The Home Depot, Eco Options and the Environment

The Home Depot® is committed to conducting business in an environmentally responsible manner through its stores and suppliers. From the Company’s progressive consumer education programs to its commitment to carry environmentally preferred products, The Home Depot is dedicated to making a positive environmental impact every day and making communities a better place for generations to come. The Home Depot’s commitment to the environment impacts all areas of its business, such as: store construction, energy usage, product selection and customer education. The company’s environmental program focuses on the development of alternative products, forestry and ecology, green-building design and sustainable development.

Eco Options
The Home Depot expanded its long-term commitment to Environmental Sustainability with the launch of Eco Options in April 2007. Eco Options is a product classification whose items meet certain environmental performance criteria, allowing consumers to easily identify products that have less of an impact on the environment than traditional products and empowers them to help make a difference in their own homes. Since the launch in 2007, The Home Depot has increased the number of environmentally preferred products from 2000 to over 4,500 products. The program has added products including; No and Low VOC paints, environmentally preferred cleaners, ENERGY STAR® qualified products, products labeled by the EPA’s WaterSense® program, organic plant food and much more. Eco Options products offer one or more of the following benefits:

- Sustainable Forestry
- Energy Efficient
- Water Conservation
- Clean Air
- Healthy Home

The Home Depot is working closely with vendors and independent experts to bring new and innovative environmentally friendly products to our customers. Products that meet the criteria will be tagged with the Eco Options logo, making it easy for you to spot these environmentally preferred product options. Through merchandising and marketing more than 4,500 environmentally preferred products spanning five different product categories, The Home Depot is helping to change the market for a more sustainable future. Because of The Home Depot’s size and its relationships with vendors, the Company is in the unique position of providing the widest variety of environmentally preferred products at the best value to more people.

U.S. Store Energy Efficiency
During the past six years, The Home Depot has reduced its U.S. stores’ energy per square foot consumption by 16 percent. At the start of 2004, The Home Depot's energy usage was 25 kWh per square foot. Through a series of operational programs including the upgrading of store HVAC systems, aligning of stocking hours more closely with store operating hours, use of CFL bulbs and a switch to T5 lighting, the Company’s U.S. store energy usage now stands at 21 kWh per square foot. Since these reductions began in 2004, the Company has saved 4.5 billion kWh of energy, which is enough energy to power 400,000 homes for one year.

Moving forward, the Company believes it can reach 20 kWh per square foot of energy usage by 2015. The stores will continue to gain operational and energy efficiencies through a move from 54 to 49 watt
lighting, additional HVAC upgrades, installation of more white roofs and certain locations that have shifted their stocking hours to align more closely with our store operating hours. All of these efforts, representing an additional reduction of approximately five percent from the current usage amounts, will bring the total reduction since 2004 to 20 percent.

**Domestic Supply Chain**
In addition to store operations efforts, the Company has set a 2015 target to reduce its domestic supply chain greenhouse gas emissions by 20 percent from its 2008 levels. As the Company continues its supply chain transformation of moving from having predominately supplier-to-store shipments to the utilization of a centralized distribution network, it expects to see an increase in transportation efficiencies.

The reduction of GHGs from the Company’s domestic supply chain during the next five years will be largely the result of more efficient routing, scheduling and the consolidation of shipments to stores. Upon reaching the target, the Company anticipates a reduction of 200 million miles driven per year. This equates to annual fuel savings of 25 million gallons or 8,000 trips around the earth. The Home Depot received the 2009 Environmental Excellence Award from the U.S. Environmental Protection Agency SmartWaySM Transport Partnership for its leadership in conserving energy and lowering greenhouse gas emissions from its transportation and freight activities. In 2010-2011, The Home Depot reduced our absolute carbon emissions by approximately 1.5 million metric tons.

**CFL Recycling**
In June 2008, The Home Depot expanded its long-term commitment to the environment and sustainability by launching a national in-store, consumer compact fluorescent light (CFL) bulb recycling program at all U.S. The Home Depot locations. This free service is the first such offering made so widely available by a retailer in the United States and offers customers additional options for making environmentally conscious decisions from purchase to disposal.

In addition to the CFL recycling program, The Home Depot has completed an in-store energy conservation program that has switched Light Fixture Showrooms in U.S. stores from incandescent bulbs to CFLs and is estimated to save $13 million annually in energy costs.

**Eco Operations Store Recycling Program**
The store recycling program is an additional way the Company can make an even bigger impact on the environment. Our current recycling programs include cardboard and plastic. The store recycling program has the potential to divert 95 million pounds of trash from landfills over the next year. The revenue we generate from recycled material in addition to the money we save on transportation and disposal costs will be added to the stores’ bottom line.

**The Home Depot Foundation**
As part of The Home Depot’s commitment to the environment and sustainability, in 2007, The Home Depot Foundation made a 10-year pledge to invest $400 million to build 100,000 homes.

With the help of our associate-led volunteer program, Team Depot, and our nonprofit partners, we met and exceeded that goal, six years ahead of schedule. At the end of 2010, the Foundation had supported the building of 150,000 healthy and affordable homes in just four years.
Carbon Emissions Offset Program
In October 2006, The Home Depot entered into an agreement with The Conservation Fund to offset all carbon emissions created by its Atlanta headquarters as well as a portion of emissions created by associates commuting to work and traveling on business.

Through this program, The Home Depot will plant 38,000 trees in protected parks in the Metro Atlanta region as part of The Conservation Fund's Go Zero program. Along with offsetting carbon emissions through reforestation, the trees will help reduce the heat-island effect in urban areas, reduce erosion and storm-water runoff, and help clean the air.

Wood Purchasing
To help protect endangered forests and to ensure that there will be timber for future generations, The Home Depot issued its first Wood Purchasing Policy in 1999.

The Home Depot Wood Purchasing Policy:
- Give preference to the purchase of wood and wood products originating from certified well managed forests wherever feasible.
- Eliminate the purchase of wood and wood products from endangered regions around the world.
- Practice and promote the efficient and responsible use of wood and wood products.
- The Home Depot will promote and support the development and use of alternative environmental products.
- Expects its vendors and their suppliers of wood and wood products to maintain compliance with laws and regulations pertaining to their operations and the products they manufacture.

Supplier Social and Environmental Responsibility (SER) Program
The Home Depot's Supplier Social and Environmental Responsibility (SER) program has evolved from our internal commitment to the highest standards of business conduct.

Our SER program was established to ensure that our suppliers adhere to the highest standards of social and environmental responsibility. These standards of behavior relate to workplace and employment conditions, environmental health, and safety standards as established by the existing local laws. Our SER program requires supplier compliance with the following nine main categories:
- Denial of Access to Audit
- Age Requirements
- Forced Labor
- Wages and Working Conditions
- Discrimination
- Emergency Planning
- Environment Health and Safety
- Freedom of Expression and Association
- Fraud

The Home Depot is committed to working with its suppliers to meet the standards outlined in the supplier SER program by providing continuous education to ensure all program requirements are communicated and fully understood. The process of continuous collaboration and engagement with our suppliers to achieve improvement in their operations as we deliver the highest quality products to our customers is an important goal that deserves our attention.

We monitor compliance using independent third party service providers to perform random audits where our suppliers manufacture merchandise for The Home Depot and we actively work with suppliers to implement robust SER programs within their companies. The SER program is an opportunity for us
to innovate, collaborate and engage with our suppliers in a continuous improvement process as we strive for overall improvement in performance across all aspects of our supply chain.

**Store Design and Operations**
Our dedication to home improvement extends not only to our customers, but to our own “homes” as well – our stores and their operations. By taking a do-it-yourself approach to our own operations, we reduced energy consumption per square foot in our stores by 16 percent.

In addition, a construction task force of our Environmental Council worked to integrate energy-efficient specifications into store design and construction. The result is an average 34 percent energy savings between stores built before 2003 and those built after. Some elements of the energy-saving new store design include:
- Reflective roof membranes
- Rooflines that are 4 feet lower than the previous design
- T-5 fluorescent lighting
- Entrance vestibules

To improve the energy efficiency of renovated stores, we reconfigured HVAC systems, developed horizontal lumber doors that open in stages based on the size of the load, converted front signs to LED and implemented a low-watt bulb program in all lighting displays.

**Consumer Education Programs**
The Home Depot is a consumers’ first stop when making home improvement decisions. Whether it’s designing a new kitchen, installing new flooring or increasing the overall energy efficiency of their homes, consumers rely on our associates for advice and guidance. Therefore, we feel a special responsibility to provide our customers with the information they need to make wise environmental choices. We accomplish this through government partnerships like the ENERGY STAR program, consumer clinics on a variety of topics- including energy conservation and consumer recycling programs- such as rechargeable battery recycling and 1-800-CLEANUP, a hotline that provides recycling tips and establishes recycling drop-off centers in local neighborhoods.

**Awards & Recognition**
- Ranked in Top 100 Leading Global Sustainable Companies in 2012 Maplecroft Universe Report
- Named 2011 EPA WaterSense Retail Partner of the Year
- In 2011, named an industry leader by the Carbon Disclosure Project with a score of “82.”
- Galaxy Star Award from the Alliance to Save Energy (2007)
- Voted one of the Best Green Companies for America’s Children by *Working Mother* magazine (2007)
- No. 1 Most Admired Specialty Retailer by Fortune magazine, The Home Depot’s record of environmental and community responsibility served as one of the eight ranking criteria (2006, 2005 and 1993 – 2002)
Canadian Environment Award for Mow Down Pollution won the gold medal prize in the Climate Change category presented by Canadian Geographic Magazine (2005)

Toronto Green Award was presented to The Home Depot Canada President Annette Verschuren; she received the Award of Excellence in Market Transformation (Canada – 2005)

No. 3 Ranking on Citizens Advisor’s Top 10 Corporate Citizens in Environmental Stewardship (2004)

Advocate of the Year from the Office of Energy Efficiency (2004 - Natural Resources Canada)

National Product Campaign Award from the U.S. Environmental Protection Agency (2004)

National Product Campaign Award from the U.S. Environmental Protection Agency (2003)

Received an "A" rating for its environmental programs from the Council on Economic Priorities' Corporate Report Card (1998)

Became official sponsor of the first America Recycles Day. Received Vision for America award from Keep America Beautiful for its commitment to American communities (1997)

Received President's Council for Sustainable Development Award with Scientific Certification Systems and Collins Pine (1996)

Environmental program selected by Renew America and the National Awards Council for Environmental Sustainability to appear in Environmental Success Index as "outstanding example of effective environmental solutions" (1995)

Opened Recycling Depot on one-acre site next to Duluth, Ga., store became world's first retailer to integrate a drive-through recycling center with a store (1993)

Became world's first home improvement retailer to offer a product featuring an "Environmental Report Card" (1993)

Environmental effort begins on the 20th Anniversary of Earth Day (The Home Depot remains the only home center in North America with a full-time staff dedicated to environmental issues) (1990)

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