



Responsible Sourcing Supplier Manual

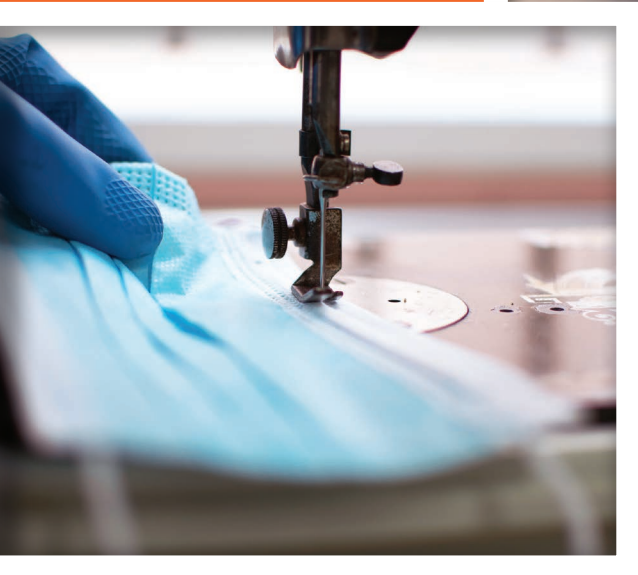


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Letter from Our Chairman and CEO

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Our eight core values are the greatest gift our founders gave us four decades ago.

Their philosophy was that if we operated according to these values, the rest would take care of itself. Our founders were right, and we continue to use these values as our guide to do things better every day.

Although a majority of our products are sourced in North America, The Home Depot works with thousands of suppliers and factories around the world to source merchandise for our customers. Through our Responsible Sourcing program, we are able to share our values throughout our entire supply chain to achieve a positive impact. The Home Depot is striving to ensure that the people who make what we sell are treated with respect in a safe and fair workplace, our suppliers benefit from doing the right thing and our customers in turn receive quality product.

I want to thank our incredible associates and suppliers who have made social and environmental responsibility a top priority.

”

Craig Menear
Chairman and CEO



Responsible Sourcing Introduction

The Home Depot strives to conduct business in a responsible manner, which includes observance of human rights, safety and environmentally sound practices.

This commitment extends to our affiliates, divisions and subsidiaries, and as we expand our business activities and work with suppliers domestically and globally to meet customers' needs, it also applies to every supplier and factory with which we work.

The Home Depot sources merchandise from all over the world, and our Responsible Sourcing program was created to maintain and guide ethical practices throughout the global sourcing ecosystem, which includes suppliers and factories. Suppliers are those entities through which The Home Depot purchases products and services. Factories are the facilities in which products are made. At every level of sourcing, it is our expectation that complete compliance is maintained.

We partner with our suppliers by purchasing products made in factories that adhere to our Responsible Sourcing Standards. These Standards mandate that suppliers and factories abide by all applicable international and local laws, rules, and regulations in the manufacture and distribution of merchandise or services provided to The Home Depot.





The Responsible Sourcing Supplier Manual

The Responsible Sourcing Supplier Manual applies to organizations providing products to The Home Depot (suppliers) and facilities producing the related products, including factories producing products directly for The Home Depot (collectively, factories).

The Responsible Sourcing Supplier Manual is intended to be the primary reference document to help suppliers manage compliance with the Standards. The primary purpose of this Responsible Sourcing Supplier Manual is to establish and outline The Home Depot's compliance program policies and procedures related to the Responsible Sourcing Standards. The Home Depot expects our suppliers and factories to follow our Standards as outlined in the Responsible Sourcing Supplier Manual.

We understand that fully complying with these Standards may be challenging for some factories; however, The Home Depot only works with factories that are transparent and committed to continuous social and environmental improvement. The Home Depot is committed to a policy of "remediation not termination." However, factories that fail to be transparent or fail to respond to outstanding compliance issues will be terminated.



Responsible Sourcing Standards

Laws and Regulations

Suppliers must operate in full compliance with all applicable laws and regulations of the countries in which they operate.

Child Labor

Suppliers must not employ workers younger than the greater of 15 years of age – or 14 where the local law allows such exception consistent with International Labour Organization guidelines – or the age for completing compulsory education or the minimum age established by law in the country of manufacture.

In addition, suppliers must comply with all local legal requirements for the work of authorized young workers, particularly those pertaining to hours of work, wages and working conditions.

Forced Labor

Suppliers must not use forced, bonded (including debt bondage) or indentured labor, or prison labor, nor shall suppliers participate in slavery or trafficking of persons. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction, or fraud for labor or services.

There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities.

As part of the hiring process, workers must be provided with all documents relevant to their employment in a language they understand with a description of terms and conditions of employment prior to the worker departing from his or her country of origin, and there shall be no substitution or change(s) allowed in such documentation upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms.

All work must be voluntary, and workers shall be free to terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate, or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law.

Foreign migrant factory workers should not be required to pay employers' or agents' recruitment fees or other related fees for the purpose of being hired or as a condition of employment.

Harassment and Abuse

Suppliers must treat all workers with respect and dignity. No worker shall be subject to corporal punishment or physical, sexual, psychological, or verbal harassment or abuse. In addition, suppliers will not use monetary fines as a disciplinary practice.

Compensation

Suppliers must meet or exceed the minimum wage and compensation requirements as defined under applicable labor laws, applicable agreements and local regulations for regular work, overtime work, production rates, and other elements of compensation and employee benefits.

Hours of Work

Suppliers must ensure that, except in extraordinary business circumstances, on a regularly scheduled basis, workers shall not be required to work more than the lesser of (a) sixty (60) hours per week, including overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture. In addition, except in extraordinary business circumstances, all workers shall be entitled to at least one day off in every consecutive seven-day period.

Non-Discrimination

Suppliers will ensure employment – including hiring, salary, benefits, advancement, discipline, termination, retirement, or any other terms and conditions of employment – should be based solely on the person’s ability to perform the job requirements and not the person’s beliefs or any other personal characteristics.

Freedom of Association and Collective Bargaining

Suppliers must recognize and respect the rights of workers to exercise lawful rights of free association, including joining or not joining any association. Suppliers must also respect the legal right of workers to bargain collectively.

Health and Safety

Suppliers must provide a safe and healthy working environment in accordance with applicable laws and regulations.

Environment

Suppliers must comply with all local environmental laws and regulations applicable to the workplace. Factories must conduct business in a manner which minimizes their impact on the environment.

Subcontracting

Suppliers must not use subcontractors in the manufacture of products or product components for The Home Depot without disclosing such information to The Home Depot, and only after the subcontractor has adequately demonstrated compliance with these Standards.

Communication

Suppliers must communicate the provisions of The Home Depot Responsible Sourcing Standards to all workers and supervisors.

Business Ethics

Suppliers will conduct business with The Home Depot consistent with honesty and integrity and demonstrate the highest standards of business ethics. Suppliers will take no actions directed at improperly impacting the results of any audit including presentation of falsified records or coaching of employees. Consistent with The Home Depot Gifts and Entertainment Policy, suppliers will not offer any incentives to The Home Depot’s associates or audit firm representatives.

Monitoring and Compliance

The Home Depot will undertake affirmative measures, such as announced and unannounced on-site audits of production factories, to monitor compliance with these Responsible Sourcing Standards. Suppliers must maintain on site all documentation necessary to demonstrate compliance with the Standards, and suppliers must allow associates and/or representatives from The Home Depot full access to production facilities, worker records, production records and workers for confidential interviews in connection with monitoring visits.

Suppliers are expected to take necessary corrective actions to promptly remediate any noncompliance. Suppliers are expected to actively engage in remediation – including timely preparation and presentation of a Corrective and Preventive Action (CAPA) plan. The Home Depot reserves the right to terminate its business relationship with any supplier who is unwilling to comply with these Standards.



Responsible Sourcing

Definitions and Key Terms

The standards embodied in The Home Depot Responsible Sourcing Standards are generally objective, measurable and linked to applicable local laws. However, in certain provisions of the Standards, there are terms which could require clarification. The definitions of key terms included in the Standards are intended to provide clarity to suppliers with respect to the requirements outlined in the Responsible Sourcing Standards. The provisions and the related terms being defined are presented below.

Hours of Work

Extraordinary business circumstances – which allow for working hours in excess of 60 hours per week or working seven consecutive days – are limited to the following instances:

- Natural disasters, including but not limited to, earthquakes, hurricanes and fires, directly affecting a supplier.
- Unforeseeable disruption in production resulting from a natural disaster at a supplier – e.g., A hurricane disrupts the production at a textile facility, which has a direct impact on a sewing facility's operation.
- Unforeseeable business events, including but not limited to, peak season machine malfunction at a facility.

It is important to recognize that the exceptions provided under extraordinary business circumstances do not provide a basis for exceeding the limitations on hours of work or consecutive days worked in accordance with local laws.

Regularly scheduled basis – which allows for working hours in excess of 60 hours per week – is limited to the following instances:

- Hours of work in excess of the limits prescribed in the Responsible Sourcing Standards will be considered regularly scheduled to the extent that the hours worked in a given week exceed 60 hours more than 25% of time as measured in any 12-week period.

For example, in any 12-week period, to the extent hours or work exceed the requirements of the Standards in more than three weeks, these events would be considered regularly scheduled and in violation of the requirements of the Standards.

It is important to recognize that the exception provided under regularly scheduled basis does not provide a basis for exceeding the limitations on hours of work or consecutive days worked in accordance with local laws.

Health and Safety

A clean, safe and healthy work environment in compliance with all applicable laws and regulations:

Clean, safe and healthy work environment includes all requirements of the applicable local law – e.g., Occupational Safety and Health Administration (OSHA) for factories in the United States or European Union/European Economic Community (EU/EEC) directives for factories in Europe. The primary areas of focus in this regard will comprise:

1. Fire safety
 - Fire extinguishers
 - Fire exits
 - Evacuation plans
 - Fire drills
2. Machine guards
3. Personal protective equipment
4. Lighting, temperature and ventilation
5. Toilet facilities

Nondiscrimination

Beliefs and other personal characteristics include, but are not limited to, the following:

- Race
- Religion
- Age
- Gender
- Ethnic origin
- Caste
- Political opinion
- Disability
- Sexual orientation

Subcontracting

Subcontractors in the manufacture of products or product components for The Home Depot:

Factories, other than the facility identified for the production of a product for The Home Depot, involved in either the final assembly of the product or the manufacture of product components with the logos of any of The Home Depot's brands.

Communication

Communicate the provisions of The Home Depot Responsible Sourcing Standards to all workers and supervisors:

Necessary steps to ensure the terms of the Responsible Sourcing Standards are presented to employees in languages understood by all employees. This can be accomplished through meetings and presentations on the requirements – including posting – of other codes of conduct with similar provisions.

Key Acronyms Used in this Manual

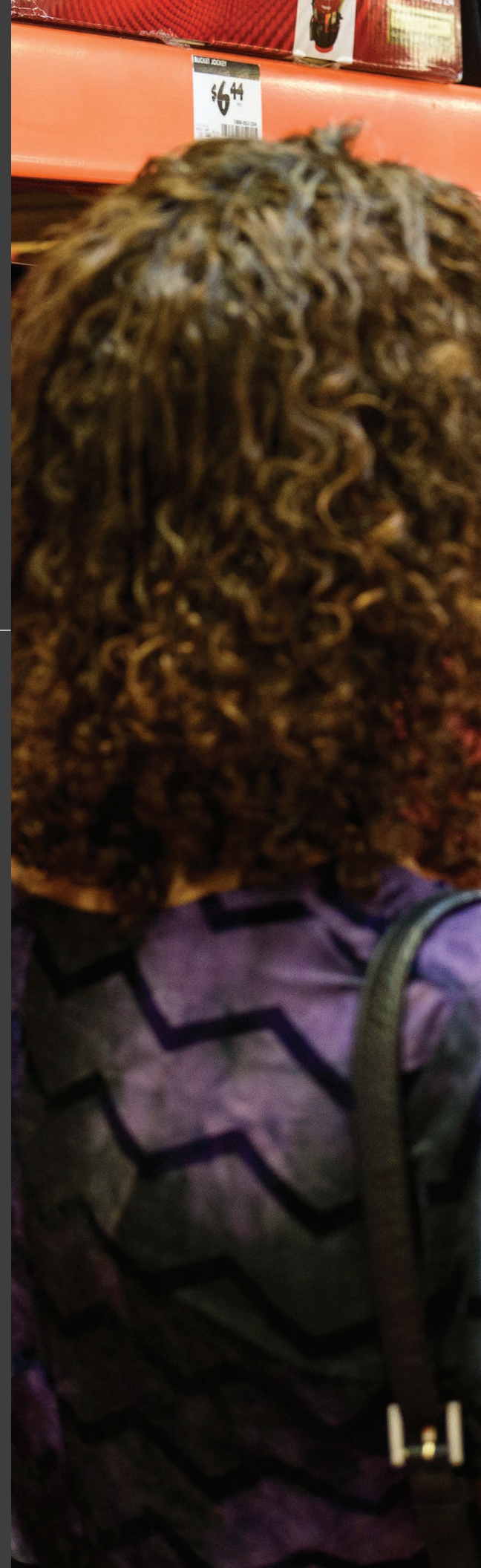
BCCE:	Business Code of Conduct & Ethics	PO:	Purchase Order
CAPA:	Corrective and Preventive Action	QA:	Quality Assurance
COG:	Cost of Goods	RESA:	Retail Ethical Sourcing Assessment
EU/EEC:	European Union/European Economic Community	RS:	Responsible Sourcing
EIC:	Emerging Issues Council	SBA:	Supplier Buying Agreement
FMW:	Foreign Migrant Worker	SP:	Service Provider
OSHA:	Occupational Safety and Health Administration	TIP:	Transparency and Improvement Program
PB:	Private Brands		

Chapter 1: The Home Depot

The Home Depot is a driving force within the responsible sourcing ecosystem. In sourcing merchandise for our customers, we generate demand. As such, The Home Depot understands the need to ensure that demand is fulfilled ethically. The Home Depot contracts with suppliers and factories around the world who have their own set of policies, practices and values. The Responsible Sourcing program is a way to support ethical consistency throughout the supply chain.

The Responsible Sourcing program is a structured approach by which any entity can understand, adopt and apply ethical sourcing as defined by The Home Depot.

This program helps The Home Depot ensure its values are shared and practiced from source to source.





Hi, I'm
Tim



I put customers **FIRST**


HUSKY.

Roles and Responsibilities

Responsibilities and Policies of The Home Depot

The Home Depot is dedicated to ensuring adherence to the Responsible Sourcing (RS) Standards. All activities associated with Standards compliance will be managed by The Home Depot RS team under the direction of an appointed responsible sourcing leader. The Home Depot RS team will be responsible for informing all suppliers, which include factories, of The Home Depot's compliance requirements and expectations.

The Home Depot's VP of Sustainability/RS and Director of RS have joint authority to determine the appropriate sanctions for a factory or supplier. At the discretion of the VP of Sustainability/RS, the Emerging Issues Council (EIC), which is comprised of senior executives from various departments throughout the company, may be requested to determine the appropriate sanctions for any critical or repeated violations at a specific factory or supplier.

To manage compliance with the Standards, The Home Depot RS team will be responsible for the following:

Training and Communication

The Home Depot RS team will be responsible for conducting/coordinating Standards compliance training. (See [Ongoing Compliance Efforts, p. 18.](#)) In addition, The Home Depot RS team will serve as the primary contact within The Home Depot for compliance-related information with factories that produce products offered for sale by The Home Depot.

Factory Audits

The Home Depot RS team will be responsible for the coordination of external factory audits. (See [Ongoing Compliance Efforts, p. 18.](#)) The Home Depot RS team will engage the services of audit service providers and coordinate the efforts of trained, credentialed internal resources.

Remediation Management

The Home Depot RS team will be responsible for oversight of remediation efforts managed by the audit service providers and undertaken by suppliers and factories to address issues identified through The Home Depot's compliance management efforts, including factory audits. (See [Supplier Remediation and Termination, p. 25](#) and [Factory Remediation and Termination, p. 52.](#))

Investigation and Response to Identified Standards Issues Outside of the Audit Population

To the extent The Home Depot is made aware of allegations or instances of noncompliance with the provisions of the Standards in factories or operations outside of the audit population, The Home Depot RS team will undertake an investigation into the allegation/issue and determine the nature and extent of noncompliance. To the extent The Home Depot RS team is able to confirm noncompliance with the Standards and depending on the severity of the noncompliance, The Home Depot RS team will work with the responsible supplier or factory to remediate the identified noncompliance and take appropriate measures to ensure the issue will not recur.



Ongoing Compliance Efforts

Training and Communication

The Home Depot Responsible Sourcing (RS) team will organize periodic factory compliance training for representatives from suppliers and factories. The primary purpose of the training programs is to educate and communicate the Standards and compliance expectations to the factories and suppliers. Both the supplier and factory will also receive The Home Depot Responsible Sourcing Supplier Manual with the Service Provider (SP) audit scheduling notification for each Retail Ethical Sourcing Assessment (RESA) audit.

The Home Depot RS team provides the following free training options so that suppliers and factories can easily participate and get the most updated information regarding The Home Depot RS standards and process:

Live Virtual Training:

Live virtual training to give suppliers and factories flexibility to join the training with an RS team member

Online Training Via the Website:

- <https://vendor-thdrs.talentlms.com/catalog/index> (for **vendor**)
- <https://factory-thdrs.talentlms.com/catalog/index> (for **factory**)

All new factories, factories that received a grade of "C" or "F" in their last audit, and related suppliers are required to complete either the on-site training or the online training and provide a training certificate to the SP before each audit.

Compliance Management

In order to assess compliance with the Standards, The Home Depot will undertake steps to confirm compliance with the provisions of the Standards. In addition to the training certification process described above, The Home Depot's compliance management will be comprised of the performance of on-site factory audits.

(See Grading in Factories Remediation and Termination, p. 53.)

External Factory Audits

The Home Depot RS team may engage a social compliance audit firm(s). Auditors will be responsible for executing independent audits consistent with The Home Depot's audit protocols. In 2017, The Home Depot implemented the RESA template for all The Home Depot RS audits.

RESA is a single audit template developed in partnership with Lowe's. The goal is to avoid imposing the added cost of conducting multiple audits where the same factories are being used by The Home Depot and Lowe's.

Audit Execution

The Home Depot's external audits will include periodic audits of factories, specific response audits and onboarding audits. (See [New Factory Onboarding](#), p. 21.)

Periodic Audits

Factories will be subject to periodic audits based on the results of the previous initial audit. The timing of periodic audits based on the previous initial audit result may be as follows:

- **Grade A** – Two (2) years from the Corrective and Preventive Action (CAPA) closure* (if CAPA is required) or most recent audit date (if no CAPA required or factory enters “noncompliance” status for not closing CAPA within required timelines)
- **Grade B** – One (1) year from CAPA closure or most recent audit date (if factory enters “noncompliance” status for not closing CAPA within required timelines)
- **Grade C** – Six (6) months from CAPA closure or most recent audit date (if factory enters “noncompliance” status for not closing CAPA within required timelines)
- **Grade F** – Factory is required to undertake the Transparency and Improvement Program (TIP) (p. 54). New audit required six (6) months from the date of the audit. At that time, the factory is expected to achieve a grade of “C” or higher.

**The Home Depot reserves the right to audit more frequently at their discretion. (ie. seasonal product factories as described, p. 54.)*

Specific Response Audits

On a periodic basis, The Home Depot may become aware of issues or allegations of noncompliance at factories producing products for The Home Depot. Based on the nature of the issues or allegations, The Home Depot RS team may coordinate an audit or engage an external auditor to perform the audit. These audits will be conducted on an immediate basis, with special consideration for the identified issues or allegations.

Based on the nature of the issues and allegations, specific response audits may be performed on an unannounced basis.



Use of Current Factory Audit Reports

The Home Depot will consider waiving the initial audit requirement for a supplier or factory with an existing audit report, provided all of the following conditions are met:

A RESA audit has been performed for other retailers. At the time of audit scheduling, suppliers need to inform The Home Depot's appointed third-party service provider within three calendar days if an audit conducted by Lowe's using the RESA template is on file. If so, The Home Depot will obtain a copy of the audit report and all relevant corrective action-related documents from Lowe's directly and not conduct an additional RS audit.

Suppliers/factories wishing to use any existing report are required to provide the report to The Home Depot RS team within three calendar days from date of audit notification.

1. Audit was performed by a The Home Depot recognized provider:
 - Bureau Veritas
 - Intertek
 - SGS
 - UL
 - TUV
 - Other, as determined by The Home Depot in its sole discretion
2. The initial audit was performed within the prior 12 months.
3. The report converts into a grade of "B" or higher on The Home Depot's grading system.
4. The supplier or factory must contact the service provider who conducted the audit and request the service provider forward the final report directly to The Home Depot. The Home Depot will not accept reports directly from a supplier/factory.
5. The supplier or factory must demonstrate that a strong CAPA plan was implemented, if applicable. If remediation was not finalized, a strong CAPA plan with clear timelines must be presented to The Home Depot.
6. To the extent The Home Depot accepts the audit report, The Home Depot will approve the factory consistent with the initial grade. (See [Factory Remediation and Termination, p. 52.](#))
7. Factories cannot receive an exemption three consecutive times based on accepted shared reports.

The Home Depot reserves the right to reject reports at our discretion.

Remediation and Termination

The Home Depot is committed to working with suppliers and factories to address noncompliance with the Standards. The Home Depot's relationship with suppliers and factories that are unable or unwilling to address identified compliance issues may be terminated consistent with The Home Depot's Termination Guidelines.

The Home Depot's VP of Sustainability/Responsible Sourcing (RS) and Director of RS have joint authority to determine the appropriate sanctions for a factory or supplier. At the discretion of the VP of Sustainability/RS, the Emerging Issues Council (EIC) (which is comprised of senior executives from various departments throughout The Home Depot) may be requested to determine the appropriate sanctions for any critical or repeated violations at a specific factory or supplier.

Suppliers

Suppliers are expected to support efforts to ensure compliance issues are addressed by factory management at the factories. It is the responsibility of each supplier to ensure that the factories utilized to produce products for The Home Depot comply fully with the Standards. Suppliers who fail to meet the guidelines in this Manual may be subject to termination of their business relationship with The Home Depot.

For additional supplier remediation and termination policies and protocols, see Chapter 2.

Factories

Factories are expected to develop CAPA plans to address identified compliance issues in a timely manner. Factories are expected to correct all identified compliance issues as a condition of continued business. The Home Depot's relationships with factories that are unable or unwilling to address identified compliance issues may be terminated consistent with The Home Depot Termination Guidelines.

For additional factory remediation and termination policies and protocols, see Chapter 3.

New Factory Onboarding

Factory Audits

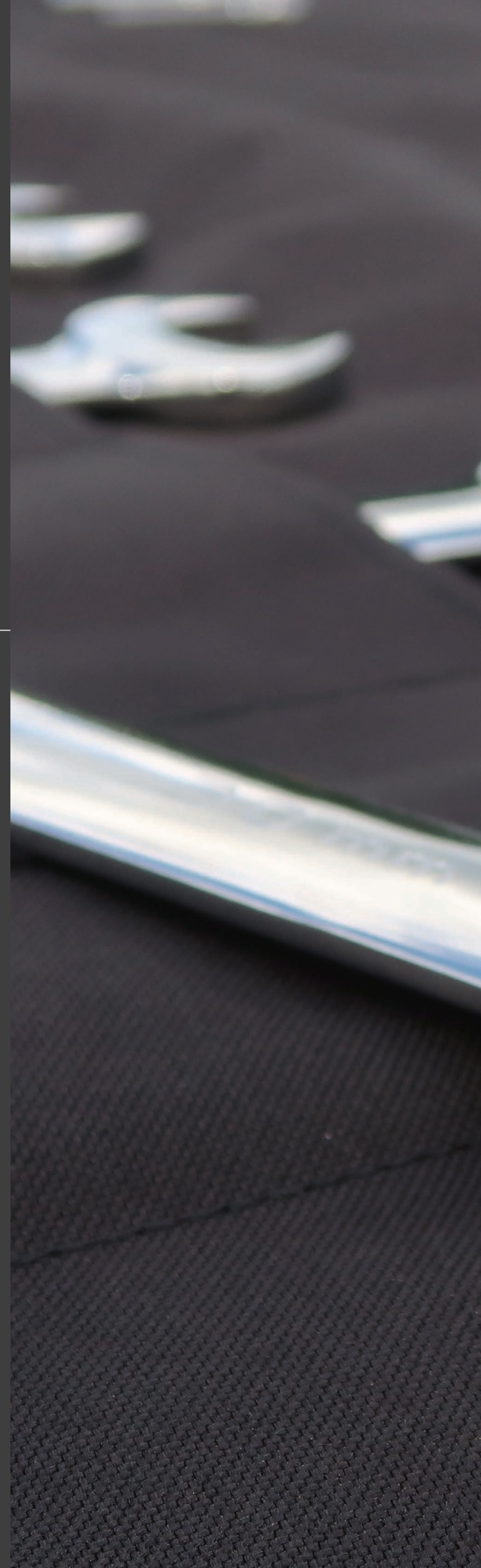
The Home Depot RS team may require selected factories to be evaluated through a factory audit as an element of the onboarding process. The audit will be performed consistent with The Home Depot's factory audit protocols. (See [Ongoing Compliance Efforts](#), p. 18.) Both the supplier and factory will receive The Home Depot Responsible Sourcing Supplier Manual with the Service Provider (SP) audit scheduling notification. Based upon the results of the audit, The Home Depot RS team or its representatives will provide the factory with any necessary corrective actions. If the factory meets the requirements outlined in this Manual, The Home Depot RS team will approve the factory for production. The approval of the factory will be communicated to the responsible supplier or responsible The Home Depot representative, as applicable.

Chapter 2: Suppliers

Within the responsible sourcing ecosystem, suppliers play a pivotal role in facilitating ethical sourcing.

Suppliers are the liaison between The Home Depot and the factories that manufacture products or source materials for use in products. They are responsible for distributing, communicating and ensuring compliance with the Responsible Sourcing Standards. With that, suppliers must report all factories used for the production of products to The Home Depot, and all suppliers must have a designated point of contact for supervising factory compliance, reinforcing standards and reporting to The Home Depot. Likewise, in instances where remediation is required, supplier representatives may be asked to oversee, enforce and report on such efforts.

The following section outlines the various obligations and expectations for those suppliers engaged with The Home Depot.





Responsibilities of Suppliers

Responsible Official

Each supplier will designate an official who will be responsible for supervising the supplier's efforts to ensure factories utilized by the supplier comply with the Standards. Each supplier will promptly notify The Home Depot Responsible Sourcing (RS) team of any change in the identity of its official designated for this purpose.

Identification of Factories

Suppliers are responsible for reporting all factories used for the production of products provided to The Home Depot. As part of the periodic factory audit process, all suppliers must provide The Home Depot with an updated listing of the factories being used to produce products for The Home Depot, and only factories approved by The Home Depot RS team can be utilized for the production of products. Suppliers are also responsible for reporting and registering any new subcontractors in The Home Depot FlexPLM system within 15 days after the business relationship is established. For all new programs, any subcontractors being utilized should be added into The Home Depot FlexPLM system at the time of onboarding.

Information and Training

The Standards and Definitions of Key Terms (p. 9–p. 13.) outline The Home Depot's expectations related to the conditions under which products provided to The Home Depot are manufactured. In addition, all suppliers are encouraged to seek any needed guidance from The Home Depot RS team on how to ensure their factories and the related individual compliance efforts meet The Home Depot's expectations. The Home Depot may request the attendance of management from the supplier and/or factories at seminars presented by The Home Depot or outside parties to assist in their understanding of, and adherence to, The Home Depot's compliance expectations. In addition, suppliers are responsible for ensuring the factories utilized in the production of products provided to The Home Depot have received and understand the Standards and the related requirements.

Compliance Management Support

In connection with The Home Depot's compliance management efforts, The Home Depot will utilize factory audits to confirm compliance with The Home Depot's expectations. Suppliers will not interfere with or discourage communication with The Home Depot personnel or The Home Depot's representatives. Suppliers will encourage factory management to permit The Home Depot personnel and The Home Depot's representatives to conduct all audit procedures, including interviews of employees without the presence of other employees or management.

Suppliers are responsible for the costs associated with The Home Depot's factory audit efforts. Suppliers are expected to pay for the costs of announced audits directly in a timely manner and facilitate the timely performance of all audits. Failure to pay for the audits may result in an offset of the supplier's account by The Home Depot.

Remediation and Termination

Suppliers are expected to support efforts to ensure compliance issues are addressed by factory management at the factories. In certain instances, The Home Depot may request supplier representatives confirm remediation of identified issues. (See [Ongoing Compliance Efforts, p. 18.](#))

It is the responsibility of each supplier to ensure that the factories utilized to produce products for The Home Depot comply fully with the Standards. Suppliers who fail to meet the guidelines in this Manual may be subject to termination of their business relationship with The Home Depot.

The Home Depot is committed to working with approved factories to address noncompliance with the Standards. Factories are expected to develop Corrective and Preventive Action (CAPA) plans to address identified compliance issues in a timely manner. Factories are expected to correct all identified compliance issues as a condition of continued business. The Home Depot's relationships with factories that are unable or unwilling to address identified compliance issues may be terminated consistent with The Home Depot Termination Guidelines.

Factories are expected to complete and provide their completed CAPA plan to the responsible audit service provider within seven days in response to all compliance issues identified through The Home Depot's compliance management efforts. The timetable for corrective action will depend on the nature, severity and prevalence of the identified findings. Based on the identified noncompliance, the timetable for corrective action will generally be based upon the corrective action guidelines.

Based on the findings identified during the audit, the factory will receive one of the following overall ratings based on the most significant findings identified during the audit.

- **Grade A** – A grade of “A” overall rating indicates there were (i) only minor or no compliance issues identified in the execution of the audit resulting in a score between 95–100; or (ii) through the performance of follow-up audits, all identified compliance issues have been addressed. Factories with a grade of “A” overall rating during an initial audit are approved for The Home Depot production for two years.
- **Grade B** – A grade of “B” overall rating is assigned when there are isolated deviations for issues considered non-critical as defined on (p. 60) which result in an audit score between 80–94.99. Factories with a grade of “B” overall rating generally are required to have a follow-up audit conducted within 90 days to evaluate remediation of identified compliance issues. Upon completion of these remediation efforts, factories with a grade of “B” overall rating are approved for The Home Depot production for one year.
- **Grade C** – A grade of “C” overall rating is assigned when there are deviations for issues considered to be non-critical as defined on (p. 60) which result in

It is the responsibility of each supplier to ensure that the factories utilized to produce products for The Home Depot comply fully with the Standards.

an audit score between 65–79.99. Factories with a grade of “C” overall rating generally are required to have a follow-up audit conducted within 90 days to evaluate remediation of identified compliance issues. Upon completion of these remediation efforts, factories with a grade of “C” overall rating are approved for The Home Depot production for six months.

- **Grade F** – A grade of “F” rating is assigned when (i) there are deviations for issues considered to be non-critical as defined on (p. 60) which result in an audit score below 65; or (ii) there are deviations for issues considered to be critical as defined on (p. 60). If The Home Depot proceeds with factories who score a grade of “F” overall rating, the factory will be required to enter into The Home Depot Transparency and Improvement Program (TIP) and have a follow-up audit conducted upon completion of these remediation efforts to evaluate remediation of identified compliance issues. After a successful follow-up audit, factories with a grade of “F” will be approved for The Home Depot production. Purchase orders may not be released to these factories until confirmation of entry into TIP and subsequent approval by the Responsible Sourcing (RS) team.

Critical or Repeated Noncompliance Findings

When requested by The Home Depot’s VP of Sustainability/RS, the Emerging Issues Council (EIC) made up of senior executives within The Home Depot will determine the appropriate sanctions for any critical or repeated violations at a specific factory or supplier. Where applicable, The Home Depot will consider sanctions for the supplier associated with a factory found to have critical or repeated violations. However, whenever possible, The Home Depot will support the factory’s timely remediation efforts before resorting to possible termination.

Follow-Up CAPA Factory Audits

Follow-up factory audits may be necessary to ensure corrective actions are taken. The Home Depot Responsible Sourcing (RS) team will authorize follow-up audits within 30 to 90 days after an initial audit has identified noncompliance. If a factory has any critical findings, the follow-up will generally be scheduled within 30 days of the initial audit to ensure timely remediation.

Events that May Impact the Schedule

In the event that The Home Depot discovers a deficiency (e.g., Responsible Sourcing, quality assurance, security/Customs Trade Partnership Against Terrorism (CTPAT), etc.) at a factory during the cycle times stated above, the cycle times will reset based on the results of these new findings.

A factory shipping seasonal products to The Home Depot is expected to receive an RS assessment during the related seasonal project peak production window by either a third-party service provider of our choosing or by The Home Depot RS team. If an audit is scheduled during a peak production window for a factory during the cycle times stated above, the cycle times will reset based on the results of the seasonal audit.

Supplier Termination Guidelines

The Home Depot's VP of Sustainability/Responsible Sourcing (RS) and Director of RS have joint authority to determine the appropriate sanctions for a factory or supplier. At the discretion of the VP of Sustainability/RS, the Emerging Issues Council (EIC) (which is comprised of senior executives from various departments throughout The Home Depot) may be requested to determine the appropriate sanctions for any critical or repeated violations at a specific factory or supplier. Factory termination and reinstatement policies can be found in Chapter 3. (See [Factory Termination Guidelines](#), p. 60).

Termination of Suppliers

Suppliers that have a second factory terminated based on the above guidelines may be subject to termination of the overall business relationship between the supplier and The Home Depot.

Supplier Reinstatement After Termination

A terminated supplier may be eligible for reinstatement if they meet the following criteria:

- Supplier must wait one (1) year from termination date before requesting reinstatement.
- Supplier must demonstrate they have implemented a management system which addresses all of the Standards. Engaging the services of a qualified social compliance firm to assist in developing a management system is preferred.
- The management system must be able to pass an assessment by The Home Depot RS team or The Home Depot's designated representatives.

Note: These Termination Guidelines are intended to provide guidance on how to react to violations of The Home Depot Responsible Sourcing Standards. The list of critical and high-risk issues above are not all-inclusive, and The Home Depot's decisions will vary based on The Home Depot's assessment of the associated risk to their reputation and willingness to work with and remediate existing suppliers. Depending on the circumstances and prevalence of the violations, The Home Depot may consider alternative actions.

Subcontracting

Definition

Subcontractors are third-party factories used by The Home Depot suppliers to manufacture The Home Depot-branded components or conduct final assembly of The Home Depot-branded finished goods.

Unauthorized subcontractors are those factories meeting the definition of subcontractors above which have not been disclosed to The Home Depot or properly assessed prior to producing the items listed in the definition.

Policy

All suppliers must notify The Home Depot of subcontractors meeting the definition above. Each supplier has the responsibility to report and register in The Home Depot FlexPLM system any new subcontractors within 15 days after such relationship is established. For all new programs, any subcontractors being utilized should be added to The Home Depot FlexPLM system at the time of onboarding.

The following penalty system is used when unauthorized subcontracting is discovered.*

First unauthorized subcontracting finding:

- \$10,000 fine for vendors with COGs between \$0 and \$5M
- \$25,000 fine for vendors with COGs between \$5M and \$50M
- \$50,000 fine for vendors with more than \$50M in COGs

Second unauthorized subcontracting finding:

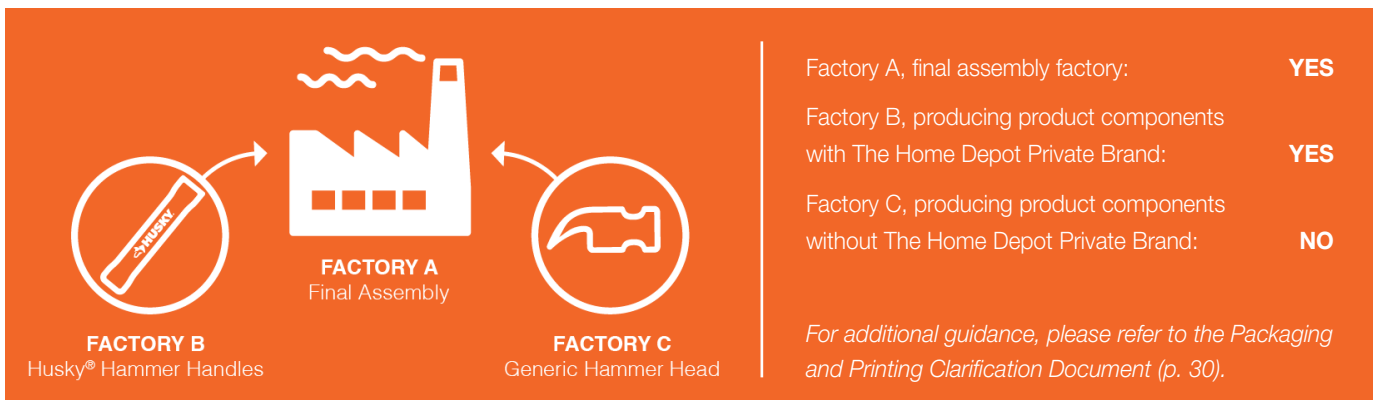
- \$25,000 fine for vendors with COGs between \$0 and \$5M
- \$50,000 fine for vendors with COGs between \$5M and \$50M
- \$100,000 fine for vendors with more than \$50M in COGs

Third unauthorized subcontracting finding:

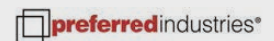
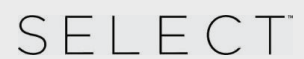
- Automatic termination of the vendor

*This penalty system is also applicable in cases of child labor and forced labor.

Subcontractor Example



The Home Depot Private Brand (THD PB) List
 (examples as below but not exclusively)



Packaging and Printing Clarification Document

Unauthorized Subcontracting

This section clarifies what is meant by “Packaging and printing facilities are not in scope.”

Categories Covered in this Guidance Document

Packaging Product Containers

- Cartons
- Other packaging

Labels

- Non-printed labels
- Printed labels

Products and Components

- Products/components
- Accessories

Others

- Outsourced processes
- Molds and films

For the purposes of this guidance document:

- ✘ Means it is not considered a subcontracted item per our policy at this time.
- ✔ Means it is not considered to be an exempt packaging or printing, and if the item is produced by a sub-tier facility, it is considered a subcontractor and would require the vendor to onboard the factory in the FlexPLM system and receive a responsible sourcing audit.

Definition of Subcontracting:

Subcontractors are third-party factories used by The Home Depot suppliers to manufacture The Home Depot-branded components or conduct final assembly of The Home Depot-branded finished goods.

Packaging Materials

Product Containers



Containers with The Home Depot Private Brand (THD PB) logo printed directly on container necessary to hold product (ie. not paper or plastic stick-on labels)



PVC container with THD PB logo



Plastic box for power cables with THD PB logo



Woven bag printed with THD PB logo



Additional Information

Container manufacturers marked as are considered THD PB subcontractors in the following circumstances. Those marked as are not.



- Factory produces and prints THD PB logo.
- Factory prints THD PB logo on a reusable container purchased from a third party.



- Factory produces container without THD PB logo.
- Factory prints THD PB logo on a disposable container, not necessary to hold product and purchased from a third party.

Cartons



Master carton printed with THD PB logo



Master color carton printed with THD PB logo



Master carton printed with Department Number and Purchase Order (PO)/ Country of Origin info



Quarter pallet with THD PB logo



Other Packaging



Disposable blister card printed with THD PB logo





Plastic/Non-woven fabric/Paper disposable bag printed with THD PB logo



Woven/Non-woven fabric/Plastic reusable product storage bag printed with THD PB logo



Additional Information

Other packaging manufacturers marked as  are considered The Home Depot subcontractors in the following circumstances. Those marked as  are not.



- Factory produces reusable packaging and prints THD PB logo on it.
- Factory prints THD PB logo on reusable packaging materials purchased from a third party.



- Factory produces packing materials without THD PB logo.

Labels



Non-Printed Labels



Label with woven/embroidered logo



Additional Information

For non-printed labels, manufacturers marked as  are considered The Home Depot subcontractors in the following circumstances. Those marked as  are not.



- Factory manufactures* THD PB logo together with the fabric base and then cuts the fabric into labels.
- Factory purchases blank fabric then manufactures* THD PB logo on the fabric and cuts the fabric into labels.



- Factory manufactures* blank label without THD PB logo.

***Manufactures:** Processes include weaving, embroidering, etc. (not printing).



Printed Labels



Printed labels
(no matter with fabric
or non-fabric base)



Additional Information

For printed labels (no matter with fabric or non-fabric base), manufacturers marked as  are considered The Home Depot subcontractors in the following circumstances. Those marked as  are not.



- Factory manufactures the fabric/paper base then prints* THD PB logo on it and cuts into labels.



- Factory purchases the fabric/paper base then prints* THD PB logo on blank fabric/paper base and cuts them into labels.

*Prints: Silkscreen printing, laser printing, inkjet, etc.



Printed stickers on
THD PB products



Printed tags hanging/attached
to THD PB products



Printed stickers or color
cards on THD PB containers



Products and Components

Product or Component with Private Brand Logo



Outsourced products/
components with
THD PB logo



Accessories



Accessories with THD PB logo attached to
The Home Depot products: keys, zippers,
tape, buttons, etc.



Additional Information

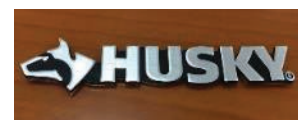
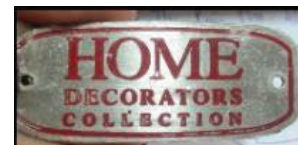
Accessory manufacturers marked as are considered a The Home Depot subcontractor in the following circumstances. Those marked as are not.

- Factory produces accessory and forms (ie. prints, stamps, injects, etc.) THD PB logo on it.
- Factory forms (ie. prints, stamps, injects, etc.) THD PB logo on accessory and sends to final assembly factory.

- Factory produces accessory without THD PB logo.



Fixed THD PB logos:
metal plate, rubber label,
PVC label, etc.



Others

Outsourced Processes



Outsourced process of die-casting involving THD PB logo



Semi-product with THD PB logo in primary factory before sending out for plating



Outsourced process of powder-coating involving THD PB logo



Outsourced process of plating for semi-product with THD PB logo



Molds and Films



Mold with THD PB logo



Film of silkscreen printing



Chapter 3: Factories

In the responsible sourcing ecosystem, factories represent a sizable majority. The Home Depot sources products from suppliers and factories all over the world. As we seek to share our values throughout our supply chain and to ensure that the people who make what we sell are treated with respect, factories are the primary area of focus. After all, factories are where we find the people, policies and environments that are the very subjects of responsible sourcing.

The following section outlines the expectations and compliance obligations for those factories engaged with The Home Depot.





Responsibilities of Factories

Responsible Official

Each factory will designate an official who will be responsible for supervising the factory's efforts to ensure they are in compliance with the Standards. Each factory will promptly notify The Home Depot Responsible Sourcing (RS) team of any change in the identity of its official designated for this purpose.

Standards and Applicable Law

All factories are expected to maintain, review and comply with the Standards. Factories should reference the laws and regulations in their country related to age, wage, hours of work, health and safety, and discrimination.

Compliance Management Support

Factories must meet the following monitoring and compliance obligations:

Non-Interference

- Factory management will not interfere with, discourage or punish employees who communicate with The Home Depot's representatives. Factory management will permit The Home Depot and The Home Depot's audit service providers to interview employees without the presence of other employees or management and will not disturb the confidentiality of any employee interview.

Ethical Performance

- Factory representatives will not offer any incentives including gifts, meals, transportation, or money to The Home Depot's personnel and/or representatives in an effort to influence the results of an audit. To the extent factory representatives offer incentives of any kind to The Home Depot's representatives, this fact will be immediately reported to The Home Depot. The Home Depot considers offers of incentives a serious issue, and any such offer will have a significant adverse impact on factories' business relationships with The Home Depot.
- To the extent The Home Depot's representatives solicit any form of incentive from the factory, this should be immediately reported to The Home Depot RS team.

Transparency

- All factories are expected to maintain and present to The Home Depot personnel and The Home Depot's representatives true and accurate records reflecting compliance with the Standards. Failure to be transparent is a serious issue and will have a significant adverse impact on factories' business relationships with The Home Depot.

Employee Awareness and Education

- Each factory is responsible for the communication to its employees regarding the factory's obligation to them and to The Home Depot in accordance with the Standards.

Recordkeeping

- Factories will maintain on-site documentation necessary to demonstrate compliance with the Standards including records of the names, ages, hours worked, and wages and benefits paid for each employee for at least the preceding one-year period. Factories will make such records immediately available (while auditor is on-site or within 24 hours if request is external) to The Home Depot or its representatives upon request.

Corrective Action

- Factories are expected to correct all noncompliance as a condition of continued business. Factories are expected to develop Corrective and Preventive Action (CAPA) plans to address identified noncompliance in a timely manner. All CAPA plans are expected to be closed within the agreed upon days from the date of The Home Depot RS team's approval. In the event that a factory fails to correct the deficiencies in the expected time frame, The Home Depot will place the factory into "noncompliance" status, and no new purchase orders will be given to the factory. If the factory remains in the "noncompliance" status for 60 days, they will be automatically terminated. (Refer to [Factory Termination Guidelines for details, p. 60.](#))
- Factories that meet the definition of a subcontractor per the Standards should take the same responsibilities as The Home Depot primary factories. (For details, refer to [Subcontracting, p. 28.](#))

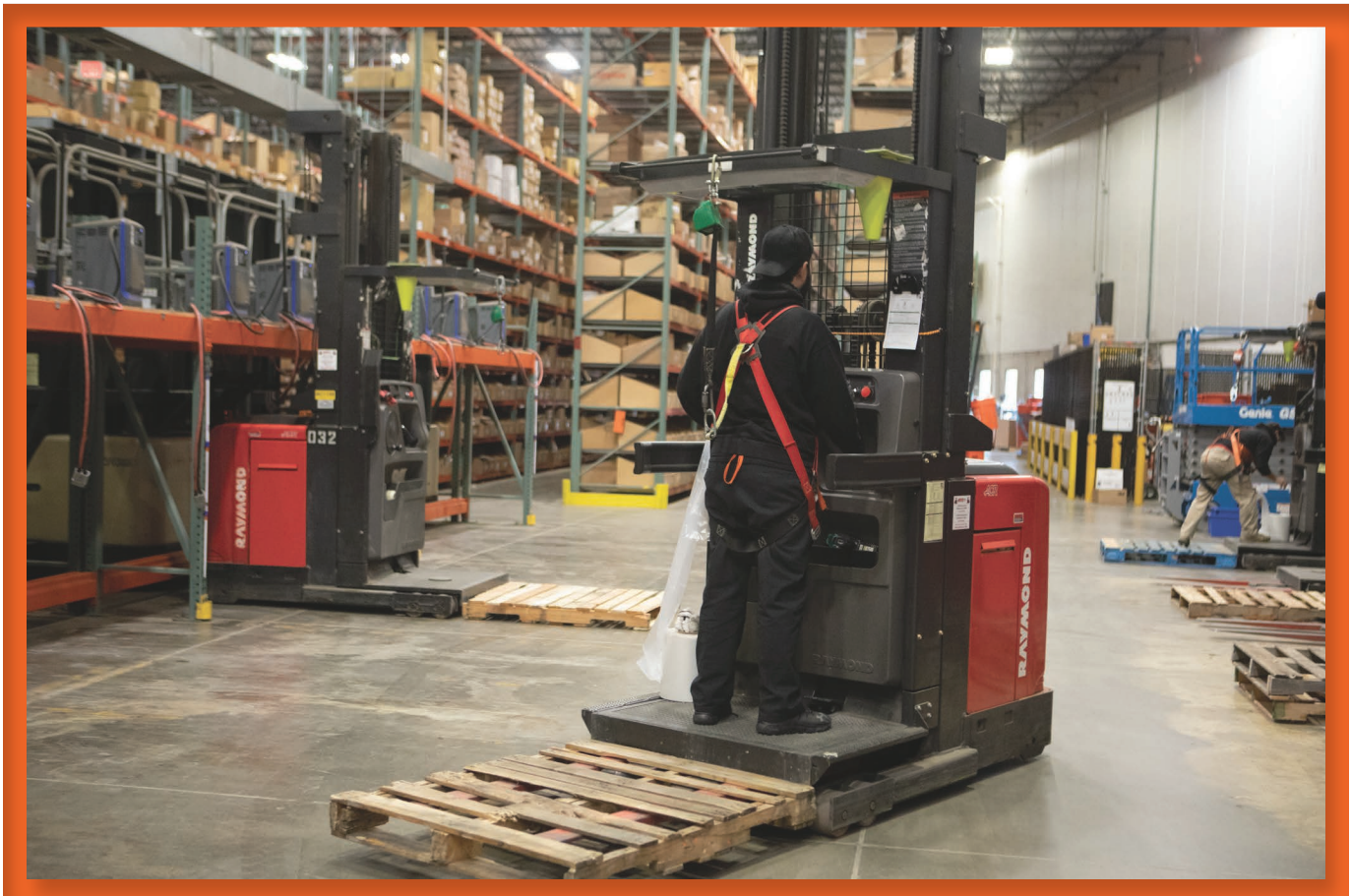


New Factories

New Factory Onboarding

Factory Audits

The Home Depot Responsible Sourcing (RS) team may require selected factories to be evaluated through a factory audit as an element of the onboarding process. The audit will be performed consistent with The Home Depot's factory audit protocols. (See [Ongoing Compliance Efforts](#), p. 18.) Both the supplier and factory will receive The Home Depot Responsible Sourcing Supplier Manual with the Service Provider (SP) audit scheduling notification. Based upon the results of the audit, The Home Depot RS team or its representatives will provide the factory with any necessary corrective actions. If the factory meets the requirements outlined in this Manual, The Home Depot RS team will approve the factory for production. The approval of the factory will be communicated to the responsible supplier or responsible The Home Depot representative, as applicable.



Responsible Sourcing Audit

Readiness Guide for New Factory

The purpose of this section is to provide suppliers with a better understanding of readiness for The Home Depot's RS audit, to ensure that new factories' management system and whole manufacturing process can be properly evaluated, and to detect potential risk. Later in the RS audit process, suppliers are required to have their factories' RS management system reviewed and provide evidence to prove they are in compliance with the Standards. This preliminary screening will help to identify any issues related to the supplier's readiness for the RS audit before that point.

Before an onboarding kickoff, suppliers need to make sure all of the below points are completed and provide related evidence to the RS team for review:

1. All construction of buildings in the new factory are complete.
Evidence required:
 - Factory layout
 - Building picture
 - Factory construction completion certificate (if required by local government)
2. Equipment and facilities for every production process are ready.
Evidence required:
 - Manufacturing process map
 - Equipment/facility picture for each process
3. Necessary workforce (production workers) are in place.
Evidence required:
 - Factory workforce needs and recruiting plan
 - Factory personnel list
4. All production processes have been in operation for at least two months.
Evidence required:
 - Working time record of all production processes for one full month
 - Payroll of all employees for one full month
5. Disclose any sub-tier factories that will be involved in production of components with The Home Depot Private Brand logo in the FlexPLM system.
Evidence required:
 - Screenshot of the info filled in FlexPLM (if the sub-tier is in scope of RS definition)

Note: If the new factory has not received their official business license (even though production has already started with payroll and working time records), the supplier/factory needs to provide related in-progress evidence and confirm the factory address is consistent with the one they used when applying for the audit.

If the factory expands a building or facility after the RS audit is completed, an additional partial audit may be required, and the RS team will make a final decision on that.

Factory Policies

Compliance

Factory Compliance Guidelines

In order to support factories' efforts to ensure compliance with The Home Depot Responsible Sourcing Standards and provide information to support effective preparation for audits, the following compliance guidelines are provided.

While the listing included on the following page is not considered all-encompassing, the guidelines presented provide an effective framework for factories in the development of policies, procedures, practices, and records to accomplish and effectively demonstrate compliance with the Standards.



Policies, Procedures and Records Retention

- The factory must maintain written policies and procedures that ensure adherence to the Standards.
- The factory must maintain current copies of all applicable laws and regulations related to the Standards.
- The factory should have a mechanism to obtain updated information related to all applicable laws and regulations related to the Standards.
- The factory must maintain personnel files for all current and former employees. Records for former employees should be retained for a period consistent with payroll records retention – see below. Personnel files for each employee should include the following:
 1. Proof of age
 2. Proof of citizenship or work permit (where necessary by law)
 3. Medical records (where necessary by law)
 4. Executed employment contract (where necessary by law)
 5. Termination letter (where necessary by law)
 6. Record of disciplinary actions
 7. Authorization for all voluntary deductions
- The factory should have a set of rules and regulations certified by the department of labor (where applicable).
- The factory should communicate rules and regulations including disciplinary procedures and practices to employees (e.g., bulletin boards).
- The terms of any probationary period should be outlined in the employee's employment.
- Contract and personnel file.
- All necessary documentation to assess compliance with the Standards must be maintained on-site at the factory including payroll, time and piece-rate records for at least a one-year period.

Child Labor

- No person under the local minimum working age may work in the factory.
- No person under the mandatory school age may work in the factory.
- Documentation must be required to prove age when hiring workers.
- All age documentation should be maintained on file in the factory.
- Employees hired as part of an apprenticeship program may not be under 14 years old or the legal minimum age.
- Minor-age employees should not be allowed to work in hazardous job positions.
- If required by national or local law, minor-age employees should work restricted hours.
- Children should not be present in the factory unless in a nursery located away from the production areas.

Labor Policy

- All employees in the factory must be voluntarily employed.
- No prison workers should be working at the factory.
- Employee's freedom of movement must not be unnecessarily restricted.
- Original copies of employee's government-issued identification or travel documents should not be held by the factory.
- Employees should not incur disciplinary deductions.
- Supervisors should not use corporal punishment or other abusive practices.
- All employment decisions must be based on ability.
- Pregnancy testing must not be conducted as a condition of initial or continued employment.
- Contraceptives may be made available to employees, but the employees should never be required to use them.

Wages and Benefits

- Suppliers must meet or exceed the minimum wage and compensation requirements as defined under applicable labor laws, applicable agreements and local regulations for regular work, overtime work, production rates, and other elements of compensation and employee benefits.
- Piece-rate workers must be guaranteed at least the minimum wage specified by national and local laws, not including attendance, production or other bonuses.
- Employees must be fully compensated for all overtime hours in accordance with statutory requirements.
- Employees must be paid in a regular and timely manner.
- Earned wages must not be withheld for any reason.
- The factory should have procedures in place for employees to question wages paid and possible adjustments to their pay.
- The factory must maintain – and present to monitors – a true and accurate record of hours and wages. Records should, at a minimum, include:

Payroll Register

1. Normal rate compensation
2. Overtime rate compensation
3. Wage computation for entitled benefits – e.g., holiday pay, annual leave, sick leave
4. Deductions
5. Employee acknowledgment of wage receipt

Time Records

1. Automated – punch card to swipe
2. Employee involved – e.g., employees punch their own cards
3. All time in/time out – including meal breaks – reflected

Piece-Rate Records – if Applicable

1. Acknowledged by employees

Pay Stub – in Employee's Native Language

1. Normal work hours
2. Overtime hours
3. Gross wages
4. Net wages
5. Bonuses
6. Allowances
7. Authorized deductions

- The factory must provide paid holidays and vacation as required by law.
- The factory should provide all benefits required by national and local laws.
- The factory should have documentation to support employee's consent to make voluntary deductions from their pay.

Working Hours

- The scheduled work hours should be posted.
- The number of regular hours in a week is determined by national and local laws.
- The scheduled overtime hours should be posted.
- Overtime hours must not exceed the hours specified by national and local laws.
- Employees must have the right to refuse overtime.
- Employees must have at least one day off each week (seven days).
- Work hours must be properly recorded, listing in and out times for every day worked including meal breaks.
- Work hours should be recorded by employees themselves utilizing an automated timekeeping system – e.g., punch or swipe card.

Work Environment

- Harassment in any form should not be permitted.
- Physical, verbal or mental abuse should not be permitted.
- Factory should provide training on health and safety.
- If required by national or local law, medical care should be available on-site.
- A first aid kit with proper medical supplies should be available to employees.
- Employees should be provided all necessary safety equipment (masks, metal mesh gloves for cutters) free of charge, and records should be kept of injuries or accidents.
- Employees must have unrestricted access to restrooms during the workday.
- The number of restrooms must be appropriate for the number of employees.
- The restrooms must be sanitary and stocked with necessary supplies.
- A source of drinking water must be available to employees.
- Rest breaks should be provided to employees as required by law.
- If the factory has a cafeteria, it must be sanitary, and food must be stored properly.
- There must be adequate lighting and proper ventilation in the factory.
- The aisles must be marked and free from obstruction.
- All electrical wiring must be safe.
- All electrical control panels should be marked.
- All machines should have machine guards, where necessary.
- There should be an adequate number of fire extinguishers located around the factory.
- The fire extinguishers should be mounted on the walls at the proper height.
- Employees should be sufficiently trained to use the fire extinguishers.
- The fire extinguishers must be properly charged and routinely checked.
- The fire exits should be adequately marked.
- The fire exits should never be locked, and access to fire exits should never be blocked in any way.
- Evacuation plans should be posted throughout the factory.
- Evacuation drills should be conducted in the factory regularly but not less than twice per year.
- An inventory of hazardous chemicals must be maintained.
- Material Safety Data Sheets (MSDS) in the local language must be maintained for all chemicals used in the factory.
- All hazardous chemicals must have secondary containment.
- Any dormitories provided for employees are subject to all health and safety requirements.

Environmental

- The factory must maintain copies of mandatory permits and certificates necessary to demonstrate compliance with applicable environmental regulations.
- All waste (liquid, solid, airborne) must be disposed of properly.

Other

- No unauthorized outside contract factories can be used for production for The Home Depot.
- No outside contract production – such as assembly – in people's homes (homework) can be used for production for The Home Depot.

The factory must follow all other applicable national and local laws. Applicable policies and requirements include, but are not limited to, those listed above.



Factory Audit Expectations

All factories that produce goods for The Home Depot are subject to on-site audits to assess compliance with The Home Depot Responsible Sourcing Standards. Audits can be announced or unannounced.

Pre-Visit

If the audit is announced, The Home Depot or an authorized audit firm will contact the factory manager to schedule the audit. In anticipation of the audit, the factory manager is required to complete a Factory Profile Questionnaire ([Appendix B](#)) and review the Document Request List ([Appendix D](#)).

Audit Execution

Depending on the location and size of the factory, management can generally expect a one-day audit for factories with less than 500 employees and a two-day audit for factories with more than 500 employees.

During the audit, the auditors will do the following:

- Conduct an opening meeting with management
 - Review payroll records
 - Review employee time cards
 - Review personnel files
 - Review production records
- Conduct private employee interviews
- Walk the facility (and dormitories, if applicable) conducting visual inspections
- Conduct a closing meeting with management, summarizing any findings

Audit Postponement and Cancellation

If a factory applies for audit postponement with valid reasons listed below, it needs to be approved by the directors of Responsible Sourcing (RS), Quality Assurance (QA) and Global Risk. If the reasons factory provided are invalid, the audit needs to be conducted on scheduled audit date.

List of valid excuses when accompanied with evidence:

- Events forcing closure out of the control of the factory or Service Provider (SP): fire, natural disaster, power outage, flooding
- SP resources (issue will be reviewed with SP under contract)
- Holiday
- Previous audits already scheduled and confirmed with the SP conducting the previously scheduled audit
- No production: to include low season with no production line running, majority of factory staff on leave, majority of machine on maintenance
- Construction or renovation occurring at factory affecting the majority

List of invalid reasons for audit delays:

- Need more time to prepare for audit
- Responsible person of the factory is out of the country or on vacation
- Factory is too busy

Audit cancellation and postponement within two to five business days of the agreed audit date will be charged a fee of 50% of the audit fee, including any non-refundable travel expenses. Audit cancellations and postponements within two business days of the agreed audit date will be charged 100% of the audit fee including any non-refundable traveling expenses incurred. The supplier will be responsible for paying for supplier-initiated cancellations and postponement.

Debit Program

The service providers assigned by The Home Depot are expected to schedule and complete all audits within 14 days from the date of receiving the audit notification. If the factory requests a date change more than 14 days, the SP will report to The Home Depot. If the request was not approved by The Home Depot, SP will execute the audit on original schedule, and debit program will be launched. If payment is not received by the day of the audit, the audit will be conducted. SP will invoice The Home Depot for the cost of the audit on the first day of the following month. Payment will be required from the supplier prior to The Home Depot releasing purchase orders. If the factory denies entry to the auditor, and the auditor leaves, this will be considered a critical deficiency.

Supplier is responsible for paying the access denied charge which will be 100% of the audit fee including any traveling expenses incurred.

24-Hour Alert Notification

If a significant compliance issue is identified during the execution of the audit, an alert notification form will be issued to The Home Depot via email within 24 hours of the audit date. The alert notification will be issued for the following significant compliance issues:

- Child labor
- Forced labor
- Workers subjected to physical abuse
- Workers subjected to sexual abuse
- Workers subjected to coercion and harassment
- Life-threatening health and safety issues
- Attempts to bribe auditors
- Denial of access
- Unauthorized subcontracting

Audit Results

Based on the findings identified during the audit, the factory will receive one of the following overall ratings based on the most significant findings identified during the audit.

- **Grade A** – A grade of “A” overall rating indicates there were (i) only minor or no compliance issues identified in the execution of the audit resulting in a score between 95–100; or (ii) through the performance of follow-up audits, all identified compliance issues have been addressed.
- **Grade B** – A grade of “B” overall rating is assigned when there are isolated deviations for issues considered non-critical as defined on (p. 60) which result in an audit score between 80–94.99.
- **Grade C** – A grade of “C” overall rating is assigned when there are deviations for issues considered to be non-critical as defined on (p. 60) which result in an audit score between 65–79.99.
- **Grade F** – A grade of “F” rating is assigned when (i) there are deviations for issues considered to be non-critical as defined on (p. 60) which result in an audit score below 65; or (ii) there are deviations for issues considered to be critical as defined on (p. 60).



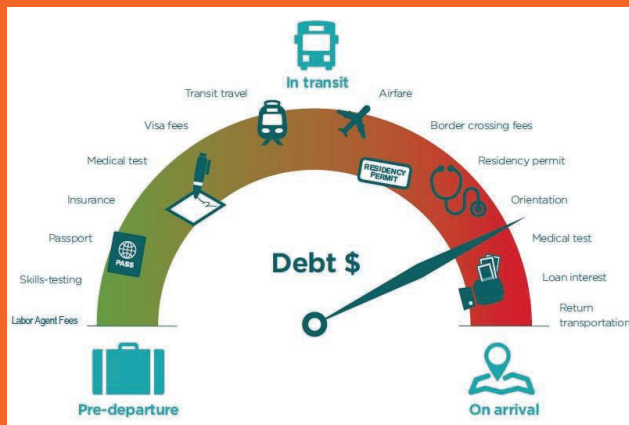
Forced Labor Policy Implementation Q&A

Q: What findings will lead to implementation of the forced labor penalty?

A: Any noncompliance of The Home Depot forced labor policy. Factory withholding foreign migrant worker's (FMW) passports, factory restriction of worker's free movement on factory premise, and factory or labor agency recruitment fees paid by workers are all examples of noncompliance with The Home Depot forced labor policy.

Q: What fees will be counted as a recruitment fee?

A: The recruitment fee includes all fees paid by the worker to the factory or labor agency in both the origin and receiving country for the purpose of being hired or as a condition of employment. These include, but are not limited to, the following:



Q: If a factory or labor agency charges fees to workers that are in compliance with local law, will it lead to the penalty?

A: Yes, in the event that The Home Depot forced labor policy is more restrictive, it takes precedence in these cases over local law.

Q: For ongoing agency service fees which are paid by existing FMWs, will it be counted as a recruitment fee and lead to a penalty?

Example: A factory in Taiwan has over 50 existing FMWs which are still paying a USD60/person service fee to the labor agency on a monthly basis. The new policy went into effect on 10/19/2020.

A: For any fees that are in place prior to 10/19/2020:

1. Where workers are paying the recruitment agent directly, factory/vendor must reimburse the workers for these fees either in a lump sum to cover the remaining fees owed per their contract, or on a monthly basis for the remainder of the contract so they are no longer personally responsible for covering the cost of such fees.
2. Where the factory/vendor has contracted directly with the recruiting agent, and the factory/vendor is deducting these fees from a worker's monthly salary, this practice will be stopped immediately, and the FMW will no longer be responsible for these fees for the remainder of their contract.

Any FMW hired after 10/19/2020 should not pay any recruiting fees. If fees are discovered upon the worker's arrival to the factory, these fees should be reimbursed immediately (no later than 90 days from hire date).

If an FMW is found to be paying any recruiting fees after 10/19/2020 and does not meet the above guidance, it will be considered a finding and will lead to a penalty.

Q: If the labor agency was directly responsible for any violations of The Home Depot forced labor policy, will the related supplier be responsible for that and fined the penalty?

A: Yes, the supplier/factory has the responsibility to select qualified agencies and ensure their processes and partnership are in compliance with The Home Depot forced labor policy.

Q: Are there any recommendations for factories to continuously implement The Home Depot requirements on recruitment fees for FMWs?

A: We suggest that each factory set up strong procedures and policies on FMW recruitment. The factory should sign contracts with labor agencies that clearly state the factory will be responsible for all fees during the process in both the origin and receiving countries. Suppliers and factories need to ensure they have systemic management of their program to continuously implement the policy.

Q: What are some examples of “unreasonable restriction on workers’ free movement in a factory”?

A: Scenario 1: The factory has a written policy which restricts employees’ temporary or urgent leave (e.g., workers are not allowed to leave during work hours under reasonable circumstances (ex: for personal or health emergencies, and potable water is not available to all employees during production time)). The implementation of the policy is confirmed by employees during the interview process.

Scenario 2: The factory has a written policy which restricts employees’ temporary or urgent leave (ex: for personal or health emergencies, and potable water is not available to all employees during production time). According to employee interviews, workers can go to the toilets, take urgent leave, or get drinking water without approval and without any punishment/penalty from the factory. In these cases, it will not be considered as forced labor. No penalty will be imposed. However, the factory needs to revise the written policy during the Corrective and Preventive Action (CAPA) process.

Scenario 3: The factory has a written policy which restricts employees’ temporary or urgent leave (ex: for personal or health emergencies, and potable water is not available to all employees during production time). According to management/employee interviews, there

is a reasonable backup plan/system in place, such as a backup person for random employees to go to the toilets, regular shift rest after certain period, and an emergency production line shut-down system which allows employees to get such temporary or urgent leave when necessary. In these cases, it will not be considered as forced labor. No penalty will be imposed. However, the factory needs to revise the written policy during the CAPA process.

Scenario 4: The factory does not have a written leave policy. During employee interviews and on-site observation (locked toilets, door card system), employees could not get temporary or urgent leave when necessary. The factory should develop a leave policy which does not restrict the workers’ temporary or urgent leave.

Q: If a factory closes and locks their entry/exit gate during working hours due to a lack of security guards (e.g., some security guards are on leave), will that be considered as forced labor?

A: Yes, any main gate or room gate must not be locked during working hours while the workers are inside the enterprise. Not only is the freedom of movement restricted, but this is also a safety concern for employees in case of emergency such as fire/explosion or other health- and safety-related issue.

Q: The factory locks the dormitory during the night to protect employees’ safety or prevent them from stealing factory property. Will that be considered as forced labor?

A: Yes, workers should not be locked in any area of the facility. In addition, it also violates occupational health and safety principles. Although the factory has the right to protect its own property, it should take other appropriate methods.

Q: A factory withholds part of an allowance/ payment to workers in case there are tools/ equipment/uniform damage or loss by the employee. If the employee does not damage or lose any tools/equipment during the period and/or returns the uniform when they resign, the factory will release the allowance. Is this considered forced labor?

A: According to The Home Depot policy, withholding of wages or allowances (including required deposits) constitutes a restriction on workers' freedom of movement under the forced labor provision. The better way is to inform workers once hired that they need to take care of the tools/equipment to prevent damage or loss, and they are required to return their uniform when they resign. If the tools/equipment are damaged or lost due to a worker's improper usage or carelessness, or the uniform is not returned, a reasonable amount will be deducted from their last month's payment.

Q: A factory holds unpaid salary of workers who leave the factory without notice until worker comes back to complete the resignation process. Will that lead to penalty?

A: If it is in compliance with local law, it will not lead to a penalty.

Q: Some workers request the employer to keep their passport to prevent the passport from getting lost. In such situations, will it be counted as forced labor if the factory keeps the passports of FMWs per their request?

A: Withholding passports or identification documents of FMWs may result in a situation of forced labor. In a case like this, the factory needs to provide adequate facilities to ensure the safety of the workers' documents. A best practice is to provide private lockers to workers where only the workers have the key or combination to open them.

Q: An FMW signs a contract in their local language with an agency in their home country. Once they arrive to the factory, they are then provided additional documents in a language they understand that describes the terms and conditions of their employment which were not in the original signed contract with the labor agent. Is this forced labor?

A: Yes, as part of the hiring process, workers must be provided with all documents relevant to their employment in a language they understand with a description of terms and conditions of employment prior to the worker departing from his or her country of origin, and there shall be no substitution or change(s) allowed in such documentation upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms.

Q: How do I distinguish overtime from forced labor?

A: The requirement to work overtime is not considered forced labor as long as it is within the limits of local law or clearly stated in the collective agreement.

If there is any threat of punishment or deduction from workers' earned payment (including normal wage, production bonus, full-attendance bonus for normal working hours and other regular allowance) when they refuse to work overtime, it will be considered as forced labor and may lead to a penalty.

Another situation with potential risk is when an employee's wage is set/calculated by productivity goals only (piece-rate worker). In these cases, the employees might have to work excessive overtime because this is the only way to gain the minimum wage. While the worker can refuse to work overtime, they actually have no choice as they will not be paid for not meeting the goals. The employer should ensure there is a reasonable wage system along with productivity goals in place.



Remediation and Termination

Remediation and Termination

The Home Depot is committed to working with approved factories to address noncompliance with the Standards. Factories are expected to develop Corrective and Preventive Action (CAPA) plans to address identified compliance issues in a timely manner. Factories are expected to correct all identified compliance issues as a condition of continued business. The Home Depot's relationships with factories that are unable or unwilling to address identified compliance issues may be terminated consistent with The Home Depot Termination Guidelines. (See [The Home Depot Termination Guidelines](#), p. 60.)

Factories are expected to complete and provide their completed CAPA plan to the responsible audit service provider within seven days in response to all compliance issues identified through The Home Depot's compliance management efforts. The timetable for corrective action will depend on the nature, severity and prevalence of the identified findings. Based on the identified noncompliance, the timetable for corrective action will generally be based upon the corrective action guidelines.

Based on the findings identified during the audit, the factory will receive one of the following overall ratings based on the most significant findings identified during the audit.

- **Grade A** – A grade of “A” overall rating indicates there were (i) only minor or no compliance issues identified in the execution of the audit resulting in a score between 95–100; or (ii) through the performance of follow-up audits, all identified compliance issues have been addressed. Factories with a grade of “A” overall rating during an initial audit are approved for The Home Depot production for two years.
- **Grade B** – A grade of “B” overall rating is assigned when there are isolated deviations for issues considered non-critical as defined on (p. 60) which result in an audit score between 80–94.99. Factories with a grade of “B” overall rating generally are required to have a follow-up audit conducted within 90 days to evaluate remediation of identified compliance issues. Upon completion of these remediation efforts, factories with a grade of “B” overall rating are approved for The Home Depot production for one year.
- **Grade C** – A grade of “C” overall rating is assigned when there are deviations for issues considered to be non-critical as defined on (p. 60) which result in an audit score between 65–79.99. Factories with a grade of “C” overall rating generally are required to have a follow-up audit conducted within 90 days to evaluate remediation of identified compliance issues. Upon completion of these remediation efforts, factories with a grade of “C” overall rating are approved for The Home Depot production for six months.
- **Grade F** – A grade of “F” rating is assigned when (i) there are deviations for issues considered to be non-critical as defined on (p. 60) which result in an audit score below 65; or (ii) there are deviations for issues considered to be critical as defined on (p. 60). If The Home Depot proceeds with factories who score a grade of “F” overall rating, the factory will be required to enter into The Home Depot Transparency and Improvement Program (TIP) and have a follow-up audit conducted upon completion of these remediation efforts to evaluate remediation of identified compliance issues. After a successful follow-up audit, factories with a grade of “F” will be approved for The Home Depot production. Purchase orders may not be released to these factories until confirmation of entry into TIP and subsequent approval by the Responsible Sourcing (RS) team.

Critical or Repeated Noncompliance Findings

When requested by The Home Depot’s VP of Sustainability/RS, the Emerging Issues Council (EIC) made up of senior executives within The Home Depot will determine the appropriate sanctions for any critical or repeated violations at a specific factory or supplier. Where applicable, The Home Depot will consider sanctions for the supplier associated with a factory found to have critical or repeated violations. However, whenever possible, The Home Depot will support the factory’s timely remediation efforts before resorting to possible termination. (See [The Home Depot Termination Guidelines](#), p. 60.)

Follow-Up CAPA Factory Audits

Follow-up factory audits may be necessary to ensure corrective actions are taken. The Home Depot Responsible Sourcing (RS) team will authorize follow-up audits within 30 to 90 days after an initial audit has identified noncompliance. If a factory has any critical findings, the follow-up will generally be scheduled within 30 days of the initial audit to ensure timely remediation.

Events that May Impact the Schedule

In the event that The Home Depot discovers a deficiency (e.g., Responsible Sourcing, quality assurance, security/Customs Trade Partnership Against Terrorism (CTPAT), etc.) at a factory during the cycle times stated above, the cycle times will reset based on the results of these new findings.

A factory shipping seasonal products to The Home Depot is expected to receive an RS assessment during the related seasonal project peak production window by either a third-party service provider of our choosing or by The Home Depot RS team. If an audit is scheduled during a peak production window for a factory during the cycle times stated above, the cycle times will reset based on the results of the seasonal audit.

Transparency and Improvement Program (TIP)

The Home Depot understands there are pressures in the supply chain which may cause a factory to take shortcuts with regards to social and environmental responsibilities. While these may be common practices, they are understandably not acceptable to The Home Depot. By working with factories that do not treat their workers or the environment in a responsible manner, we risk compromising our core values of “doing the right thing” and “respect for all people” as well as the confidence of The Home Depot customers.

In order to address these problems, most retailers and brands have required suppliers and their respective factories to undergo periodic RS compliance assessments. In response to any findings which do not meet the company's RS standards, factories are then expected to take corrective action to fix each problem within a relatively short period of time. Although this approach provides good results in some countries, it needs considerable improvement in others. In fact, the way in which most brand compliance programs are managed has led many factories to falsify records, coach workers and bribe auditors in hope of passing compliance audits. The result of this is further distrust and the weakening of business relationships.

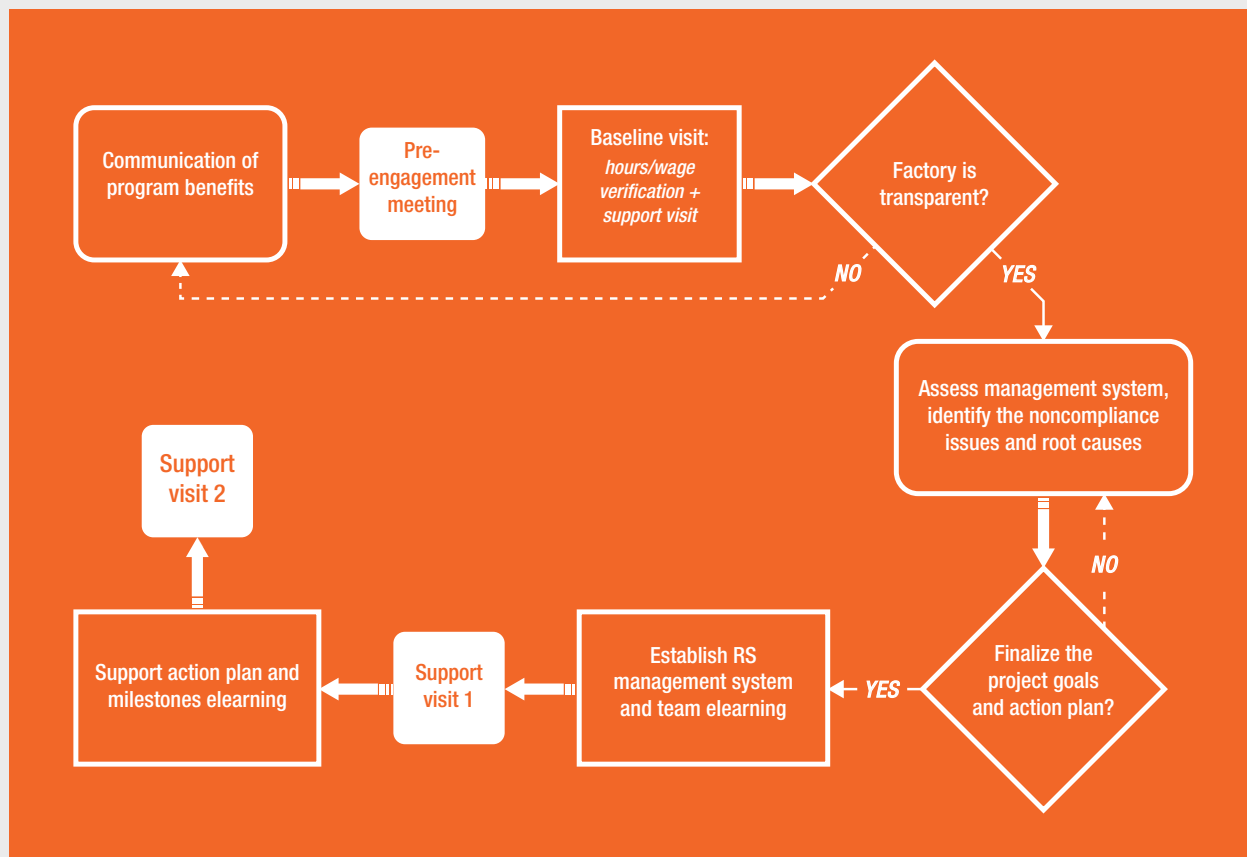
A Better Path

The primary goal of The Home Depot, in partnership with selected suppliers, is to develop business relationships that provide for a sustainable supply of product while respecting the rights of workers. To accomplish this goal, The Home Depot has developed the Transparency and Improvement Program (TIP). TIP is designed to reinforce the need for transparency and provide factories the opportunity and support needed to improve management systems in a practical way and within reasonable time frames. TIP is a mandatory requirement for factories that have failed a responsible sourcing assessment and would like to begin and/or continue supplying to The Home Depot.

The Home Depot believes that cooperation and participation in TIP will enhance business relationships and improve factory operations. This is an opportunity and resource that The Home Depot is extending to selected suppliers and their factories. Sincere participation will be required in order to begin to receive and/or continue receiving production orders.

We encourage study of the TIP description provided on the following pages closely and to discuss any questions or concerns with The Home Depot.

TIP Cycle



Communication (Recognizing Benefits)

The success of the Transparency and Improvement Program (TIP) is inherently bound to whether or not the supplier/factory: A) understands the program objectives and mechanics, B) recognizes the advantages of taking part, C) is willing to be transparent about their practices and challenges, and D) shares the responsibility for improvements. For these reasons, clear, upfront communication is critical to success. In particular, the below points must be clear:

- Benefit:** Participating in TIP allows for the following benefits:
 - Business management systems improvement
 - Increased profitability via productivity improvement and lower worker turnover
 - Continued business relationship with The Home Depot
 - Factory controls the improvement process
- Termination:** An understanding that the vendor/factory will not be terminated by The Home Depot
- Confidentiality:** An understanding that all information gathered by any third-party firm and the brand will be kept in full confidence and not shared with any other companies unless pre-approved by the vendor/factory. The third-party firms will not perform traditional compliance audits for other companies/brands while the vendor/factory is partaking in the program. The third-party firms will also sign a confidentiality agreement with the vendor/factory.

TIP Baseline Visit

Typical duration: two staff days (one consultant conducting in two days)

TIP will begin with a follow-up visit to verify progress of the deficiencies found in the original onboarding assessment performed by The Home Depot Service Provider (SP), and a TIP Consultant Partner will support factory to identify root cause and help factory to develop workable solutions and action plans.

The objective of this baseline visit is the following:

- Provide the TIP Consultant Partner with hands-on deeper understanding of the deficiency noted in the original onboarding assessment
- Verify if provided documents/records related to work hours and wages are true and accurate to continue to determine the current overall compliance level of the factory with The Home Depot's expectations and local law
- Determine if the factory has a responsible official for RS as well as a sustainable RS operational system
- Provide technical guidance and support to the factory related to management systems and RS performance
- Discuss and finalize the resource input on TIP and finalize the project goals, milestones, action plan, and delivery to establish management system and correct the major issues

Note: The success of the baseline visit depends on the willingness of factory management to be transparent with their real practices. Without full transparency, verification cannot be executed. Previous RS onboarding audit results will also be reviewed/validated during this process.

CAPA Development

Objective: The objective of the Corrective and Preventive Action (CAPA) plan is to set short- and long-term improvement action goals that are both realistic and achievable and that will help to improve the factory's RS performance grade.

Guidelines for CAPA Development

The CAPA plan provides detailed explanations of what specific improvements will (or have already) be made by the factory, the time frame and also the projected costs (if applicable). It is the expectation of The Home Depot that the factory will identify a realistic CAPA closure date to which they will be held accountable. Understanding projected costs allows The Home Depot and the supplier/factory to determine what's realistic.

The CAPA plan must be provided to a TIP Consultant Partner for review within seven business days of the initial visit. The TIP Consultant Partner will review and advise the factory if any changes are needed before the TIP Consultant Partner uploads CAPA to The Home Depot system for review. Once the completed CAPA plan is sent to The Home Depot, it will be approved or sent back for further revisions within 48 hours.

Support Visits

Objective: Support capacity building after the TIP baseline visit

Depending on the size of the factory and/or sophistication of existing management systems, support is usually needed to increase the factory's ability to meet the CAPA and compliance targets. For this reason, the third-party firm will provide dedicated support specialists to visit each factory engaged in TIP at least once after the initial visit is executed and prior to a progress assessment. (See below.) The purpose of the support visit will depend largely on the factory's needs as requested by the factory and/or specified in the follow-up assessment report. Each visit will be carried out by dedicated TIP support staff not associated with the progress assessment phase of the program. A report will be generated for each support visit made.

Support specialists are trained, experienced, and prepared to help factories understand and implement management systems related to the following areas:

- Recordkeeping
- Productivity enhancement
- Payroll
- Employee screening and retention
- Worker incentive programs (piece-rate systems, bonuses, etc.)
- Health and safety management systems
- Disciplinary management systems

eLearning

A TIP Consultant Partner will provide a total of three elearning lessons in English or Chinese for every TIP factory, including how to develop a good corrective action plan and two additional lessons based on the factory's key issues. Primary factory contacts are required to complete the three lessons (pass the quizzes) within 14 days of receipt. If deemed helpful to the factory, consultant will assign additional lessons once the three lessons have been completed.

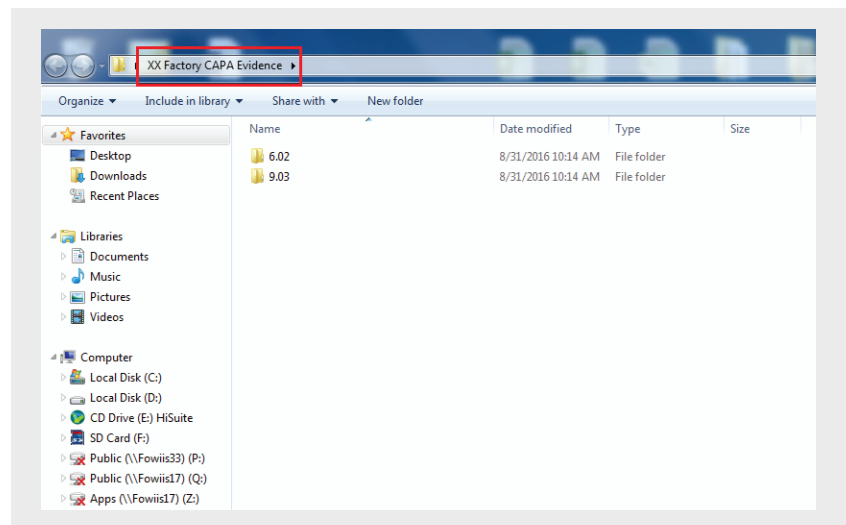
Corrective and Preventive Action (CAPA) Management Process and Time Frame

A Corrective and Preventive Action (CAPA) plan is required subsequent to Responsible Sourcing (RS) audits if any deficiencies are noted. Suppliers and factories should work with the Service Provider (SP) who conducted the audit for CAPA management (including CAPA plan creation, evidence submission and on-site CAPA verification). The Home Depot has implemented a 100% on-site CAPA verification program. Once the CAPA plan is approved, The Home Depot will require verification that the actions were implemented via a three-level, risk-based “tiered CAPA” model as follows:

3-Tier System

- Critical – 15-day The Home Depot RS team engagement
- High – 30-day SP engagement
- Medium – 90-day SP engagement

Suppliers need to provide accurate and complete evidence for each point under every finding at least seven business days before the on-site verification and clearly and specifically name the file or picture of evidence to match the deficiency.



If the factory did not close CAPAs within the agreed upon timelines, an extension audit will be required. Supplier and factory will be notified of a final 30-day extension to fix open issues. The audit firm will visit the factory 30 days from the date of notification to verify closure of the CAPAs. It is supplier's/factory's responsibility to ensure the factory implements a program to fix and manage all RS compliance requirements as well as cover the cost of the additional follow-up visit.

If this subsequent visit results in failure to close the CAPAs, The Home Depot will consider the factory “noncompliant” and may block all further POs to the factory until The Home Depot RS team indicates the factory is in compliance.

Tier CAPA Management Process and Time Frame Overview

Who	Content and Responsibility	Platform	Expected Timeline
Factory/Supplier	Receive automatic notification email from The Home Depot system to commence the CAPA management process	The Home Depot system	<= six calendar days after audit date
Factory/Supplier	Receive formal audit report and notification email from The Home Depot SP to communicate the audit results, CAPA plan preparation and remediation expectations	Email RS closing Meeting summary (CAPA format)	<= six calendar days after audit date
Factory/Supplier	Upon receiving notification email from SP, complete the CAPA plan and return to The Home Depot SP within timeline	Email	<= seven calendar days
Factory/Supplier	Receive reminder email from The Home Depot SP for CAPA plan submission	Email	Starting from the fourth calendar day of CAPA notification to supplier/factory
Factory/Supplier	Receive rejection/redo email from The Home Depot SP if CAPA plan doesn't meet requirements	Email	
Factory/Supplier	Revise any rejected CAPA plan and return to The Home Depot SP	Email	<= two working days
Factory/Supplier	Receive CAPA plan approval notification email from The Home Depot SP to communicate the CAPA evidence submission and on-site tiered CAPA verification visit time frame	Email	
Factory/Supplier	Submit CAPA improvement evidence to The Home Depot SP	Email	<= seven calendar days before scheduled on-site CAPA verification visit
Factory/Supplier	Receive reminder email from The Home Depot SP for CAPA evidence submission	Email	
Factory/Supplier	Receive rejection/redo email from The Home Depot SP if CAPA evidence doesn't meet requirements	Email	
Factory/Supplier	Upon receiving rejection/redo email, revise any rejected RS evidence with new corrective evidence and return to The Home Depot SP	Email	<= seven calendar days before scheduled on-site CAPA verification visit
Factory/Supplier	Maintain sustainable RS performance and wait for The Home Depot RS on-site CAPA verification audit conducted by The Home Depot SP or The Home Depot RS team		
Factory/Supplier	Take CAPA verification audit (30-day visit for high-risk CAPAs and 90-day visit for medium-risk CAPAs)	On-site visit	Scheduled visit day
Factory/Supplier	Receive CAPA closure notification email from The Home Depot system once the CAPA is approved by The Home Depot RS team	The Home Depot system	

Factory Termination Guidelines

The Home Depot's VP of Sustainability/Responsible Sourcing (RS) and Director of RS have joint authority to determine the appropriate sanctions for a factory or supplier. At the discretion of the VP of Sustainability/RS, the Emerging Issues Council (EIC) may be requested to determine the appropriate sanctions for any critical or repeated violations at a specific factory or supplier.

Termination for Critical Findings

Factories with critical findings may be subject to immediate termination at the discretion of the EIC. If a factory is given the opportunity to remedy the critical failure, they must do so within 30 days. Factories that fail to correct these critical-rated findings by the follow-up audit in 30 days will be subject to termination.

Examples of critical-rated findings leading to termination include:

- Use of workers under the legal age of employment
- Any type of prison, bonded, indentured, slave or other forced labor
- Physical punishment or abuse
- Life-threatening health and safety issues (e.g., locked emergency exits, immediate fire hazards)
- Falsification of records
- Attempted bribery of auditors
- Other issues or conditions determined to be critical by The Home Depot
- Unauthorized subcontracting

Termination for Non-Critical Findings

Factories that fail to correct other, non-critical-rated high- and medium-risk findings after two follow-up audits will be moved to "noncompliance" status, and no new purchase orders will be given to the factory. If the factory remains in the "noncompliance" status for 60 days, they will be automatically terminated. Examples of non-critical-rated high- and medium-risk findings leading to termination after the second follow-up audit include:

- Minimum wage violations
- Overtime wage violations
- Systematic excessive overtime (over 72 hours per week) on a regular basis
- Monetary fines
- Other issues or conditions determined to be high risk by The Home Depot

Factory Reinstatement After Termination

A terminated factory may be eligible for reinstatement if they meet the following criteria:

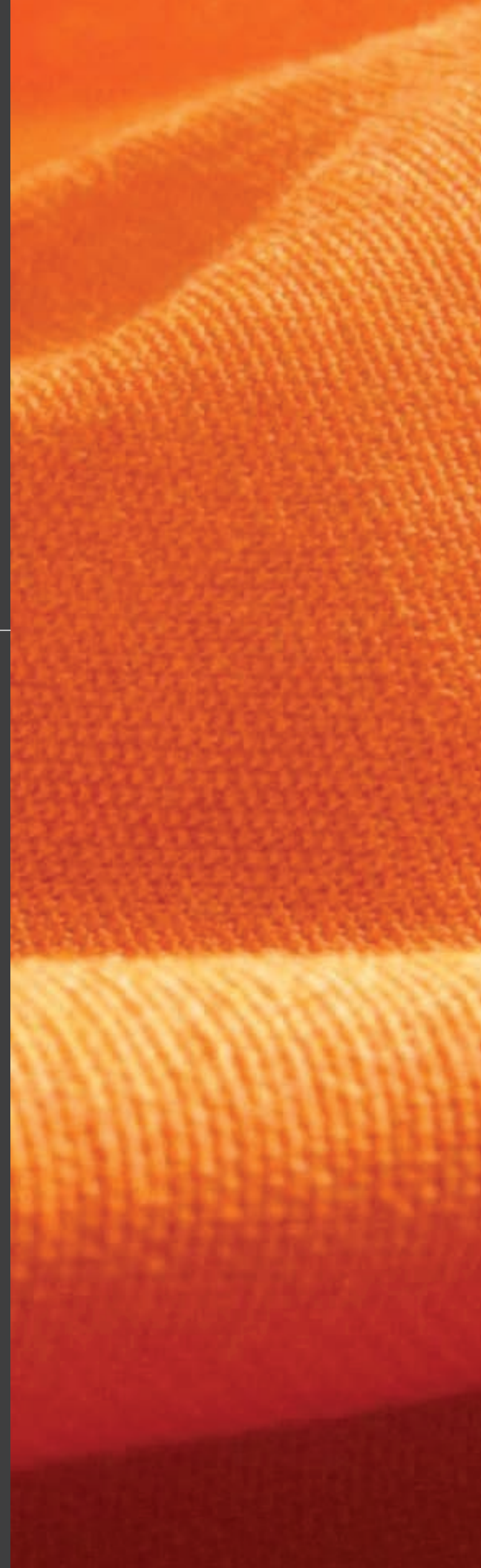
- Must wait **one (1)** year from termination date before requesting reinstatement.
- Factory must demonstrate they have implemented a management system which addresses all of the standards. The systems will be audited by The Home Depot's RS team or The Home Depot's designated representatives.
- Achieve a grade of "B" or better from a social compliance audit firm that is scheduled by The Home Depot as part of the reactivation process.
- If a factory does not achieve a "B" score or better, they may reapply for reinstatement after improving their compliance with The Home Depot RS standards. The factory must also wait a minimum of three months for a grade of "C" and six months for a grade of "F" from notice by The Home Depot of their failure to meet the reinstatement standards.

Note: These termination guidelines are intended to provide guidance on how to react to violations of The Home Depot Responsible Sourcing Standards. The lists of critical and high-risk issues listed previously are not all-inclusive, and The Home Depot's decisions will vary based on The Home Depot's assessment of the associated risk to their reputation and willingness to work with and remediate existing suppliers. Depending on the circumstances and prevalence of the violations, The Home Depot may consider alternative actions.



Chapter 4: Appendices

The following documents serve as supplemental reference material for The Home Depot's responsible sourcing policies. Suppliers and factories engaged with The Home Depot are required to review the material and, where applicable, acknowledge receipt of the policies and procedures included. We appreciate the support of our partners in this process.





Appendix A: The Home Depot Supplier Gifts and Entertainment Letter

August 1, 2021

Dear Valued Business Partner,

The Home Depot's success depends on our business relationship with our suppliers and manufacturers of our products. The foundation for our business relationship must be our mutual commitment to the highest level of ethics and integrity in our dealings. Under your company's supplier buying agreement (SBA) with The Home Depot, you have committed to compliance with all of The Home Depot's policies, including our Business Code of Conduct & Ethics (BCCE), which is country-specific (U.S., Canada, Mexico, China, Vietnam and India versions available).

In keeping with our Company value of "doing the right thing" and to help guard against any misperception of bribery of Home Depot associates or our agents, **you should not attempt to provide any items, money, or product to any associate or representative executing services on behalf of The Home Depot.** This policy applies at all times and does not change during the traditional gift-giving season, as a result of cultural traditions or during the planning of a company event.

Should any representative of The Home Depot attempt to solicit money or seek a commercial bribe, it is your responsibility to communicate this incident immediately to a Home Depot associate or The Home Depot's Corporate Compliance Department.

We are here to help. If you need a copy of or have questions or comments about our Business Code of Conduct & Ethics by country, please contact the sourcing office leader, the relevant Home Depot department representative or our Corporate Compliance Department at corporate_compliance@homedepot.com.

The Home Depot also provides a **Supplier AlertLine** for the exclusive use of our vendors, merchants, and Home Depot representatives to report receiving or soliciting gifts, bribes, kickbacks, disclosure of confidential information or a conflict of interest. This resource is available 24 hours a day, 365 days a year, in multiple languages and is run confidentially by a third party.

If you are uncomfortable taking the issue to The Home Depot leadership team, or if you wish to remain anonymous, please access the **Supplier AlertLine** at thdsupplieralertline.com or contact the following locations via phone:

- United States and Canada – **1-800-435-3152**
- Mexico – **001-888-765-8153**
- China – **86-400-880-1045**
- India (Dial Direct Access) **000-117** then (Dial) **800-435-3125**
- Vietnam (Access Code) **1-201-0288** then (Dial) **800-435-3152**

Sincerely,



Ron Jarvis

Vice President of Sustainability/Responsible Sourcing

The Home Depot

2455 Paces Ferry Road, C8

Atlanta, GA 30339



Supplier Acknowledgment:

I, (supplier name: _____), on (date: _____), have received, reviewed, and acknowledged the letter to the left and The Home Depot's Business Code of Conduct & Ethics (country-specific version). My team and I will obey every requirement during all business activities with The Home Depot and its assigned representatives from third-party service providers. _____

Signature of authorized supplier representative

Printed name of authorized supplier representative

Appendix B: Factory Profile Questionnaire

Factory name:
Factory address:
Factory general description:
Facility contact person:
Facility contact e-mail:
Supplier details:
Facility description:
Facility in operation since:
Square meters:
Demographics:
Total number of employees:
Number of male employees:
Number of female employees:
Management/administrative employees:
Production employees:
Nationalities of employees (by number):
Nationality of management:
Language of workforce:
Language of management personnel:
Subcontractors used:
General description of factory average worker:
Percentage of illiterate workforce:
Name of factory owner group:
City of factory owner group:
Country of factory owner group:

Nationality of the factory:
Annual turnover rate of non-returning workers:
Facility schedule:
Facility working hours:
Number of days per week:
Shift schedule (hours of operation):
1st shift:
2nd shift:
3rd shift:
Peak season:
Total production capacity:
Total production for Home Depot:
Payment information:
Employees are paid by:
Pay schedule:
Employee interviews:
Number of employees interviewed:
Name and title of management per interviewed:
Number of employees interviewed on-site:
Number of employees interviewed off-site:
Findings shared with:
Mr./Ms.:
Explain:
Best practices:
Was management receptive to the audit findings? Yes or no:
Name of other factories under same ownership:
Other brands produced in this factory:

Appendix C: Factory Pre-Sourcing Checklist

Contact Information
Factory name:
Factory address:
Country:
Contact name:
Contact position/title:
Telephone number:
Fax number:
Contact email:
Date of submission:



Supplier Company Characteristics

1. Year of establishment:

2. Has peak/slack season a year?

If yes, please describe peak season/worker number: _____ slack season/worker number: _____

Please describe the management practice of employee hiring in peak season:

3. Employee status and production status:

Total number of workers current: _____ peak season: _____ slack season: _____ gender ratio: _____

Total number of contractor workers/foreign workers

monthly production capacity

current: _____ peak season: _____ slack season: _____

Total number of contractor workers/foreign workers

annual production capacity

current: _____ peak season: _____ slack season: _____

4. Product type:

5. Main production process:

6. If there is any process that needs a subcontractor, please fill out below information:

Subcontractor 1 name:

Address:

Responsible person:

Contact information:

If it involves product's logo:

Subcontractor 2 name:

Address:

Responsible person:

Contact information:

If it involves product's logo:

7. If factory experienced social compliance audit by other client/third-party auditing company, please provide the audit report for review:

If yes, please record:

Auditing company:

Audit date:

Audit type:

Please provide audit report (important):

Pre-Qualification Questions	Factory Answer	RS Team Comments to Factory
<p>How did facility share relevant national labor laws to workers? Please describe and provide one sample:</p>		
<p>Whether and when facility signed labor contract with workers? Please describe the process and provide one sample labor contract:</p>		
<p>Whether facility has a written policy that prohibits the hiring of underage workers in compliance with both local laws and The Home Depot RS standards? Please provide one sample:</p>		
<ol style="list-style-type: none"> 1. Does facility keep a personal file for all workers including intern workers and workers recruited through a labor agency? 2. If yes, please list what contents are included in personal files of employees: 3. What is the minimum hiring age in the facility? 		
<ol style="list-style-type: none"> 1. Does the facility use intern workers or dispatching labor? If yes, what is the minimum age of these workers? If yes, please provide the rule of using intern workers or dispatching labor: 2. Does your facility employ young workers (over the legal minimum age but under 18)? If yes, what percentage of your workforce is under 18? If yes, please provide the rule of using these young workers: 		
<p>Does the facility have a written policy that prohibits prison, bonded, indentured, slave or other forced labor? Please describe and provide relevant evidence:</p>		
<p>Does the facility have a policy or procedure to ensure that none of their sub-suppliers use prison, bonded, indentured, slave or other forced labor to produce components or merchandise? Please describe and provide relevant evidence:</p>		
<p>Please describe the process to prevent forced labor and provide relevant evidence:</p>		
<p>Please describe how your facility keeps the employee's personal documents (ie. ID card, passport):</p>		
<p>Please describe the resignation process:</p>		
<p>Please describe the recruiting process:</p>		
<p>Please describe wage payment process:</p>		
<p>Please provide the policy about leave during work hours:</p>		
<p>Please provide the punishment and award policy:</p>		

<p>Does factory use any outside agencies for the employment of contract workers? If so, please provide the contract (with agency and employees):</p>		
<p>Does the facility have a written policy on anti-harassment and abuse? Please describe and provide relevant evidence:</p>		
<p>1. How long does facility keep workers' wage records? 2. For production workers, facility uses what kind of wage calculating method? Please provide one worker's payroll and relevant time cards of the recent peak season and explain how to calculate each item in the payroll: 3. As calculated, what is the minimum hourly wage that production workers get? 4. Please describe the calculating method of overtime wage: 5. Does your facility provide pay slips to workers? 6. Please describe legal requirement about social insurance, facility workers' social insurance status and commercial accident insurance attendance rate:</p>		
<p>1. How long does facility keep workers' working hour records? 2. What kind of time record system does facility use (photo required)? 3. What are the regular working hours and overtime hours respectively in facility? 4. Does facility have a comprehensive working hours system waiver? If yes, please provide the latest valid period of the waiver (China only): 5. What is the maximum daily/weekly/monthly overtime hours in facility? 6. What is the maximum continuous working days in facility?</p>		
<p>1. Does the facility have a written policy on non-discrimination? Please describe and provide relevant evidence: 2. Please provide factory recruitment file: 3. Please provide factory policy or rule about female workers:</p>		
<p>Does the facility have a written policy on freedom of association and collective bargaining? Please describe and provide relevant evidence:</p>		
<p>Does your company have a written health and safety policy (or statement of commitment) that may be part of a combined health and safety policy? If yes, please list your health and safety policy or supporting rules and procedures:</p>		
<p>During the last 12 months, how many worker injuries have occurred at your facility, including work-related and other types of incidents? During the last 12 months, how many work-related illnesses have been reported by workers at your facility?</p>		
<p>Does facility post evacuation plot plan? If yes, please indicate the post area and the content in the evacuation plot plan:</p>		
<p>Please describe the emergency exit doors and exit routes situation in the facility and provide one picture of emergency exit door/exit routes:</p>		
<p>Please list what equipment is installed in the facility as fire safety devices and provide pictures: Is there a person in the facility who is responsible for fire safety inspection? If yes, please list the checkpoints content:</p>		

<p>Please provide the recent three fire drill dates:</p> <p>Please indicate if night shift and dormitory areas covered:</p>		
<p>Please provide one picture of wiring and electrical panel boxes:</p>		
<p>Please provide one picture of storage area for liquid propane gas tanks/cylinders:</p>		
<p>Please indicate the inspection status of special equipment and operator of special equipment:</p>		
<p>Please provide which necessary required safety mechanisms are installed on machines:</p>		
<p>What safety practice does facility use in the flammable materials storage areas?</p> <p>Does facility have first aid boxes in each workshop?</p> <p>If yes, please list the items in the first aid boxes:</p>		
<p>Please provide first aider's name and certificate picture:</p>		
<p>Does the facility have a program to implement controls in order to reduce or eliminate worker exposure to chemical, biological and physical agents?</p> <p>If yes, please indicate related implement:</p>		
<p>Please indicate what kind of safety practice is implemented by the facility at the chemical using and storage areas and provide related photos:</p>		
<p>Does the facility provide personal protection equipment to workers?</p> <p>Please describe and provide photos:</p>		
<p>Does the facility have a program to provide regular occupational medical examinations for workers and to detect any symptoms of work-related illnesses or injuries?</p> <p>If yes, please provide the last occupational medical examination date and the report:</p>		
<p>Please provide one picture of employee toilet:</p>		
<p>Please provide one picture of employee potable water area:</p>		
<p>Does your facility provide or contract for canteen services for workers?</p> <p>If yes, please provide the kitchen sanitary certificate and health certificate:</p>		
<p>Does your facility provide dormitory housing for its workers?</p> <p>What kind of fire safety equipment is equipped in the dormitory building (please provide related photos)?</p>		
<p>Have all the buildings obtained the construction inspection report and fire certificate (China only)?</p> <p>If yes, please provide the photo of report:</p>		
<p>Are there any life-threatening health and safety issues in the facility?</p>		
<p>Do stairways and evacuation exits have handrails as required by local and national law?</p> <p>If so, please provide related photos:</p>		

<p>Has facility obtained "environmental impact assessment approval" from local authority? If yes, please provide picture:</p> <p>Are the facility's environment protection facilities inspected and accepted by local environment authority? If yes, please provide picture:</p>		
<p>Please indicate which of the following activities are required for your facility operations:</p> <p>Chemical handling and/or storage: Chemical and other waste treatment: Industrial wastewater discharge: Airborne emissions: Noise emissions: Radioactive materials and/or equipment: Which of the following types of annual monitoring are conducted? Wastewater: Yes No If yes, date of last monitoring: _____, result: _____ Waste airborne: Yes No If yes, date of last monitoring: _____, result: _____ Noise: Yes No If yes, date of last monitoring: _____, result: _____</p>		
<p>Does your facility generate wastes that are classified as hazardous? If yes, is the waste collected, treated and disposed of by a qualified service provider? If treated by a qualified service provider, please record the expiration date and the last collection date:</p>		
<p>During the last 12 months, was your facility cited or warned by a government agency regarding permit noncompliance issues? If yes, please describe the nature of the citation and the resulting actions taken:</p>		
<p>Does your facility manufacture any product with with a THD private brand logo? If yes, please disclose all sub-contractors involved in the manufacturing of the product and related components (factory name, address, contact person and info). To clarify this requirement and assist you in providing the required information, please note the following definition of "subcontractor" at The Home Depot:</p> <p>Subcontractors in the manufacture of products or product components for The Home Depot are factories, other than the facility identified for the production of a product for The Home Depot, involved in either the final assembly of the product or the manufacture of product components with the logos of any of The Home Depot's brands.</p>		
<p>Did facility communicate the Responsible Sourcing Standards to both facility management and workers?</p>		
<p>Please describe facility's employee grievances mechanism:</p>		
<p>Did the facility conduct periodic anti-harassment and abuse training for both management and workers?</p>		

Please describe how facility communicates compensation, scheduled normal work hours and overtime hours to workers:		
Please describe how facility communicates safety requirement to workers (fire, machinery, electricity, chemical, etc.):		
<p>Please conduct self-audit and check whether facility has below issues:</p> <ol style="list-style-type: none"> 1. Use of workers under the legal age of employment: 2. Any type of prison, bonded, indentured, slave or other forced labor: 3. Harassment and abuse: 4. Life-threatening health and safety issues: 5. Environmental incidents that need to be brought to The Home Depot's attention immediately: 6. Falsification of records: 7. Attempted bribery of auditors: 8. Indication in the facility that workers might go on strike: 9. Access deny: 		
How long does the facility keep all RS audit-related documents and records?		
Please describe the main job of facility RS representative:		

Appendix D: The Home Depot Document Request List

In preparation for the site visit, the following documents should be made available to facilitate the visit. The Home Depot or its appointed representative will expect to review these documents as part of the monitoring process. Please indicate on the list below if these documents are available.

Document name:	Yes	No	N/A
Applicable laws and regulations:			
Child labor:			
Restrictions on workers below the age of unrestricted employment:			
Minimum wage:			
Maximum daily/weekly hours:			
Overtime compensation:			
Annual leave and required holidays:			
Other benefits and allowances:			
Payment receipt of social insurance schemes/official testimonials on coverage of social insurance schemes:			
Health and safety:			
Non-discrimination/Harassment:			
Freedom of association:			
Environment:			
Training records on anti-harassment/discrimination/abuse/freedom of movement/forced labor prevention:			
Facility policies and records:			
Employee handbook/terms and conditions of employment:			
Wage and hour policies/approval on comprehensive calculation of working hour system (if applicable) or overtime waiver:			
Government licenses, certificates of operation, inspection reports re: sanitation, fire safety, worker safety, structural safety, etc.:			
Machinery inspection/service logs:			
Policies/Procedures on use of personal protective equipment:			

Accident/Injury log:			
Emergency medical procedures:			
Evacuation plan and procedures/fire drills records:			
Time cards, leave application, production records or other work hour support for the last 12 months:			
Payroll records for the last 12 months (e.g., piece-rate records, pay stubs):			
Support for overtime calculations:			
Waste disposal and environmental procedures:			
Training records:			
Worker documentation:			
Personnel file (including job application, employment contracts, discipline letters, etc.):			
Personnel identification cards, birth certificates or other identification records:			
Employment registration records:			
Dormitories (if applicable):			
Government licenses, certificates of operation, inspection reports re: sanitation, fire safety, structural safety, etc.:			
Dormitory rules and regulations:			
Contracts with The Home Depot:			
Subcontractor agreement(s)/subcontractor list and contact information:			

Appendix E: Responsible Sourcing Closing Meeting Summary Report

Factory name:										
Factory name: (details in Chinese if applicable):										
Factory address:										
Factory address: (details in Chinese if applicable):										
Factory contact person:										
Factory contact person: (details in Chinese if applicable):										
Telephone number and email address of factory contact person:										
Service provider:										
Monitor team member and APSCA registration number:	Original audit:		30-Day verification visit:		60-Day verification visit:		90-Day verification visit:		120-Day verification visit:	
Assessment date:	Original audit:		30-Day verification visit:		60-Day verification visit:		90-Day verification visit:		120-Day verification visit:	
Time:	Arrival time: Departure time:		Arrival time: Departure time:		Arrival time: Departure time:		Arrival time: Departure time:		Arrival time: Departure time:	
This Closing Meeting Report will be used to summarize the factory monitoring visit findings and acknowledge that all findings were shared with the factory management.										

THE CAPA PLAN AND EVIDENCE WILL BE SENT TO THE HOME DEPOT RS TEAM FOR APPROVAL AFTER THEY ARE ACCEPTED BY A SERVICE PROVIDER. THE HOME DEPOT WILL NOT APPROVE UNTIL THE CAPA PLAN IS REVIEWED AND APPROVED VIA THE RS DATABASE BY THE RS TEAM.

Question	Risk Level (Critical/High/Medium)	Rating (PC/NC)	Findings	Root Cause	Supplier/Factory Corrective Action Plan	Supplier/Factory Preventive Action Plan	Responsible Person	Estimated Completion Date	Contact number / E-mail address	Action Plan Submitted by	Tiered CAPA Verification Result (verification visit within 15 days for Critical risk CAPA/30 Days for High Risk CAPA /90 Days for Medium risk CAPA since CAPA plan is approved by THD RS)
			Requirement:								Tiered CAPA on M/D/Y (___ Day Visit) Closed/Open:
			Finding:	Audit firm's comment on root cause:	Audit firm's comment on corrective action plan:	Audit firm's comment on preventive action plan:					Extension Tiered CAPA on M/D/Y (___ Day Visit) Closed/Open:
			Judgment Base:		Audit firm's comment on submitted evidence:	Audit firm's comment on submitted evidence:					
			Requirement:								Tiered CAPA on M/D/Y (___ Day Visit) Closed/Open:
			Finding:	Audit firm's comment on root cause:	Audit firm's comment on corrective action plan:	Audit firm's comment on preventive action plan:					Extension Tiered CAPA on M/D/Y (___ Day Visit) Closed/Open:
			Judgment Base:		Audit firm's comment on submitted evidence:	Audit firm's comment on submitted evidence:					
			Requirement:								Tiered CAPA on M/D/Y (___ Day Visit) Closed/Open:
			Finding:	Audit firm's comment on root cause:	Audit firm's comment on corrective action plan:	Audit firm's comment on preventive action plan:					Extension Tiered CAPA on M/D/Y (___ Day Visit) Closed/Open:
			Judgment Base:		Audit firm's comment on submitted evidence:	Audit firm's comment on submitted evidence:					

Important Notice:

Please note the CAPA follow-up process as below:

CAPA Plan

1. Within three to five days after the RS assessment, service provider customer service officer will send the Corrective and Preventive Action (CAPA) Plan Form to the facility through the mailbox with service provider as domain name.
2. Facility shall complete the CAPA Plan within seven days upon receiving the form and submit the plan back to service provider customer service officer through that mailbox.
3. Service provider will review the CAPA Plan and, if acceptable, will upload it on RS system for THD's final approval within one working day. Further cooperation will not be approved until THD has the CAPA Plan reviewed and approved via the RS system by the RS team.

Note 1: The completed CAPA Plan must follow the SMART (Specific, Measurable, Attainable, Reasonable and Timely) principle and include a detailed explanation of the root cause, how each item is being corrected, how the root cause of the finding will be eliminated, how the progress of each improvement will be tracked and the date each correction will be complete.

Note 2: During the process, if the CAPA Plan is rejected, facility is required to send the revised plan to service provider within one working day;

Tiered CAPA Verification

Once the CAPA Plan is approved by THD, THD will move to a three-level, risk-based "Tiered CAPA" model as follows:

Critical risk – 15 days. The Home Depot RS team is responsible for on-site CAPA verification audit. If critical-risk CAPA cannot be closed during the on-site verification visit, the facility will be put into the noncompliance list, and future POs may be blocked;

High risk – 30 days. Service provider is responsible for on-site CAPA verification audit; if all high-risk CAPAs cannot be closed during 30-day verification visit, a final warning will be issued, and a new verification visit scheduled 30 days later for the service provider to verify all open, high-risk CAPAs have been closed. Note that all related audit costs will be charged to supplier. If any high-risk CAPAs still cannot be closed, the facility will be put into the noncompliance list, and future POs may be blocked;

Medium risk – 90 days. Service provider is responsible for on-site CAPA verification audit; if all medium-risk CAPAs cannot be closed during 90-day verification visit, a final warning will be issued, and a new verification visit scheduled 30 days later for the service provider to verify all open, medium-risk CAPAs have been closed. Note that all related audit costs will be charged to supplier. If any medium-risk CAPAs still cannot be closed, the facility will be put into the noncompliance list, and future POs may be blocked;

Note: 100% On-Site CAPA Verification (Tier CAPA verification as above mentioned). Suppliers need to provide accurate and complete evidence for each point in every finding at least seven business days before on-site verification and identify the evidence with a specific document/picture name to match the deficiency. If suppliers fully meet this requirement, there may be an opportunity to waive the on-site verification based on risk level and nature of the finding. The THD RS team will make all final decisions on waivers.

In case of any issues related to audit quality or judgment disagreements, you are encouraged to contact directly the THD RS team by sending an email to "_31cc8f@homedepot.com" or "Cathy_Cao@homedepot.com".

In the space provided below, we sign our name adding our company stamp to acknowledge that service provider auditor has communicated to us the above information, and we are now clearly aware of the CAPA follow-up process.

Signature of
Inspector

Title

Signature of Factory
Representative

Title

Print Name –
Inspector

Date

Company Stamp

Date

Appendix F: The Home Depot Sample CAPA Plan

Factory name:										
Factory name: <i>(details in Chinese if applicable):</i>										
Factory address:										
Factory address: <i>(details in Chinese if applicable):</i>										
Factory contact person:										
Factory contact person: <i>(details in Chinese if applicable):</i>										
Telephone number and email address of factory contact person:										
Service provider:										
Monitor team member and APSCA registration number:	Original audit:		30-Day verification visit:		60-Day verification visit:		90-Day verification visit:		120-Day verification visit:	
Assessment date:	Original audit:		30-Day verification visit:		60-Day verification visit:		90-Day verification visit:		120-Day verification visit:	
Time:	Arrival time: Departure time:		Arrival time: Departure time:		Arrival time: Departure time:		Arrival time: Departure time:		Arrival time: Departure time:	
This Closing Meeting Report will be used to summarize the factory monitoring visit findings and acknowledge that all findings were shared with the factory management.										

THE CAPA PLAN AND EVIDENCE WILL BE SENT TO THE HOME DEPOT RS TEAM FOR APPROVAL AFTER THEY ARE ACCEPTED BY A SERVICE PROVIDER.

THE HOME DEPOT WILL NOT APPROVE UNTIL THE CAPA PLAN IS REVIEWED AND APPROVED VIA THE RS DATABASE BY THE RS TEAM.

Question	Risk Level (Critical/High/Medium)	Rating (PC/NC)	Findings	Root Cause	Supplier/Factory Corrective Action Plan	Supplier/Factory Preventive Action Plan	Responsible Person	Estimated Completion Date	Contact number / E-mail address	Action Plan Submitted by
5.07	Medium	NC/	According to the review of 10 employees' attendance records and wage records of January 2017, auditor noted that all 10 employees were not paid 3 to 4 days downtime wage in January 2017.	Due to employees were arranged to enjoy the CNY holiday from Jan. 24, 2017, and most of the employees were calculated by piece rate, so all the employees were not paid the downtime wage for those four days.	<ol style="list-style-type: none"> 1. We will pay the 10 workers at least the legal minimum wage for those 4 days on March. 2. Factory will improve payment rules to ensure all employees including piece-rate employees will be paid downtime wage. 3. Factory will notify all workers on payment changes. 	<ol style="list-style-type: none"> 1. Factory HR team will ensure they continue updating the regulations on wage payment of Guangdong Province as increases occur. 2. Factory HR team will conduct a sample audit of workers' payroll monthly to ensure all workers are paid at least the legal minimum wage. 	Mr. Smith	3/31/2017	jsmith@email.com	

Question	Risk Level (Critical/High/Medium)	Rating (PC/NC)	Findings	Root Cause	Supplier/Factory Corrective Action Plan	Supplier/Factory Preventive Action Plan	Responsible Person	Estimated Completion Date	Contact number / E-mail address	Action Plan Submitted by
6.02	Medium	NC	<p>Total 20 out of 150 workers were sampled and records were reviewed. The peak month for factory is from June to December.</p> <p>1) 10 out of 10 workers' time records NOT compliance. Monthly overtime were 50-61 hours in July 2017(the most recent month). And the maximum daily overtime was up to 4 hours.</p> <p>2) 5 out of 5 workers' time records NOT compliance. Monthly overtime were 56-60 hours in June 2016(the peak month). And the maximum daily overtime was up to 4 hours</p> <p>3) 5 out of 5 workers' wage and time records compliance. Monthly overtime were 18-26 hours in May 2017(the random month). The maximum weekly working hour (normal plus overtime) was 60 hours/week in June 2017(peak month)</p>	<p>1. No OT control policy and procedure.</p> <p>2. New orders are increased too much and labor shortage.</p> <p>3. New employees are not supplied in time</p> <p>4. Employees' awareness of time control is not strong</p>	<p>1. The factory establish Time Control Procedures and Policies</p> <p>2. Factory will forecast PO status one month in advance and optimize production arrangement, prepare in advance.</p> <p>3. HR team will analyze the factory's worker shortage based on production needs, and hire more workers or buy production machine accordingly to reduce workers' overtime work time</p>	<p>1. Post the Working Hours Control Procedure and Policies in the publicity column. Production managers and personnel staff must receive training and examination to ensure full understanding of working time control procedures and policy. The training for new employees must be done within a week of starting</p> <p>2. The factory HR team will analyze labor demand together with the production team every month and hire more new workers as needed.</p> <p>3. Factory production team will forecast the monthly production plan in advance and control overtime accordingly.</p> <p>4. Factory HR team will audit workers timecards to track workers' working hours.</p> <p>5. Factory management will have a regular meeting to review root causes of excessive overtime and setup further improvement actions</p>	Mr. Smith	3/31/2017	jsmith@email.com	

Question	Risk Level (Critical/ High/ Medium)	Rating (PC/ NC)	Findings	Root Cause	Supplier/Factory Corrective Action Plan	Supplier/Factory Preventive Action Plan	Responsible Person	Estimated Completion Date	Contact number / E-mail address	Action Plan Submitted by
9.28	Medium	PC	<p>Finding:</p> <p>Missing pre-service, in-service and job leaving occupational health checkup for employees who contact occupational hazards such as high noise and chemicals.</p>	<p>1. Lack of employees' periodical occupational health examination Procedure and Policies</p> <p>2. Lack monitoring and tracking for employees' periodic occupational health examination Procedure and Policies implementation.</p> <p>3. Employees' awareness of employees' periodical occupational health examination is not strong</p>	<p>1. The factory establish employees' periodical occupational health examination Procedure and Policies</p> <p>2. The employees' periodical occupational health examination Procedure and Policies training for employees</p> <p>3. Establish an effective monitoring and tracking system to ensure the implementation of employees' periodical occupational health examination</p>	<p>1. Polices and procedures: the personnel manager is responsible for the establishment of the procedure and policies of the Employees' Periodical Occupational Health Examination which will include the requirement of wearing earplugs for the employees who are exposed to noise</p> <p>2.Communication: To deliver a written Employees' Periodical Occupational Health Examination procedures and policies to the ministry of personnel and management personnel, director of security. Management personnel must accept training and examination to ensure full understanding of carry our work in the future. At publicity column post the policies and procedures, strengthen regular staff awareness training and communication between employees.</p> <p>3. Training and skills: the manager of the personnel department establishes the internal trainer of the Employees' Periodical Occupational Health Examination, and the training of the staff is required to train the staff. The personnel manager shall train the staff in the form of collective training every 6 months.</p> <p>4. Monitoring and Tracking: The personnel manager establishes a monitoring and tracking system to ensure the implementation of policies and procedures.</p>	Mr. Smith	3/31/2017	jsmith@email.com	
9.27	High	PC	<p>It was noted that 3 viewed bending employees and one punching employee were not wearing earplugs and two polishing employees were not wearing the provided googles while operating</p>	<p>In front of the workshop, no one is responsible for supervising the wearing of protective articles on the spot, resulting I the fact that employees are not wearing protective equipment</p>	<p>The workshop director immediately requested on-site stamping of the post staff(Huang Xihui) wearing earpluts, polishing workshop personnel(Chen Huayang, Yangzheng) wearing googles.</p>	<p>1. Workshop supervisor is now in front of the switch machine, posting (wearing protective equipment identifier)</p> <p>2. Stamping and grinding production staff training "PPE wear".</p> <p>3. The company shall appoint supervisors as protective equipment and inspection personnel, and not on a regular basis to check whether the staff wear protective googles and earplugs.</p>	Mr. Smith	3/31/2017	jsmith@email.com	

