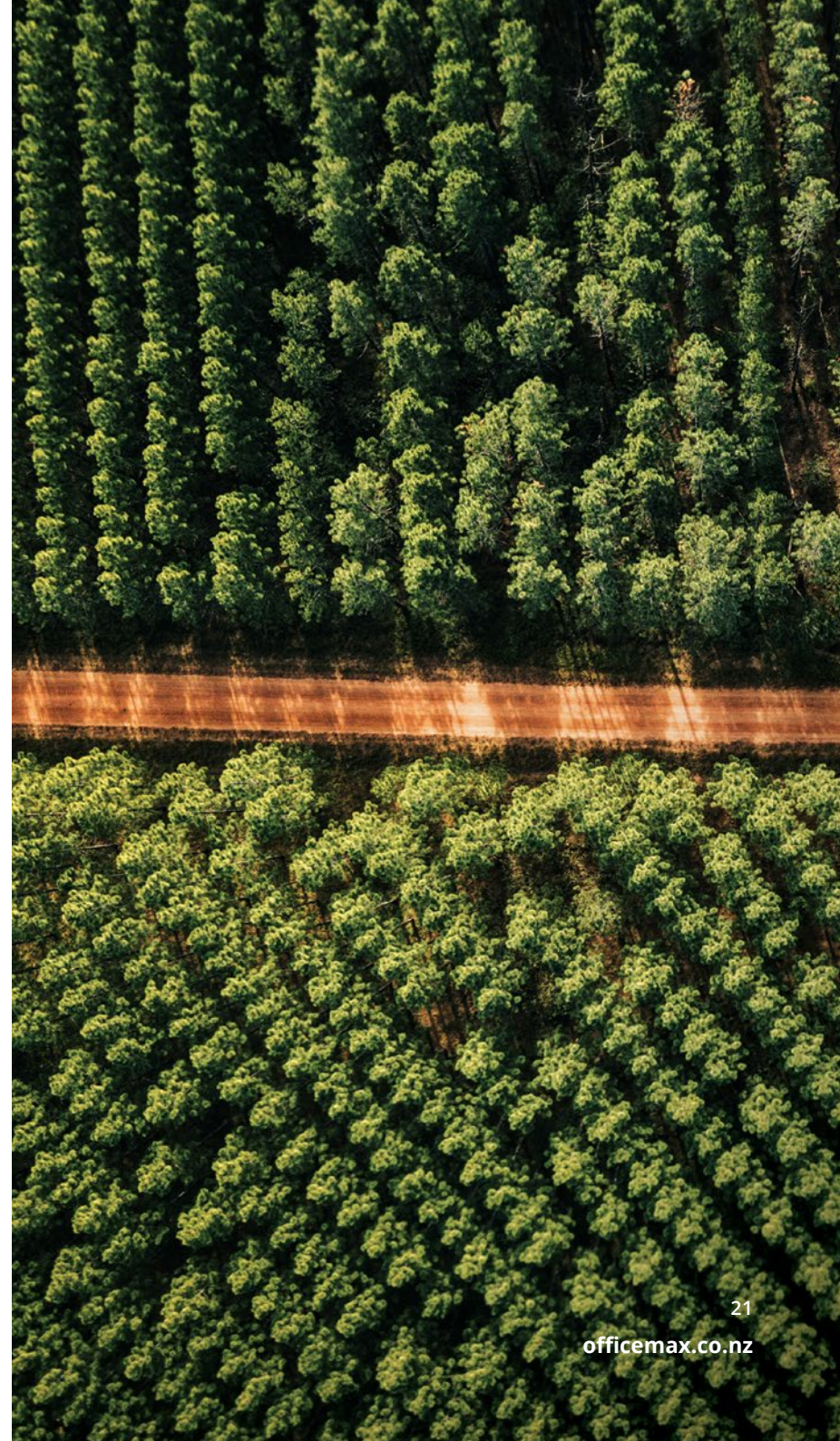
Our paper suppliers range from small mills in developing countries to large operations owned and run by European and/or local entities.

Our most trusted suppliers have impressed us with their on-site educational facilities; clean water management practices; and dedication to sustainable tree farming, including educating local populations on the value of native forests.

OfficeMax branded paper – our biggest seller – is carbon neutral. Audited by the Carbon Reduction Institute, we pay per-unit carbon emissions, and invest those charges in clean wind power generation.



The mark of responsible forestry





“

We had GPS in the cars for the first four years. We changed the system and it gives better metrics to ensure our drivers are driving safely.

”

EMPLOYEE

Managing freight efficiently

Our nationwide reach is one of our great strengths. Customers know that OfficeMax account managers understand their regions and can get products to them quickly.

This year saw the introduction of two exciting initiatives: we introduced our first four electric cars to the OfficeMax fleet, and we introduced a new GPS system to better understand and improve driver behaviour. Both initiatives will contribute to a lower emissions profile for OfficeMax.

Our customers have also indicated that they would like to see more sustainable void fill and packaging solutions. We currently use plastic air pillows as void fill; while these are made from recycled plastic and are recyclable, new technology is enabling us to plan to replace air pillows with even more environmentally-preferable options in the near future.

Reducing fuel consumption

OfficeMax aimed for a 3% reduction in fuel consumption in 2016 and achieved a 4.5% saving. Our goal for 2018 was a further 1% reduction, which we achieved.

Mobile sales staff and managers are educated to reduce idling, which consumes an average of two litres of fuel an hour; reduce speed; and, improve transitions between accelerating and braking.

Our new GPS tool, LogbookMe, is now installed in all of our fleet vehicles, allowing us to improve health and safety. In emergencies or natural disasters, we are now able to alert our fleet drivers directly and know where people are and ensure they are safe. The system has already proven its worth during heavy snowstorms and flooding incidents.

LogbookMe is also used to monitor driver behaviour and safety: measured indicators include hard acceleration, hard braking, speeding and sudden deceleration.

Driving safely also reduces fuel consumption. If speed limits are exceeded, the driver and safety officer at OfficeMax are alerted by email. The system also measures drivers' hours to determine if they have driven for too long. The parameters are four hours maximum trip time for a single journey; the minimum break after that period is 15 minutes.

Since being implemented in June, the new system has shown that while only a small percentage of drivers regularly exceed speed limits, that percentage has diminished over time. Driver behaviour can be improved and where appropriate, OfficeMax considers driver improvement options such as a Driver Development programme for its employees.

Sustainable procurement guidelines

OfficeMax adheres to the SBC Freight Efficiency Guidelines, which seek to shift freight choices from 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.

In 2018, during the renewal of a freight contract, we worked with the transport providers to ensure their compliance with the SBC Freight Efficiency Guidelines.

These guidelines enable us to lead conversations and include sustainability as a core objective.

Filling the void

Void fill is the packaging material that keeps products safe from physical damage during transportation and delivery.

The return of damaged stock and replacement/re-delivery of products to customers produces additional carbon emissions, uses more fuel and packaging. As such, suitable void fill is an important element in OfficeMax's environmental planning.

In 2016, OfficeMax changed its void fill solution from recycled paper to AirPlus Air Pillows, which are recyclable and reduce the volume of waste produced.

We have noticed an increasing desire from our customers and employees to find a new void fill solution that avoids any type of plastic material. In 2019, we will be exploring options for void fill that makes use of the latest technology in packaging solutions.

Going electric

In 2018, OfficeMax introduced four electric vehicles that are engaged for short runs within the Auckland region.

The Hyundai Ioniq cars charge at our Highbrook site each evening and are a popular choice with drivers and our broader stakeholder community.

These four electric vehicles have been used by OfficeMax as proof of concept. We are now looking into other options for electrification, including for warehouse heavy machinery.

Many of our vehicles are driven over long ranges unsuitable for electrification; where possible, we replaced and upgraded our petrol-powered vehicles to more fuel-efficient models.

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





Waging a war on waste

OfficeMax aims to be as waste efficient as possible, while helping our customers achieve the same goal.

New Zealanders produce an estimated 20kg of tech waste per person each year, and much of that is being recycled incorrectly, or not at all. Launched in November 2018,

we're proud to be the initiator of TechCollect, New Zealand's first free dedicated e-waste recycling service. This new service has already proven popular with communities, our employees and with our customers.

Plastics are of increasing concern to New Zealanders and to people around

the world. At OfficeMax, we do not use single-use plastic bags in our retail stores and we are working towards packaging solutions that will see a significant reduction in our plastic packaging materials in 2019.

“

We have goals and targets when it comes to reducing waste, and we want to hit those targets. As a business we want to show that we are doing our bit to improve the environment.

”

EMPLOYEE

TechCollect

TechCollect offers drop-off recycling points for technology products at OfficeMax's retail locations across New Zealand and is funded by technology brands including Dell, Epson, Canon, Microsoft, Toshiba and HP.

Already proving popular with communities, our employees and our customers, we will extend our e-waste recycling offer in 2019 with a broader commercial service offer, designed to attract larger companies to utilise the service.

Our goal is to work with New Zealanders to divert thousands of kilograms of e-waste from landfill. TechCollect accepts and recycles the following items:



Toner and Inkjet Cartridges Recycling Services

At OfficeMax, we are committed to playing our part in building a circular economy; our recycling partners will ensure at least 90% of commodities recovered are used as raw materials in the manufacture of new products. Collected, chipped plastic is sent to local manufacturers to be used in items such as electric fence insulators.

Getting rid of plastic bags

Along with other large corporates, we made a decision to remove single-use plastic bags from our retail stores.

In 2018, we completed a full review of the plastic we use internally, i.e. in our distribution and bagging processes. In 2019, we anticipate further reduction of our plastic use through new packaging processes and technologies.

We're consuming less energy

OfficeMax's energy consumption strategy guides employees to make easy changes that save energy.

In 2017, we set a target of a 15% reduction on baseline against 2016 energy usage; by the close of the year, consumption was down by 12%.

In 2018, we set a target of a 7% reduction and achieved this goal.

This year, a number of energy-saving initiatives were put in place at our head office in Highbrook, our biggest site. We introduced sensors to automatically turn off lights when rooms are empty, we also installed data loggers to identify opportunities for savings.

All OfficeMax sites receive a monthly report on energy efficiency progress. Each site team reviews this data and identifies ways to reduce energy consumption.



CASE STUDY

Brian Cossey

**Health, Safety & Sustainability Rep
OfficeMax Whangarei Retail Store**

I am a retail sales assistant in Whangarei and an OfficeMax Health, Safety & Sustainability Rep.

I'm very proud of the fact that we as a company take sustainability seriously. We put a lot of effort into choosing what we sell, from sourcing to the disposing of goods.

I'm proud that, in one month in 2018, we didn't have any waste to landfill – only recycling. We are doing everything we can to reduce waste with the tools available to us.

Over the counter, we get a lot of feedback around plastic bags and moving to paper bags – which we have done. There has been some feedback both ways, but most people are in support.

In Northland, we have no recycling for polystyrene – but now through our internal programme I can now send back polystyrene to be made into useful goods, and it's not filling up our landfill.

Warehouse Waste Management

We're proud of our waste reduction accomplishments, which are driven by our enthusiastic and diligent employees. We provide regular training to ensure staff understand the recycling options available to them.

Internally, OfficeMax conducts regular waste audits and works with Waste Management to measure waste generation. Our rubbish bins are only collected when they are full, which reduces fuel consumption and carbon emissions.

In 2017, we exceeded our own targets and managed an 8.9% reduction in waste going to landfill. Unfortunately, our efforts were not reflected in meeting our overall target of a 3% reduction in diversion to landfill in 2018. Whilst disappointed, we continue to make improvements in other areas of waste reduction.

For 2019, OfficeMax locations have a waste reduction target of an additional 1.5% diversion to landfill.



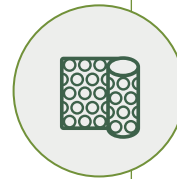
We have increased our cardboard recycling from more than 269 tonnes in 2017 to 301 tonnes in 2018. We use compactors and high-density balers for efficient recycling of cardboard and plastic. In 2018, we trialled a waste compactor in our Blenheim Road Retail store to maximise recycling opportunities.



OfficeMax composts food waste from its Highbrook cafeteria, which serves up to 200 people per day. In 2018 we diverted over 18 tonnes from landfill.



During site clear-ups, we changed our process to ensure furniture, metal and old promotional materials follow a recyclable pathway rather than being sent to a landfill.



Our warehouse staff recycle bubble wrap, air pillows and plastics, including strapping. Both Distribution Centres are now using a recyclable shrink-wrap for delicate goods that is engineered to use less wrap with the same stability and strength.



When we have physically damaged stock that is still safe to consume such as tea, coffee, and Milo, we send it to Ronald MacDonald House and Mercy Hospice. We have supported these charities for more than seven years and are exploring other categories where they may benefit.

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

OUR SUSTAINABILITY TIMELINE

Moving forward every year

2001

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

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.

2005

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

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.

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

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

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.

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.

2011

We gained ISO 14001 accreditation, which we still hold.

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.

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.

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.

2018

Introduced TechCollect, New Zealand's first free e-waste recycling service for households and small businesses.

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.

2016

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

2015

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

Let's get it done



2018 Sustainability Report

officemax.co.nz