

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

**Audit and Finance Committee Charter**

*As approved by the Board of Directors on March 4, 2003. Updated and approved by the Board of Directors on March 2, 2004, March 4, 2005, December 12, 2006, December 7, 2010, December 3, 2013, December 1, 2015, and June 14, 2016.*

**A. Purpose**

The purpose of the Audit and Finance Committee (the "Committee") is to assist the Board of Directors' (the "Board") oversight of:

- the Company's accounting and financial reporting processes and the audits of the Company's financial statements;
- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications and independence;
- the performance of the Company's internal audit function and independent auditors;

The Committee is to be available, as needed, to evaluate and consult with and advise management and the Board with respect to, any Capital Policies and Practices and Financial Transactions (as each term is defined below) involving the Company or any of its subsidiaries. From time to time, the Company (i) evaluates its capital structure and creates policies governing its capital structure, (ii) considers events and actions which would or could impact the Company's capital structure, (iii) evaluates and sets Company borrowing practices (the policies, considerations and practices described in clauses (i)-(iii) referred to as "Capital Policies and Practices"), and (iv) engages in debt or equity financings, credit arrangements, investments, mergers, acquisitions, joint ventures, divestitures and other similar transactions, including swaps that are subject to mandatory clearing on a registered clearing organization, as part of its business strategy (such transactions referred to as "Financial Transactions").

**B. Structure and Membership**

1. Number. The Committee shall consist of at least three members of the Board .
2. Independence. Except as otherwise permitted by the applicable national securities exchange rules, each member of the Committee shall be independent as defined by the applicable national securities exchange rules, meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

3. Financial Literacy. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual report filed with the SEC), at least one member of the Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).
4. Chair. Unless the Board elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.
5. Compensation. The compensation of Committee members shall be as determined by the Board. No member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board or a committee of the Board.
6. Selection and Removal. Members of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Corporate Governance Committee. The Board may remove members of the Committee from such committee, with or without cause.

## C. **Authority and Responsibilities**

### **General**

The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the independent auditor, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining adequate internal control over financial reporting. The independent auditors are responsible for auditing the Company's financial statements and the Company's internal control over financial reporting and for reviewing the Company's unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Committee to plan or conduct any audit, to determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or to guarantee the independent auditor's report.

## **Oversight of Independent Auditors**

1. **Selection.** The Committee shall be directly responsible for appointing, evaluating, retaining and, when necessary, terminating the independent auditor. The Committee annually seeks stockholder ratification of the independent auditor it appoints.
2. **Independence.** The Committee shall take, or recommend that the full Boards take, appropriate action to oversee the independence of the independent auditor. In connection with this responsibility, the Committee shall obtain and review the written disclosures and letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") regarding the independent auditor's communications with the Committee concerning independence. The Committee shall actively engage in dialogue with the auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor.
3. **Quality-Control.** The Committee shall evaluate annually the qualifications and performance of the independent auditor. In connection with the annual evaluation, the Committee shall obtain and review a report by the independent auditor describing:
  - the firm's internal quality control procedures;
  - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and steps taken to deal with such issues.
4. **Compensation.** The Committee shall be directly responsible for setting the compensation of the independent auditor. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Committee.
5. **Pre-approval of Services.** The Committee shall preapprove all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; provided, however, that *de minimis* non-audit services may instead be approved in accordance with applicable SEC rules.
6. **Oversight.** The independent auditor shall report directly to the Committee and the Committee shall be directly responsible for oversight of the work of the independent auditor, including resolution of disagreements between Company management and the independent auditor regarding financial reporting. In connection with its oversight role, the Committee shall, from time to time as appropriate:
  - obtain and review the reports required by the independent auditor pursuant to paragraph (k) of Section 10A of the Exchange Act regarding:
    - critical accounting policies and practices;

- alternative treatments of financial information within generally accepted accounting principles that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- other material written communications between the independent auditor and Company management, such as any management letter or schedule of unadjusted differences.
- obtain and review the communications by the independent auditor pursuant to PCAOB Auditing Standard No. 16, Communications with Audit Committee (“AS 16”).
- review with the independent auditor:
  - audit problems or difficulties the independent auditor encountered in the course of the audit work and management’s response, including any restrictions on the scope of the auditor’s activities or on access to requested information and significant disagreements with management;
  - major issues as to the adequacy of the Company’s internal controls and any special audit steps adopted in light of material control deficiencies;
  - analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods; and
  - the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements.

### **Review of Audited Financial Statements**

7. Discussion of Audited Financial Statements. The Committee shall review and discuss with the Company’s management and independent auditor the Company’s audited financial statements, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The Committee shall also review with management and the independent auditor their judgments about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and all additional matters about which AS 16, requires discussion.
8. Recommendation to Board Regarding Financial Statements. The Committee shall consider whether it will recommend to the Board that the Company’s audited financial statements be included in the Company’s Annual Report on Form 10-K.
9. Audit Committee Report. The Committee shall prepare for inclusion in a proxy or information statement of the Company relating to an annual meeting of security

holders at which directors are to be elected (or special meeting) the Audit Committee Report required by applicable Exchange Act rules.

### **Review of Other Financial Disclosures**

10. Independent Auditor Review of Interim Financial Statements. The Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Committee and the Chief Financial Officer any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by applicable auditing standards. The Committee shall direct management to advise the Committee in the event that the Company proposes to disclose interim financial information prior to completion of the independent auditor's review of interim financial information.
11. Earnings Release and Other Financial Information. The Committee shall review and discuss generally the types of information to be disclosed in the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts, rating agencies and others.
12. Quarterly Financial Statements. The Committee shall review and discuss with the Company's management and independent auditor the Company's quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### **Oversight of Internal Audit**

13. Internal Audit Function. The Committee shall oversee the performance of the Company's internal audit function. The Committee shall review the activities, organizational structure, qualifications, staffing and budget of the Internal Audit function and shall have authority to hire and terminate the head of the Internal Audit function.
14. Internal Audit Activities. The Committee shall review and approve the annual Internal Audit plan. The Committee shall meet with the head of Internal Audit on a regular basis to receive reports on completed audits, including management response and status of audits in-process and planned. The Committee shall also receive from the head of Internal Audit reports of any material irregularities, fraud or defalcations regarding unauthorized access to Company assets.

### **Controls and Procedures**

15. Oversight. The Committee shall oversee the Company's internal controls, including the Company's disclosure controls and procedures and internal control over financial reporting, on behalf of the Board. The Committee shall (i) discuss with management, the independent auditor and the head of the Internal Audit function the adequacy and effectiveness of the Company's internal controls (including any material weaknesses, significant deficiencies, significant changes to internal controls and any fraud whether or not material that involves management or other employees who

- have a significant role in the Company's internal controls); (ii) review the reports of the CEO and CFO required by Rule 13a-14 of the Exchange Act; and (iii) prior to the filing of the Company's Annual Report on Form 10-K, review the independent auditor's report on the Company's internal control over financial reporting.
16. Risk Management. "The Board is ultimately responsible for reviewing and approving the risk management strategy and framework and key risk parameters. The Committee shall assist the Board in its oversight of the Company's policies and practices with respect to risk assessment and risk management, including by discussing with management and internal audit risk exposures and the steps that have been taken to monitor and control such exposures. The Committee shall review and approve the risk management framework used in the Company's enterprise risk management program. The Committee shall provide oversight with respect to risks relating to the Company's accounting and financial reporting processes and the integrity of the Company's financial statements. The Committee shall review and discuss risks related to technology and cybersecurity and shall review and oversee the Company's response to significant data security incidents."
  17. Hiring Policies. The Committee shall establish policies regarding the hiring of employees or former employees of the Company's independent auditors.
  18. Procedures for Complaints. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall periodically review the effectiveness of such procedures.
  19. Ethics. The Committee shall monitor the functions of the Company's ethics program, including compliance with the Code of Ethics, and shall periodically review and discuss with the ethics officer reports describing ongoing projects, the status of communications and training programs, the status of pending compliance issues and other matters managed by the ethics officer. The Committee shall have direct communication with the ethics officer, as needed.
  20. Legal and Regulatory Compliance. The Committee shall periodically discuss with the General Counsel (i) any legal matters that may have a material impact on the Company's financial statements, accounting policies, compliance with applicable laws and regulations and (ii) any material reports, notices or inquiries received from regulators or governmental agencies. The Committee shall have direct communication with the General Counsel, as needed.
  21. Evaluation of Financial Management. The Committee shall provide input to the Compensation Committee on the evaluation of the Company's financial management personnel.
  22. Contract Authorization Policy. The Committee shall administer the Company's Contract Authorization Policy, which shall determine the approval and signature levels for the Company's contracts. The Committee shall, from time to time as it

deems appropriate, review and reassess the adequacy of the Company's Contract Authorization Policy and make such revisions thereto as it deems appropriate.

23. Additional Powers. The Committee shall have such other duties as may be delegated from time to time by the Board.

### **Finance Matters**

24. Advise Management. The Committee shall be available, as needed, to consult with and advise members of Staples' management with respect to any Capital Policies and Practices and/or any Financial Transactions, in each case involving Staples or any of its subsidiaries. This assistance may include, from time to time, advice with respect to (i) the underlying concept and the practical implementation requirements of proposed Capital Policies and Practices and (ii) the structure, timing or other terms or conditions of a proposed Financial Transaction.

25. Make Recommendations to the Board. The Committee may, as appropriate, make recommendations to the Board as to the advisability of (i) adopting new Capital Policies and Practices, (ii) modifying or terminating existing Capital Policies and Practices, (iii) entering into a proposed Financial Transaction, (iv) modifying, terminating or extending any existing arrangement relating to or resulting from a particular Financial Transaction, or (v) any other actions or matters related to Capital Policies and Practices and/or Financial Transactions that are consistent with the purposes set forth in this charter, as the same may be amended from time to time.

26. Review and Approve Swaps. The Committee is authorized to review and approve Staples' entry into swaps, including transactions in swaps that are subject to mandatory clearing, and to approve use of the end-user exception from clearing. The Committee is also authorized to adopt and shall review at least annually thereafter a policy relating to Staples' use of the non-financial end-user exception, and shall report to the Board on Staples' compliance with and implementation of this policy on at least an annual basis. The Committee may delegate responsibility for implementation of the non-financial end-user policy to Staples' management, as the Committee deems appropriate.

### **D. Procedures and Administration**

1. Meetings. The Committee shall meet at least four times a year, with authority to convene additional meetings as it deems necessary in order to perform its responsibilities. The Committee shall periodically meet separately with: (i) the independent auditor; (ii) Company management and (iii) the Company's internal auditors. The Committee shall keep such records of its meetings as it shall deem appropriate.
2. Subcommittees. The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a

subcommittee to pre-approve audit, review, attest or non-audit services shall be presented to the full Committee at its next scheduled meeting.

3. Reports to Board. The Committee shall report regularly to the Board .
4. Charter. At least annually, the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. Independent Advisors. The Committee shall have the authority to engage independent legal, accounting and other advisors it deems necessary or appropriate to carry out its responsibilities. Such advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board , to cause the Company to pay the compensation of such advisors.
6. Investigations. The Committee shall have the authority to conduct or authorize investigations into matters as it shall deems appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.
7. Funding. The Committee is empowered, without further action by the Board , to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
8. Annual Self-Evaluation. At least annually, the Committee shall evaluate its own performance.