

**Staples, Inc.**  
**Board of Directors**

**Corporate Governance Guidelines**

*As approved by the Board of Directors on December 1, 1999. Updated and approved by the Board of Directors on March 4, 2003, March 2, 2004, December 7, 2004, March 7, 2006, December 12, 2006, June 11, 2007, December 11, 2007, December 9, 2008, March 9, 2010, December 7, 2010, March 8, 2011, December 6, 2011, December 4, 2012, September 10, 2013, and December 2, 2014.*

**Introduction**

The Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Staples, Inc. (the "Company") has developed, and the Board has adopted, the following Corporate Governance Guidelines (the "Guidelines") to assist the Board in the exercise of its responsibilities and to serve best the interests of the Company and its stockholders. The Guidelines should be interpreted in the context of all applicable laws and the Company's Certificate of Incorporation, bylaws and other corporate governance documents (each as amended, restated and in effect). The Guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Board may modify the Guidelines from time to time.

**Composition of the Board**

**1. Classification and Definition of Directors.**

The principal classifications of Directors are "Independent", "Management", "Non-Independent Outside", and "Non-Management". The Board has delegated to the Committee the responsibility for determining how a Director should be classified.

The term "Independent Director" describes Directors who (1) are independent as determined under Rule 5605(a)(2) of the rules of the NASDAQ Stock Market and (2) in the Board's judgment, do not have a relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The term "Management Director" describes Directors who are, or at any time during the past three years were, compensated for devoting at least twenty-five percent (25%) of their time to the Company.

The term "Non-Independent Outside Director" describes Directors who are neither an "Independent Director" nor a "Management Director". Independent Directors and Non-Independent Outside Directors are collectively described as "Non-Management Directors".

## 2. **Board Size, Composition and Membership Criteria.**

The Board believes that approximately 11 to 15 members is an appropriate size for the Board and that the Board should be made up of a majority of Independent Directors. The Board expects to have among its members a limited number of Management Directors, including at least the Chief Executive Officer.

The Committee annually reviews the appropriate skills and characteristics required of Board nominees in light of the current composition of the Board. This assessment includes issues of diversity, age and skills such as understanding of the retail industry, the office products and services market, finance, accounting, marketing, technology, the international arena and other knowledge needed on the Board. The principal qualification of a Director is the ability to act effectively on behalf of all of the stockholders. The Committee is committed to actively seeking out highly qualified women and individuals from diverse groups to include in the pool from which Board nominees are chosen.

## 3. **Election of Directors.**

In accordance with the Company's Bylaws, if none of our stockholders provides the Company notice of an intention to nominate one or more candidates to compete with the Board's nominees in a director election or if our stockholders have withdrawn all such nominations by the tenth business day before the Company mails its notice of meeting to our stockholders (an "uncontested election"), each director is elected if the number of votes cast "for" such director's election exceed the votes cast "against" such director's election. Otherwise, the directors are elected by a plurality of the votes cast on the election.

If an incumbent director does not receive the required number of votes in an uncontested election, such incumbent director is expected, promptly following certification of the stockholder vote, to submit to the Board his or her offer to resign from the Board for consideration in accordance with the following procedures, all of which procedures shall be completed within 90 days following certification of the shareholder vote:

- The Committee (as defined below) shall promptly consider the resignation submitted by such incumbent director, and the Committee shall recommend to the Board the action to be taken with respect to such resignation offer. Such action may range from accepting the resignation, to maintaining such incumbent director but addressing what the Committee believes to be the underlying cause of the against votes, to resolving that such incumbent director will not be re-nominated for election in the future, to rejecting the resignation, to such other action that the Committee determines to be in the best interests of the Company and its shareholders. In reaching its recommendation, the Committee shall consider all factors it deems relevant, including, as it deems appropriate, any stated reasons why shareholders voted against such incumbent director, any alternatives for

curing the underlying cause of the against votes, the length of service and qualifications of such incumbent director, such incumbent director's past and expected future contributions to the Company, these Guidelines and the overall composition of the Board (including whether accepting the resignation would cause the Company to not satisfy any applicable Securities and Exchange Commission (SEC), NASDAQ or other legal requirements).

- The Board shall act on the Committee's recommendation and consider the factors considered by the Committee and such additional information and factors the Board believes to be relevant.
- Following the Board's determination, the Company shall promptly publicly disclose in a document filed or furnished with the SEC, the Board's decision regarding the action to be taken with respect to such incumbent director's resignation. If the Board's decision is to not accept the resignation, such disclosure shall include the Board's reasons for not accepting the resignation.
- It is expected that no such incumbent director will participate in the Committee's or the Board's deliberations and voting regarding what action to take in response to any such incumbent director's resignation, except as otherwise provided below. Before voting, the Committee and the Board will afford such incumbent director an opportunity to provide the Committee or the Board with any information or statement that he or she deems relevant.
- If the Board accepts a director's resignation, or if a nominee for director is not elected and is not an incumbent director, then the Board may fill the resulting vacancy in accordance with Article II, Section 5 of the Company's bylaws.

For purposes of this Guideline, the term "Committee" means (i) the Nominating and Corporate Governance Committee so long as such committee then consists of at least three Independent Directors who are not resigning incumbent directors or (ii) if clause (i) is not satisfied, a special committee of at least three Independent Directors designated by the Board who are not resigning incumbent directors; provided, that if there are fewer than three Independent Directors then serving on the Board who are not resigning incumbent directors, then the special committee shall be comprised of all of the Independent Directors and it is expected that each Independent Director who is a resigning incumbent director shall recuse himself or herself from the Committee's and the Board's deliberations and voting with respect to his or her individual resignation.

This Guideline will be summarized or included each year in the proxy statement for the Company's annual meeting of stockholders.

#### **4. Former Chief Executive Officer's Board Membership.**

The Board believes that this is a matter to be decided in each individual instance. When the Chief Executive Officer resigns, it is expected that he or she will offer to resign from

the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chief Executive Officer and the Board.

5. **Selection of New Director Candidates and Extending the Invitation to a New Potential Director to Join the Board.**

Except where the Company is legally required by contract, bylaw or otherwise to provide third parties with the ability to nominate directors, the Committee shall be responsible for (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and (ii) recommending to the Board the persons to be nominated for election as directors at any meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. Director nominees shall be considered for recommendation by the Committee in accordance with these Guidelines and the policies and principles in its charter. It is expected that the Committee will have direct input from the Chairperson of the Board, the Chief Executive Officer and, if one is appointed, the Lead Director. Input may also be solicited from the other members of the Board. The Committee's recommendations shall be submitted to the full Board.

The invitation to be a candidate to join the Board should be extended by the Committee chairperson, who may choose to have the Chairperson of the Board or the Chief Executive Officer participate in the invitation as well.

6. **Director Orientation and Continuing Education**

Director Orientation. The Board and the Company's management shall conduct a mandatory orientation program for new Directors. The orientation program shall include presentations by management to familiarize new Directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics, its principal officers, and its General Counsel. In addition, the orientation program shall include a review of the Company's expectations of its Directors in terms of time and effort, a review of the Directors' fiduciary duties and visits to the Company's headquarters and, to the extent practical, certain of the Company's significant facilities. If requested by the new Director, the orientation program may also include meetings with the Company's internal and independent auditors, its outside advisors, and/or other Directors.

Continuing Education. Each Director is encouraged to be involved in continuing Director education on an ongoing basis to enable him or her to perform better his or her duties and to recognize and deal appropriately with issues that arise. The Company shall pay all reasonable expenses related to continuing Director education.

7. **Directors Who Change Their Present Responsibility.**

The Board believes that Independent Directors whose responsibilities outside of their involvement with the Company change from those held when they were last elected to the Board (except for internal promotions within their organization) should volunteer to resign from the Board, effective as of the next regularly scheduled meeting.

It is not the Board's view that Directors who retire or change from the positions they held when they were last elected to the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, with the assistance of the Committee, to review the continued appropriateness of Board membership under the changed circumstances.

**8. Term Limits.**

As required by the Company's bylaws, each Director is elected annually.

The Board does not believe it should establish term limits. Term limits could result in the loss of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and an institutional memory that benefit the entire membership of the Board as well as management. As an alternative to term limits, the Committee shall annually review each Director's continuation on the Board. This will allow each Director the opportunity to conveniently confirm his or her desire to continue as a member of the Board and allow the Company to conveniently replace Directors who are no longer interested or effective.

**9. Retirement of Directors.**

No individual may be elected or reelected as a Director once he or she reaches age 72. Any Director who turns age 72 while serving as a Director may continue to serve as a Director for the remainder of his or her then current term.

**10. Other Board Memberships.**

The Board does not believe that its members should generally be prohibited from serving on boards and/or committees of other organizations, and, except to the extent limited by the Company's Code of Ethics or Section 11 below, the Board has not adopted any guidelines limiting such activities. However, the Committee shall take into account the nature of and time involved in a Director's service on other boards in evaluating the suitability of individual Directors and making its recommendations to the Board.

**11. Conflicts of Interest.**

All Directors must comply with the applicable provisions of the Conflict of Interest section of the Company's Code of Ethics. If an actual or potential conflict of interest develops for any reason, including, without limitation, because of a change in the business operations of the Company or a subsidiary, or in a Director's circumstances, the Director should immediately report such matter to the General Counsel of the Company for evaluation. The General Counsel should report all such actual or potential conflicts of interest to the Committee for review and determination. A significant conflict must be resolved or the Director should resign.

In order to formally review conflict of interest issues in advance, any Director desiring to join the board of directors of another company shall, prior to joining such other board of

directors, provide written notice to the chairperson of the Committee. The chairperson of the Committee shall review any potential conflict with the General Counsel of the Company and with other members of the Committee as necessary. The chairperson of the Committee shall then respond to the requesting Director with a resolution.

If a Director has a personal interest in a matter before the Board, the Director shall disclose the interest to the Board, shall excuse himself or herself from participation in the discussion and shall not vote on the matter.

### **Operation of the Board**

#### **12. Directors' Responsibilities.**

The principal responsibilities of the Directors are to oversee the management of the Company and to exercise their business judgment in a manner that they reasonably believe will serve the best interests of the Company and its stockholders. Directors have an obligation to become and remain informed about the Company and its business. The Directors are also expected to promote the best interests of stockholders in terms of corporate governance, fiduciary responsibilities, compliance with applicable laws and regulations, and maintenance of accounting, financial and other controls.

#### **13. Assessing the Board's and Its Committees' Performance.**

With the goal of increasing the effectiveness of the Board and its committees and their relationship to management, the Committee is responsible for conducting an evaluation every other year of the Board's performance as a whole and the performance of its committees. This assessment should include such items as the frequency of Board and committee meetings and the contribution of the Board as a whole and its committees. Since the goal of the assessment is to increase the effectiveness of the Board and its committees, the Committee should review areas in which the Board and management believe the Board or its committees, as relevant, could make a greater contribution, and the assessment should be discussed with the full Board. The purpose of this process is to improve the effectiveness of the Board and its committees, not to focus on any individual Board members. The Committee, however, is empowered to review the performance and contribution of individual Directors and recommend the replacement of any Director who is not properly performing his or her duties. As part of the nomination process for election or reelection to the Board and as provided in Section 20, the Lead Director assists the Committee in identifying any individual performance or contribution issues by contacting each Director individually and inquiring as to whether that Director has any concerns about the nomination of any of the other Directors.

#### **14. Board Committees.**

The Company has five Board committees: audit, nominating and corporate governance, compensation, finance, and executive.

Each of these committees has a charter that has been approved by the Board.

The need for changes in the number, charters, or titles of Board committees will be reviewed annually by the Committee and then discussed with the Board.

The Board has the flexibility to form a committee or to disband a current committee, as it deems appropriate. Subject to Board approval, the Committee is responsible, after consultation with the Chairperson of the Board, the Lead Director and the Chief Executive Officer, and with consideration of the desires of individual Board members, for the assignment of Board members to various committees and the selection of the committee chairpersons. Only Independent Directors may serve on the audit, compensation, and nominating and corporate governance committees. Only Independent Directors may serve as the chairperson of any committee, other than the executive committee.

It is the sense of the Board that it is desirable that committee assignments be rotated from time to time, but not on a fixed schedule. There may be good reasons sometimes to maintain a Director's committee membership for a longer time than in certain other instances.

The chairperson of each committee should report to the Board, whenever appropriate, with respect to those matters considered and acted upon by his or her committee.

**15. Frequency and Length of Committee Meetings; Meetings Attendance**

Each committee chairperson, in consultation with committee members and with input from management, will determine the frequency and length of committee meetings.

Directors are responsible for attending Board meetings and meetings of committees on which they serve and devoting the time needed, and meeting as frequently as necessary, to discharge their responsibilities properly. Directors are encouraged to attend the Company's Annual Meeting of Stockholders.

**16. Committee Agendas.**

The chairperson of each committee, in consultation with committee members and appropriate members of management and staff, will develop the committee's agenda.

At the end of each fiscal year, each committee will, to the best of its ability, issue a schedule of agenda subjects to be discussed in the next year (to the extent that these can be foreseen). These agendas will be shared with the Board.

**17. Selection of Agenda Items for Board Meetings; Annual Board Calendar.**

The Chairperson of the Board, the Lead Director, if any, and the Chief Executive Officer will collaborate to develop the agenda for each Board meeting. They will consider (a) the items to be included; (b) the sequence of those items; (c) the approximate time to be devoted to each item; and (d) the materials to be provided to Directors regarding certain items, including what materials are to be sent in advance.

The Lead Director will approve the proposed agenda and board materials before they are distributed to the other members of the Board.

Each Board member is free to suggest the inclusion of item(s) on the agenda.

The chairperson of the Committee shall, at the end of each fiscal year, consult with the Chief Executive Officer, the Chairperson of the Board and the Lead Director about the routine corporate governance matters to be included in the "Board Calendar" for the next year.

**18. Board Materials Distributed in Advance.**

Information and data that are important to the Board's understanding of the business of the meeting should, when practical, be distributed in writing to the Board before the Board meets. Management will make every effort to see that this material is as brief as possible while still providing the desired information. When advisable because of confidentiality concerns, management may elect not to provide sensitive material to the Board in advance of a meeting. The chair of each Board committee will, as a matter of regular practice and to the extent possible, review committee meeting materials with management in advance of each Board committee meeting.

**19. Selection of the Chairperson of the Board and the Chief Executive Officer.**

The Board will remain free to select the Chairperson of the Board and Chief Executive Officer in any way it deems best for the Company at any point in time. The Board does not have a predetermined policy as to whether or not the roles of Chairperson of the Board and the Chief Executive Officer should be separate and, if the roles are to be separate, whether the Chairperson of the Board should be a Non-Management Director or a Management Director. In determining whether to have an Independent Director as Chairperson of the Board or a Lead Director, the Committee shall consider multiple factors, including, but not limited to, the size of the Board, the number of Independent Directors, the established processes for and record of Board and management interaction, the qualifications and skills of the individuals considered for the roles, and Company performance, and the Committee shall make recommendations to the Board on these issues on an annual basis.

**20. Lead Director.**

In the event that the Chairperson of the Board is not an Independent Director, a Lead Director will be elected by and from the Independent Directors upon the recommendation of the Committee.

The Lead Director will:

1. Have the authority to call meetings of the Independent Directors.
2. Preside at all meetings of the Board at which the Chairperson of the Board is not present, including executive sessions of the Independent Directors.

3. Assure that at least two meetings per year of only the Independent Directors are held (preferably in conjunction with regular Directors' meetings), and chair any such meetings of the Independent Directors.
4. Provide leadership to the Board if circumstances arise in which the role of the Chairperson of the Board may be, or may be perceived to be, in conflict with regard to a particular matter with the interests of the Company and its stockholders.
5. Facilitate communications and serve as a liaison between the Independent Directors and the Chairperson of the Board and/or the Chief Executive Officer. Any Director is free to communicate directly with the Chairperson of the Board and with the Chief Executive Officer. The Lead Director's role is to attempt to improve such communications if they are not entirely satisfactory.
6. Work with the Chairperson of the Board and the Chief Executive Officer in the preparation of the agenda for each Board meeting and approve the schedules, agendas and information provided to the Board for each meeting.
7. Chair the annual reviews of the performances of the Chairperson of the Board and the Chief Executive Officer.
8. If requested by a major stockholder (including institutional investors), the Lead Director shall ensure availability for consultation and direct communication with such stockholder.
9. Have authority to retain independent advisors on behalf of the Board as the Board or Independent Directors may deem necessary or appropriate.
10. As part of the nomination process for election or reelection to the Board, assist the Committee, in identifying any individual performance or contribution issues by contacting each Director individually and inquiring as to whether that Director has any concerns about the nomination of any of the other Directors.
11. Otherwise consult with the Chairperson of the Board and/or the Chief Executive Officer on matters relating to corporate governance and Board performance.

The Lead Director may, but need not, be the chairperson of a Board committee. Unless determined otherwise by the Board, an individual will serve as Lead Director for no more than three consecutive years.

## 21. **Executive Sessions of Independent Directors.**

The Independent Directors will meet in executive session to discuss, among other matters, the performance of the Chief Executive Officer. These sessions will typically be held after every regular Board meeting but in all circumstances at least twice a year. Executive sessions will be scheduled and presided over by the Chairperson of the Board (if an Independent Director), or the Lead Director (if one is appointed), or otherwise the chairperson of the Committee. When Directors believe there is a need to discuss a matter that could materially affect the performance of the Company, they may call a private meeting of Independent Directors or Non-Management Directors, by providing notice to the Chairperson of the Board (if an Independent Director), or the Lead Director (if one is appointed), or otherwise the chairperson of the Committee. The Independent Directors or Non-Management Directors, as the case may be, may invite the Chairperson of the Board or others, as they deem appropriate, to attend a portion of these sessions.

The Non-Management Directors may meet with the Chief Executive Officer at any time.

**22. Board Compensation.**

The form and amount of Director compensation shall be determined by the Board. The compensation committee shall conduct an annual review of Director compensation. The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate Directors at least competitively relative to comparable companies. The compensation committee shall take into account that a Director's independence may be questioned if any of the following circumstances exist: (a) Director compensation and perquisites exceed customary levels, (b) the Company makes substantial charitable contributions to organizations with which a Director is affiliated or (c) the Company enters into consulting contracts or business arrangements with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

**Board Interaction with Management**

**23. Presentations.**

It is the sense of the Board that presentations by senior management help provide information to the Board and give Board members an opportunity to evaluate these persons.

**24. Attendance of Non-Directors at Board Meetings.**

Non-Directors who are members of the Chief Executive Officer's staff may be invited to attend Board meetings.

Further, the Board specifically encourages management, from time to time, to bring into Board meetings managers who:

- a. can provide additional insight into the items being discussed because of personal involvement in these areas; and/or
- b. appear to management to be persons with future potential who should be given exposure to the Board.

Such non-Directors may attend part or all of a Board meeting.

**25. Formal Evaluation of the Chief Executive Officer and the Chairperson of the Board.**

The Non-Management Directors should annually evaluate the Chief Executive Officer and Chairperson of the Board. The Committee will coordinate these evaluations. The evaluation of the Chief Executive Officer should be communicated to him or her by the Chairperson of the Board (if an Independent Director), or the Lead Director (if one is appointed), or otherwise the chairperson of the Committee, together with at least one

other Non-Management Director, preferably the chairperson of the Committee. The evaluation is to be used by the compensation committee in determining the compensation of the Chief Executive Officer. The evaluation should be based on objective criteria to include the performance of the business, accomplishment of reported goals and long term strategic objectives and the development of management.

The evaluation of the Chairperson of the Board should be communicated to him or her by the Lead Director or, if no Lead Director has been designated, by the chairperson of the Committee, together with at least one other Non-Management Director.

**26. Succession Planning.**

The Committee is responsible for continuously reviewing succession planning as it relates to the Chief Executive Officer of the Company. If it is determined that a new Chief Executive Officer should be hired, the Committee shall manage the process of identifying and selecting the new Chief Executive Officer, with the full participation of each of the Non-Management Directors and the current Chief Executive Officer, if appropriate.

To assist the Committee, the Chief Executive Officer shall develop and maintain a process for advising the Board on succession planning for himself or herself and other key senior leadership positions. The Chief Executive Officer shall prepare an annual report on such matters for the Board. There shall also be available, on a continuing basis, recommendations from the Chief Executive Officer and the Chairperson of the Board regarding their successors should either of them be disabled unexpectedly.

**27. Management Development.**

There shall be an annual report to the Board by the Chief Executive Officer on the Company's program of management development. This report should be given to the Board at the same time as the succession planning report.

**28. Board Access to Senior Management and Independent Advisors.**

Board members should have complete access to the Company's senior management and are encouraged to make regular contact. Board members are normally expected to inform the Chief Executive Officer prior to contacting other members of management on any substantive matter, if the contact could be perceived as infringing on the responsibilities of the Chief Executive Officer. Members, however, are not expected to inform the Chief Executive Officer that they are contacting other members of management regarding the normal activities of their Board committees.

The Board and each of the Board's committees shall have the authority to, as necessary and appropriate, retain independent advisors and consultants at the expense of the Company.

29. **Board Interaction with Stockholders, Institutional Investors, the Press, Customers, and Others.**

The Board believes that the Chief Executive Officer and his or her designees speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is, however, expected that Board members would do this with the knowledge of management and, in most instances, at the request of management. As provided in Section 20, if requested by a major stockholder (including institutional investors), the Lead Director (if one is appointed) shall ensure availability for consultation and direct communication with such stockholder.

Directors are subject to the confidentiality provisions of the Company's Code of Ethics and should maintain the confidentiality of all non-public board matters and materials.

The Board will give appropriate attention to written communications that are submitted by stockholders and other interested parties, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by the committee charters, the Chairperson of the Board (if an Independent Director), or the Lead Director (if one is appointed), or otherwise the chairperson of the Committee shall, subject to advice and assistance from the General Counsel, (1) be primarily responsible for monitoring communications from stockholders and other interested parties, and (2) provide copies or summaries of such communications to the other Directors as he or she considers appropriate.

30. **Stock Ownership Guidelines for Board Members.**

The Board considers ownership of Company stock by Board members to be important to align the interests of Directors with those of stockholders. Accordingly, it is a policy of the Board that, prior to five (5) years after joining the Board, all Directors shall attain minimum stock ownership equal in value to at least five (5) times the annual Board cash retainer as set from time to time by the Board. Management Directors shall also maintain equity ownership consistent with guidelines adopted for Company executives.

All shares owned outright, unvested restricted stock and vested stock options, whether obtained through employment, Board membership, or otherwise, shall be taken into consideration in determining compliance with the above stock ownership guidelines. The value of stock options for this purpose shall be the excess of the market price of the underlying stock over the exercise price.