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*Responsible Sourcing  
Supplier Manual*

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## INTRODUCTION

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The primary purpose of this Responsible Sourcing (RS) Supplier manual is to establish and outline The Home Depot's (THD) compliance program policies and procedures related to the Responsible Sourcing Standards (Standards) – See Exhibit 1. The RS Supplier Manual is intended to be the primary reference document to help Suppliers manage compliance with the Standards.

The RS Supplier Manual applies to organizations providing products to THD (Suppliers) and factories producing the related products including factories producing products directly for THD (collectively, Factories).

THD expects our Suppliers and Factories to follow our Standards as outlined in the RS Supplier Manual. We understand that fully complying with these standards may be challenging for some factories; however, it is the goal of THD to work with factories that are transparent and committed to continuous social and environmental improvement. THD 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.

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## ROLES AND RESPONSIBILITIES

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### I. RESPONSIBILITIES AND POLICIES OF THE HOME DEPOT

THD is dedicated to ensuring adherence with the Standards. All activities associated with Standards compliance will be managed by THD RS Team under the direction of an appointed Responsible Sourcing leader. THD RS Team will be responsible for informing all Suppliers, which includes Factories, of THD's compliance requirements and expectations.

THD'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, THD RS Team will be responsible for the following:

#### A. Training and Communication

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

#### B. Factory Audits

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

#### C. 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 THD's compliance management efforts including factory audits – (See Remediation and Termination).

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

To the extent THD 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.

### II. RESPONSIBILITIES OF SUPPLIERS

#### **A. 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 are in compliance with the Standards. Each Supplier will promptly notify The Home Depot RS Team of any change in the identity of its official designated for this purpose.

#### **B. Identification of Factories**

Suppliers are responsible for reporting all factories used for the production of products provided to THD. As part of the periodic factory audit process, all Suppliers must provide THD 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 applicable products. Suppliers are also responsible for reporting and registering any new subcontractors in THD Flex System within 15 days after business relationship is established. For all new programs, any subcontractors being utilized should be added into THD Flex System at the time of onboarding.

#### **C. Information and Training**

The Standards and the Definitions of Key Standards Terms (Exhibits 1 and 2) outline THD's expectations related to the conditions under which products provided to THD 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 THD's expectations. THD may request the attendance of management from the Supplier and/or Factories at seminars presented by THD or outside parties to assist in their understanding and adhering to THD's compliance expectations. In addition, Suppliers are responsible for ensuring the Factories utilized in the production of products provided to THD have received and understand the Standards and the related requirements.

#### **D. Compliance Management Support**

In connection with THD's compliance management efforts, THD will utilize factory audits to confirm compliance with THD's expectations. Suppliers will not interfere with or discourage communication with THD personnel or THD's representatives. Suppliers will encourage factory management to permit THD personnel and THD'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 THD'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 Suppliers account by THD.

#### **E. Remediation**

Suppliers are expected to support efforts to ensure compliance issues are addressed by factory management at the Factories. In certain instances, THD may request Supplier representatives confirm remediation of identified issues (See Ongoing Compliance Efforts).

It is the responsibility of each supplier to ensure that the factories utilized to produce products for The Home Depot are compliant 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. (Refer to The Home Depot Termination Guidelines for details. (Exhibit 3))

### III. RESPONSIBILITIES OF FACTORIES

#### A. 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 RS Team of any change in the identity of its official designated for this purpose.

#### B. Standards and Applicable Law

All Factories are expected to maintain, review, and comply with the Standards (Exhibit 1). Factories should understand the laws and regulations related to age, wage, hours of work and health and safety.

#### C. Compliance Management Support

Factories must meet the following monitoring and compliance obligations:

##### 1. Non-interference

Factory management will not interfere with, discourage or punish employees who communicate with THD's representatives. Factory management will permit THD and THD'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.

##### 2. Ethical Performance

Factory representatives will not offer any incentives including gifts, meals, transportation or money to THD'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 THD's representatives, this fact will be immediately reported to THD. THD considers offers of incentives a serious issue and any such offer will have a significant adverse impact on Factories' business relationships with THD.

To the extent THD's representatives solicit any form of incentive from the factory, this should be immediately reported to The Home Depot RS Team.

##### 3. Transparency

All Factories are expected to maintain and present to THD personnel and THD'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 THD.

##### 4. Employee Awareness and Education

Each Factory is responsible for the communication to its employees regarding the Factory's obligation to them, and to THD, in accordance with the Standards.

##### 5. 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 THD or its representatives upon request.

##### 6. Corrective Action

Factories are expected to correct all non-compliance as a condition of continued business. Factories are expected to develop Corrective and Preventive Action (CAPA) plans to address identified non-compliance in a timely manner. All CAPA Plans are expected to be closed within the agreed upon days from the date of THD RS Team's approval. In the event that a Factory fails to correct the deficiencies in the expected timeframe, THD will place the factory into "Non-compliance" status and no new purchase orders will be given to the factory. If the factory remains in the "Non-compliance" status for 60 days they will be automatically terminated. (Refer to The Home Depot Termination Guidelines for details. (Exhibit 3))

- D. Factories that meet the definition of a Subcontractor per THD RS definition should take the same responsibilities as THD primary factories.** (For details refer to New Factory Engagement – On-Boarding, Section IV Subcontracting)

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## SUPPLIER/ FACTORY ENGAGEMENT

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### I. NEW FACTORIES

#### A. Factory Audits

The Home Depot RS Team may require selected Factories to be evaluated through a factory audit as an element of the on-boarding process. The audit will be performed consistent with The Home Depot's Factory Audit Protocols (See Ongoing Compliance Efforts). Both the supplier and factory will receive The Home Depot Responsible Sourcing Supplier Manual with the 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 THD representative, as applicable.

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## ONGOING COMPLIANCE EFFORTS

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### I. TRAINING AND COMMUNICATION

The Home Depot 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 compliance expectations to the Factories and Suppliers. Both the supplier and factory will also receive The Home Depot Responsible Sourcing Supplier Manual with the SP audit scheduling notification for each 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 THD RS standards and process:

- On-site training (in THD Shanghai and Shenzhen offices every month alternatively)
- Online training via the website: <https://vendor-thdrs.talentlms.com/catalog/index> (For vendor)  
<http://factory-thdrs.talentlms.com/catalog/index> (For factory)
- All new factories, factories who received a C/F grade 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

### II. COMPLIANCE MANAGEMENT

In order to assess compliance with the Standards, THD will undertake steps to confirm compliance with the provisions of the Standards. In addition to the certification process outlined above, THD's compliance management will be comprised of the performance of on-site factory audits. (See grading below in Section III – Remediation and Termination)

#### A. 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 THD's audit protocols. In 2017, THD implemented the Retail Ethical Sourcing Assessment (RESA) template for all THD RS audits. RESA is a single audit template developed in partnership with Lowe's. The goal is to avoid



imposing added cost of conducting multiple audits where the same factories are being used by THD and Lowe's.

**(i) Audit Execution**

THD's external audits will include periodic audits of Factories, Specific Response audits, and On-Boarding Audits (See New Factory Engagement – On-Boarding).

**a. 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 CAPA closure\* (if CAPA is required) or most recent audit date (if no CAPA required or factory enters “Non-compliance” status for not closing CAPA within required timelines.)
- ✓ Grade B – One (1) year from CAPA closure or most recent audit date (if factory enters “Non-compliance” status for not closing CAPA within required timelines.)
- ✓ Grade C – Six (6) months from CAPA closure or most recent audit date (if factory enters “Non-compliance” status for not closing CAPA within required timelines.)
- ✓ Grade F – Factory is required to undertake the Transparency and Improvement Program (TIP) (Exhibit 6). New audit required six (6) months from the date of the audit. At that time the Factory is expected to achieve a grade C or higher.

\*THD reserves the right to audit more frequently at their discretion.

**b. Specific Response Audits**

On a periodic basis, THD may become aware of issues or allegations of noncompliance at factories producing products for THD. 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.

**B. Use of Current Factory Audit Reports**

THD will consider waiving the initial audit requirement for a Supplier or Factory with an audit existing report, provided all of the following conditions are met:

1. RESA audit performed for other retailers. At the time of audit scheduling, suppliers need to inform The Home Depot's appointed 3<sup>rd</sup> party service provider within 3 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 Lower's directly and not conduct an additional RS audit.)
2. Suppliers/factories wishing to use an existing report are required to provide the report to THD RS team within 3 calendar days from date of audit notification.
3. Audit was performed by a THD recognized provider:
  - ✓ Bureau Veritas
  - ✓ Intertek
  - ✓ SGS
  - ✓ UL
  - ✓ TUV
  - ✓ Other, as determined by THD in its sole discretion

4. The initial audit was performed within the prior 12 months.
5. The report converts into a grade of “B” or higher on THD’s grading system.
6. The Supplier or Factory must contact the service provider who conducted the audit and request the Service Provider forward the final report directly to THD. THD will not accept reports directly from a Supplier/Factory.
7. 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 THD.

To the extent THD accepts the audit report THD will approve the factory consistent with the initial grade (See Remediation and Termination).

### III. REMEDIATION AND TERMINATION

THD is committed to working with approved Factories to address non-compliance with the Standards. 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. THD’s relationships with Factories that are unable or unwilling to address identified compliance issues may be terminated consistent with The Home Depot Termination Guidelines (Exhibit 3).

Factories are expected to complete and provide their completed CAPA plan to the responsible audit service provider within 7 days in response to all compliance issues identified through THD’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 non-compliance, 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 “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 “A” overall rating during an initial audit are approved for THD production for **two years**.
- Grade “B”:** A Grade “B” overall rating is assigned when there are isolated deviations for issues considered Non-Critical as defined in Exhibit 3 which result in an audit score between 80-94. Factories with a Grade “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 “B” overall rating are approved for THD production for **one year**.
- Grade “C”:** A Grade “C” overall rating is assigned when there are deviations for issues considered to be Non-Critical as defined in Exhibit 3 which result in an audit score between 65-79. Factories with a Grade “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 “C” overall rating are approved for THD production for **6 months**.
- Grade “F”:** A Grade “F” rating is assigned when (i) there are deviations for issues considered to be Non-Critical as defined in Exhibit 3 which result in an audit score below 65; or (ii) there are deviations for issues considered to be Critical as defined in Exhibit 3. If THD proceeds with Factories who score a Grade “F” overall rating, the factory will be

required to enter into THD 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 “F” will be approved for THD production. Purchase Orders may not be released to these factories until confirmation of entry into TIP and subsequent approval by the RS Team.

#### **A. Critical or Repeated Noncompliance findings**

When requested by THD’s VP of Sustainability/RS, the Emerging Issues Council made up of senior executives within THD will determine the appropriate sanctions for any critical or repeated violations at a specific Factory or Supplier. Where applicable, THD will consider sanctions for the Supplier associated with a Factory found to have critical or repeated violations. However, whenever possible, THD will support the Factory’s timely remediation efforts before resorting to possible termination. (See The Home Depot Termination Guidelines (Exhibit 3))

#### **B. Follow-up Factory Audits**

Follow-up factory audits may be necessary to ensure corrective actions are taken. The Home Depot 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.

#### **C. Events That May Impact the Schedule**

In the event that THD discovers a deficiency (e.g., RS, Quality Assurance, Security/C-TPAT, 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 a RS assessment during the related seasonal project peak production window by either a 3rd party service provider of our choosing or by THD RS team. If audit in peak production window for a factory during the cycle times stated above, the cycle times will reset based on the results of seasonal audit.

## **IV SUBCONTRACTING**

### **A. Definition**

**Subcontractor** – 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.”

**Unauthorized Sub-contractor** – Factories meeting the definition of Subcontractor above who have not been disclosed to The Home Depot and properly assessed prior to producing the items listed in the definition.

### **B. Policy**

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

Penalty system or termination of relationship when unauthorized subcontracting is discovered:

1. First Unauthorized Subcontracting Finding:
  - ✓ \$10,000 fine for Mvenders with COGs between \$0 and \$5M
  - ✓ \$25,000 fine for Mvenders with COGs between \$5M and \$50M

- ✓ \$50,000 fine for Mvenders with more than \$50M in COGs
- 2. Second Unauthorized Subcontracting Finding:
  - ✓ \$25,000 fine for Mvenders with COGs between \$0 and \$5M
  - ✓ \$50,000 fine for Mvenders with COGs between \$5M and \$50M
  - ✓ \$100,000 fine for Mvenders with more than \$50M in COGs
- 3. Third Unauthorized Subcontracting Finding:
  - ✓ Automatic Termination of the Vendor

C. THD Private Brand List (Examples as below but not exclusively)

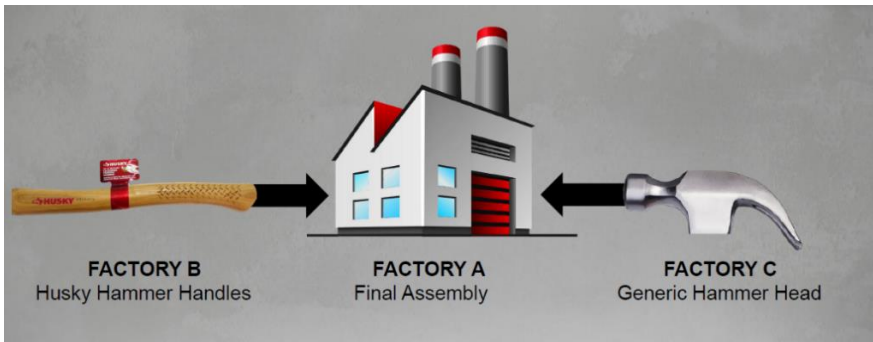




SELECT



#### D. Subcontractor Example



Factory A, final assembly factory: Yes

Factory B, producing product components with THD brand: Yes

Factory C, producing product components without THD brand: No

For additional guidance please refer to the separate *Packaging and Printing Clarification Document*.



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## RESPONSIBLE SOURCING STANDARDS

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The Home Depot and its affiliates, divisions, and subsidiaries strive to conduct business in a responsible manner. As we expand our business activities and work with suppliers domestically and globally to meet customers' needs, it is important to preserve our collective commitment to human rights and safety in the workplace.

The Home Depot expects that all suppliers will 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. All suppliers are strongly encouraged to exceed The Home Depot's guidelines and promote continuous improvement throughout their operations.

All suppliers must be able to demonstrate compliance with these requirements at the request of The Home Depot.

These guidelines provide an introduction to the minimum requirements that all Suppliers must meet in order to conduct business with The Home Depot. These requirements are part of all commercial agreements with The Home Depot.

### **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 Labor 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, involuntary or exploitative 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. The use of prison or convict labor cannot be forced and must be consistent with the laws where the products are manufactured and the laws where it is imported.

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 Responsible Sourcing 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 Gift 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 Responsible Sourcing 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 Action Preventative Action (CAPA) plan. The Home Depot reserves the right to terminate its business relationship with any Supplier who is unwilling to comply with these Responsible Sourcing Standards.



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## THD RS STANDARDS - DEFINITIONS OF KEY TERMS

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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***

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.

### **Hours of Work – *Regularly Scheduled Basis***

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 3 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 principle areas of focus in this regard will initially comprise:

- Fire Safety
  - ✓ Fire Extinguishers
  - ✓ Fire Exits
  - ✓ Evacuation Plans
  - ✓ Fire Drills
- Machine Guards
- Personal Protective Equipment
- Lighting, Temperature and Ventilation
- Toilet Facilities

**Nondiscrimination** – *beliefs or any other personal characteristics*

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.

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## TERMINATION GUIDELINES

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The Home Depot (THD) is committed to working with suppliers and factories to address non-compliance with The Home Depot Responsible Sourcing Standards (the Standards). THD's relationship with suppliers and factories that are unable or unwilling to address identified compliance issues may be terminated consistent with these Termination Guidelines.

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 THD) 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 forced prison, bonded, indentured or other forced labor
- Physical punishment or abuse
- Life-threatening health & 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 THD
- Unauthorized subcontracting

### Termination for Non-Critical Findings

Factories that fail to correct other, Non-Critical-rated High and Medium Risk findings after 2 Follow-up Audits will be moved to "Non-compliance" status and no new purchase orders will be given to the factory. If the factory remains in the "non-compliance status for 60 days they will be automatically terminated. Examples of Non-Critical-rated High and Medium Risk findings leading to termination after the 2<sup>nd</sup> 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 THD

### 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 THD.

### Reinstatement after Termination

Reinstate a terminated factory

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 THD's RS Team or THD's designated representatives.
- Achieve a grade of "B" or better from a social compliance audit firm that is scheduled by THD as part of the reactivation process
- If a factory does not achieve a "B" score or better, they may reapply for re-instatement after improving their compliance with THD RS standards. The factory must also wait a minimum of 3 months for grade a "C" and 6 months for a grade "F" from notice by THD of their failure to meet the reinstatement standards.

Reinstate a terminated supplier

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

- 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 THD's RS team or THD'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 lists of Critical and High Risk issues above are not all-inclusive and THD's decisions will vary based on THD'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, THD may consider alternative actions.**

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## FACTORY AUDIT EXPECTATIONS

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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 (Exhibit 1). 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 C).

### Audit Execution

Depending on the location and size of the factory, management can generally expect either two auditors to spend one day or one auditor to spend two days at the factory assessing compliance with The Home Depot Responsible Sourcing Standards. 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 through the facility and dormitories, if applicable, conducting visual inspections
- Conduct a closing meeting with management summarizing any findings

### Audit Postponement and Cancellation

If factory apply for audit postponement with valid reasons listed below, it need to be approved by the directors of RS, QA and global risk. If the reasons factory provided are invalid, the audit need 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 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 2 to 5 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 2 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 & postponement.

### Debit Program

The service providers assigned by THD 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 THD. If the request was not approved by THD, 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 THD for the cost of the audit on the first day of the following month. Payment will be required from the supplier prior to THD releasing POs. 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 & 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 "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 "B" overall rating is assigned when there are isolated deviations for issues considered Non-Critical as defined in Exhibit 3 which result in an audit score between 80-95.
- Grade "C":** A Grade "C" overall rating is assigned when there are deviations for issues considered to be Non-Critical as defined in Exhibit 3 which result in an audit score between 65-80.
- Grade "F":** A Grade "F" rating is assigned when (i) there are deviations for issues considered to be Non-Critical as defined in Exhibit 3 which result in an audit score below 65; or (ii) there are deviations for issues considered to be Critical as defined in Exhibit 3.

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## FACTORY COMPLIANCE GUIDELINES

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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 below 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.

### I. Policies, Procedures, and Record 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 record 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, 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 onsite at the factory including payroll, time, and piece rate records for at least a 1 year period

## II. 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

## III. Labor Policy

- ✓ All employees in the factory must be voluntarily employed
- ✓ No forced prison workers should be working at the factory
- ✓ Employees 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

## IV. 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 reasons
- ✓ The factory should have procedures in place for employees to question wages paid and possible adjustment 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:
  - a. 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 acknowledgement of wage receipt
  - b. 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
  - c. Piece Rate Records – if applicable
    - 1. Acknowledged by employees
  - d. Paystub – in employees’ 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 employees’ consent to make voluntary deductions from their pay

**V. 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 (7 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 time keeping system – e.g. punch or swipe card

**VI. 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
- ✓ 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
- ✓ 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

**VII. 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

**IIX. 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.**



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## TRANSPARENCY AND IMPROVEMENT PROGRAM (TIP)

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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 legal 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.

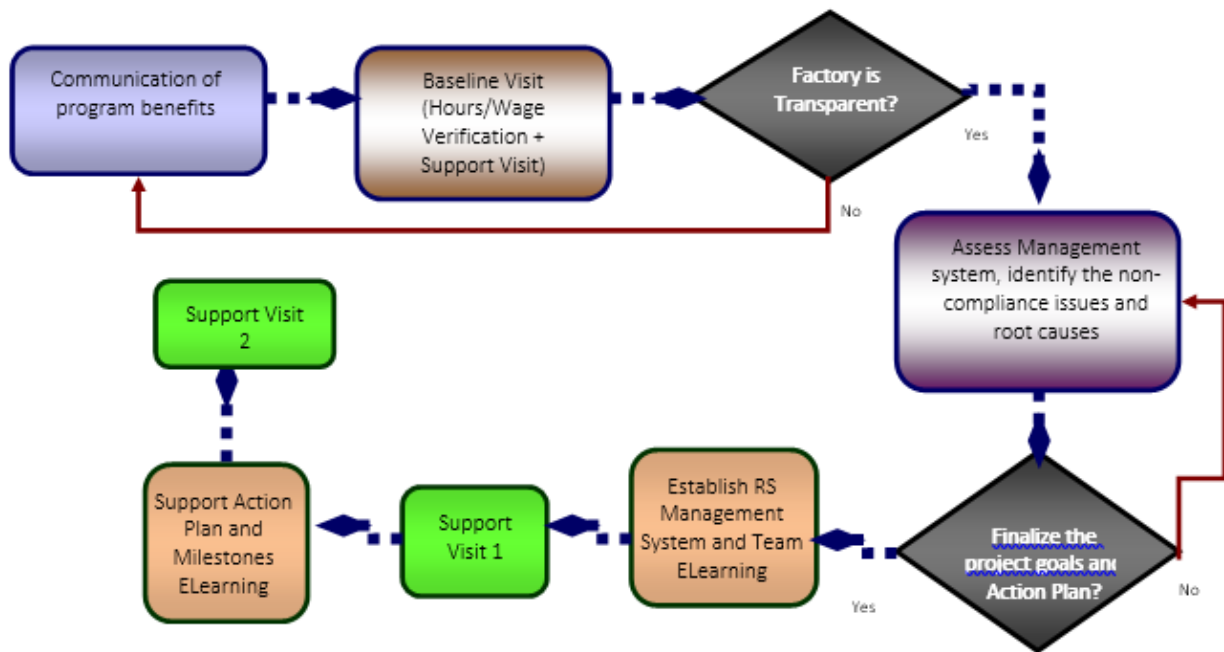
In order to address these problems, most retailers and brands have required suppliers and their respective factories to undergo periodic social, labor, and environmental responsibility (RS) compliance assessments. In response to any findings which do not meet the company's RS standards, factories are 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 for others. In fact, the way in which most brand compliance programs are managed has led the majority of 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 & Improvement Program (TIP)**. The TIP program 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. The TIP program is a mandatory requirement for factories that have failed a Responsible Sourcing assessments (RS) and would like to begin and/or continue supplying to The Home Depot. Only factories that are prepared to be transparent and willing to improve their business and labor practices will be considered for the TIP program. The Home Depot believes that your cooperation and participation in the TIP program will enhance our business relationship and also improve the operations of your factory. 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 you to study the TIP program description provided in the following pages closely and to discuss any questions or concerns you might have with The Home Depot.

## TIP Program Cycle



## Communication (Recognizing Benefits)

The success of the TIP program 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) Share the responsibility for improvements. For these reasons, clear upfront communication is critical to success. In particular the below points must be clear:

- a. **Benefit:** participating in the TIP program allows for the following benefits:
  - Business Management Systems improvement
  - Increased profitability via productivity improvement and lower workers turnover
  - Continued Business Relationship with The Home Depot
  - Factory controls the improvement process
- b. **Termination:** an understanding that the vendor/factory will not be terminated by The Home Depot for RS compliance reasons while participating in the program in good faith and with full transparency.
- c. **Confidentiality:** an understanding that all information gathered by any third party firm & 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: 2 staff days (1 consultant conducting in two days)

The TIP program will begin with a Follow up Visit to verify progress of the deficiencies found in the original on-boarding assessment performed by THD Service Provider (SP). And ELEVATE will support factory to identify root cause and help factory to develop workable solutions and action plans as well.

The objective of this baseline Visit is the following:

1. Provide the ELEVATE consultant with hands on deeper understanding of the deficiency noted in the original on-boarding assessment.
2. 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.
3. To determine if the factory has a responsible official for RS as well as a sustainable RS operational system.
4. Provide technical guidance and support to the factory related to management systems and RS performance.
5. Discuss and finalize the resource input on TIP, 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 on-boarding audit results will also be reviewed/ validated during this process

## CAPA Development

Objective: The objective of the CAPA is to set short and longer term improvement action goals that are both realistic, achievable and that will help to improve the factory's RS performance grade.

Guidelines for CAPA development:

The CAPA provides detailed explanations of what specific improvement will (or have already) be made by the factory, the time frame and also the projected costs (if applicable). It is the expectation of THD 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.

- a. The CAPA Plan must be provided to ELEVATE for review within 7 business days of the initial visit. ELEVATE will review and advise the factory if any changes are needed before ELEVATE uploads CAPA to THD system for review. Once the completed CAPA Plan is sent to THD, it will be approved or sent back for further revisions within 48 hours.

## Support Visits

Objective: Support capacity building

When: 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 WHIS targets. For this reason, the third party firm will provide dedicated support specialists to visit each factory engaged in the TIP program 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:

- Records keeping
- Productivity enhancement
- Payroll
- Employee screening & retention
- Worker incentive programs (piece rate systems, bonuses, etc.)
- Health & Safety management systems
- Disciplinary management systems

## E-Learning

ELEVATE will provide a total of 3 eLearning lessons in English or Chinese for every TIP factory, including How to Develop a Good Corrective Action Plan(CAP) AND 2 additional lessons based on the factory's key issues. Primary factory contacts are required to complete the 3 lessons (pass the quizzes) within 14 days of receipt. If deemed helpful to the factory, consultant will assign additional lessons once the 3 lessons have been completed.

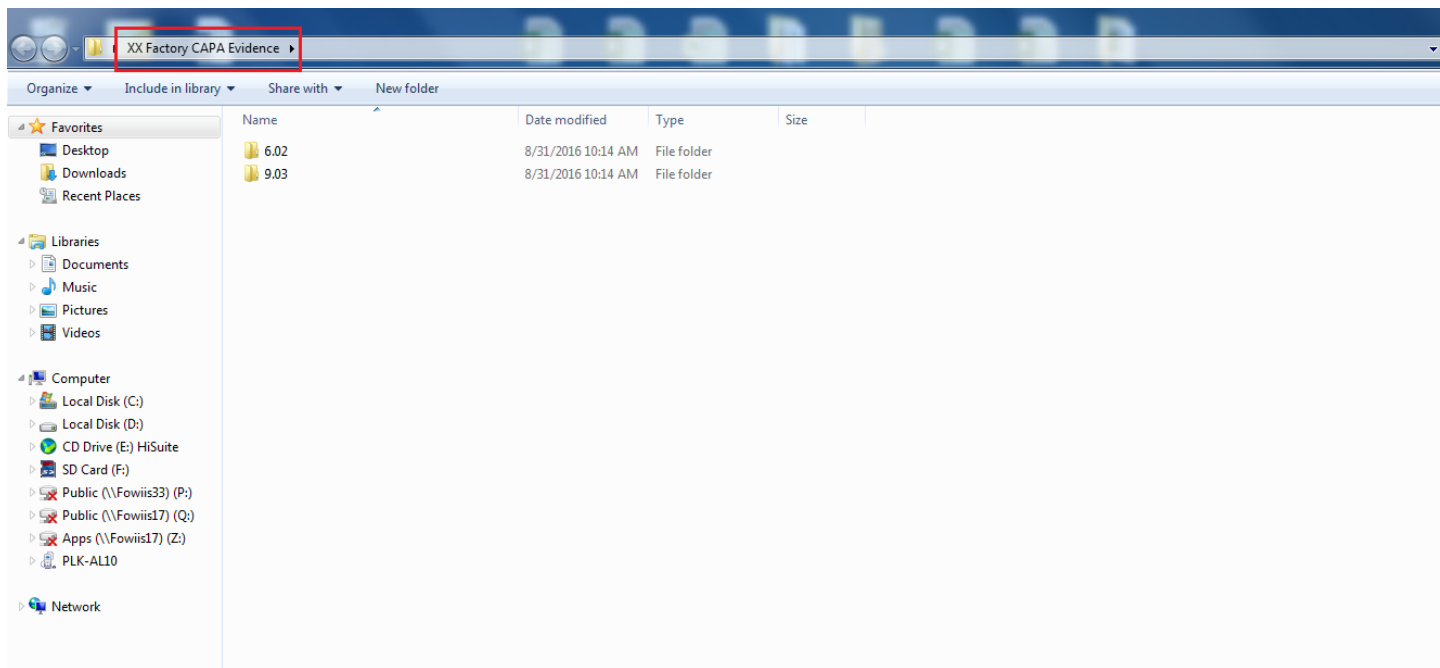
## CORRECTIVE AND PREVENTIVE ACTION (CAPA) MANAGEMENT PROCESS AND TIMEFRAME

A Corrective and Prevention Action (CAPA) plan is required subsequent to RS audits if any deficiencies are noted. Suppliers & Factory’s 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 implements 100% on-Site CAPA Verification Program. Once CAPA plan was approved, THD will conduct verification that the actions were implemented via three level, risk-based “Tiered CAPA” model as follow :

### 3 Tier System

- Critical–15 day The Home Depot RS Team Engagement
- High-30 day Service Provider (SP) Engagement
- Medium– 90 day SP Engagement

Suppliers need to provide accurate and complete evidence for each point under every finding at least 7 business days before the on-site verification and clearly and specifically named the file or picture of evidence to match the deficiency.



If 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 CAPA’s. 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 CAPA’s, THD will consider the factory “Non-compliant” and may block all further POs to the factory until the THD RS team indicates the factory is in compliance.



Tier CAPA Management Process and time frame overview:

Who	Content and Responsibility	Platform	Expected Time Line
Factory/Supplier	Receive automatic notification email from THD system to commence the CAPA Management process.	THD System	
Factory/Supplier	Receive formal audit report and notification email from THD SP to communicate the audit results, CAPA Plan preparation, and remediation expectations.	Email RS Closing Meeting Summary (CAPA format)	<= 6 calendar days after audit date
Factory/Supplier	Upon receiving notification email from SP, complete the CAPA plan and return to THD SP within timeline.	Email	<= 7 calendar days
Factory/Supplier	Receive reminder email from THD SP for CAPA plan submission.	Email	Starting from the 4 <sup>th</sup> calendar day of CAPA notification to supplier/factory
Factory/Supplier	Receive rejection/redo email from THD SP if CAPA plan doesn't meet requirements.	Email	
Factory/Supplier	Revise any rejected CAPA plan and return to THD SP.	Email	<= 2 working day
Factory/Supplier	Receive CAPA plan approval notification email from THD SP to communicate the CAPA evidence submission and on-site Tiered CAPA verification visit timeframe.	Email	
Factory/Supplier	Submit CAPA improvement evidence to THD SP.	Email	<= 7 calendar days before scheduled on-site CAPA verification visit
Factory/Supplier	Receive reminder email from THD SP for CAPA evidence submission.	Email	
Factory/Supplier	Receive rejection/redo email from THD 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 THD SP.	Email	<= 7 calendar days before scheduled on-site CAPA verification visit
Factory/Supplier	Maintain sustainable RS performance, and wait for THD RS on-site CAPA verification audit conducted by THD SP or THD 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 THD system once the CAPA is approved by THD RS team.	THD System	

The Home Depot  
Supplier Gifts and Entertainment Letter

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2455 Paces Ferry Road NW • Atlanta, GA 30339  
770-433-8211

Store Support Center

November 1, 2018

Dear Business Partner:

The Home Depot's success depends on our business relationship with our suppliers and manufacturers of our products. Given the nature of your work for us, the foundation for our relationship with you must be our mutual commitment to the highest level of ethics and integrity in our dealings.

In keeping with our continued tradition of excellence and mandate for "doing the right thing," and to help guard against any misunderstanding about our very strong policy against any commercial bribery of The Home Depot associates or our agents, we would like to remind you of your obligations under our **Business Code of Conduct and Ethics ("BCCE")**, particularly the Gift and Entertainment policy, which is attached for your convenience. As you know, 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 ethics policies.

The Gifts and Entertainment policy states our zero tolerance for any sorts of gifts or entertainment as they could improperly serve as bribes: *the Company has a zero tolerance policy for receiving gifts and entertainment when there is any chance that the purpose is to: improperly influence the recipient; violate the Company's Policies; or violate the law.* Specifically, this means that The Home Depot associates or employees of agents for The Home Depot, such as service providers, and members of their families, are prohibited from accepting, directly or indirectly, gifts, entertainment, services, money, or any other consideration of any kind from a vendor. 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. **In general, you should not attempt to provide any items, money or product to any associate or representative executing services on behalf of The Home Depot. Any such offers made by you will be reported immediately to the proper Home Depot representative. 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. Any violation of this policy may be grounds for immediate termination of The Home Depot's contract with your company.**

If you have questions or comments about the policies, please contact the sourcing office leader, the relevant SSC department representative or our Corporate Compliance Department at 770-433-8211, ext. 14098, or via email at [corporatecompliance@homedepot.com](mailto:corporatecompliance@homedepot.com).

**The Home Depot  
Supplier Gifts and Entertainment Letter**

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The Home Depot provides a Supplier Alert Line for the exclusive use of our Vendors, Merchants and Home Depot representatives reporting violations of company policy pertaining to **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.

If you are uncomfortable taking the issue to The Home Depot leadership team or if you wish to remain anonymous, please access the Supplier Alert Line at [www.integrityhelpline.com/hdsuDplier.isp](http://www.integrityhelpline.com/hdsuDplier.isp) or contact the following locations via phone:

- United States and Canada - 1.800.435.3152
- Mexico - 001.888.765.8153
- China-10.800.711.0714

Sincerely,



Ron Jarvis  
Vice President Sustainability/Responsible Sourcing  
The Home Depot  
2455 Paces Ferry Road C8  
Atlanta, GA. 30339

---

**Supplier Acknowledgement:**

I, (Supplier Name: \_\_\_\_\_), on (Date: \_\_\_\_\_),  
have received, reviewed and acknowledged the above letter and The Home Depot's **Business Code of Conduct and Ethics.**  
My team and I will obey every requirement during all business activities with The Home Depot and its assigned  
representatives from 3rd party service providers.

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Signature of Authorized Supplier Representative

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Printed Name of Authorized Supplier Representative

**The Home Depot  
Factory Profile Questionnaire**

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Factory Name :

Factory Address :

Factory General Description :

Facility Contact Person:

Facility Contact E-mail:

Supplier Details:

**Facility Description**

Facility in operation since:

Square meters:

Factory Description:

**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 employees :

Nationality of management:

Language At Workforce:

Language Of Management Personnel:

Subcontractors Used:

General Description Of Factory Avg 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 Turn Over Rate Of Non Returning Workers:

**Facility Schedule**

Facility Working Hours:

Number of days per week:

**Shift schedule: (Hours of Operation):**

1st Shift:

2st Shift:



**The Home Depot  
Factory Profile Questionnaire**

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3rd Shift:

Peak Season:

Total Production Capacity::

Total Production For Home Depot:

**Payment Information**

Employees are paid by:

Pay Schedule :

**EMPLOYEE INTERVIEWS**

# of employees interviewed:

Name Title of Management Per Interviewed:

Number of Employees Interviewed Onsite:

Number of Employees Interviewed Offsite:

Findings shared with:

Mr./Ms.

Explain:

Best practices:

Was management receptive to the audit findings? Yes or No:

Name Of Other Factories Under Same Owner Ship

Other Brands Produced in this factory:



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

**联系信息 Contact Information**

1. 工厂名称 Factory Name	
2. 工厂地址 Factory Address	
3. 国家/地区 Country	
4. 联系人姓名 Contact Name	
5. 联系人职位/头衔 Contact Position/Title	
6. 联系人电话号码 Telephone Number	
7. 联系人传真号码 Fax Number	
8. 联系人电子邮件 Contact Email	
10. 提交日期 Date of Submission	

**供应商公司特性 Supplier Company Characteristics**

1. 建厂年份 Year of Establishment:
2. 工厂是否有淡旺季? If has peak/slack season a year? 若是, 请记录 淡季月份以及人数 _____, 旺季月份以及人数 _____ If yes, please describe Slack Season/Worker number _____ Peak Season/Worker number _____  请简述工厂旺季工人招聘有哪些管理措施: Please describe the management practice of employee hiring in peak season:
3. 请记录工厂职工总数和产量 Employee status and production status 职工总数 Total Number of Workers: 当前 Current _____, 旺季 Peak Season _____, 淡季 Slack Season _____, 性别比例 Gender Ratio _____ 临时合同工 Contractor Workers/外国劳动力 Foreign Workers: _____ 月产量 Monthly Production Capacity: 当前 Current _____, 旺季 Peak Season _____, 淡季 Slack Season _____, 年产量 Annual Production Capacity _____



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**Factory Pre-Sourcing Checklist**

4. 请说明产品类别 Product Type	
5. 请说明本厂主要生产程序 Main Production Process	
6. 是否有工序需要外包，如有请提供以下信息： if there is any process need subcontractor, if yes please fill below information:	
分包商 1 名称 Name :	
地址 Address:	
负责人 Responsible Person:	
联系方式 Contact Information:	
是否会涉及产品商标 If it involves product's logo:	
分包商 2 名称 Name:	
地址 Address:	
负责人 Responsible Person:	
联系方式 Contact Information:	
是否会涉及产品商标 If it involves product's logo:	
7. 是否有过 Responsible Sourcing 的任何验厂经历 (源于其他客户/第三方审核机构)? If factory experienced RS audit by other client/third-party auditing company, please provide the audit report for review?	
若“是”，请说明 If Yes, please record	
审核机构 Auditing Company:	
审核日期 Audit Date:	
审核类型 Audit Type:	
请提供审核报告(重要) Please Provide Audit Report(Important)	

Pre-qual Questions 预评估问题	Factory Instruction 工厂自述	RS Team Comments to Factory 家得宝 RS 意见 (日期)
工厂如何传达相关劳动法规给工人？请说明并提供相关文件。 How did facility share relevant national labor laws to workers? Pls. describe and provide one sample.		
工厂是否/何时与工人签订劳动合同？请详细说明流程并提供一份劳动合同样本。 Whether and when facility sign labor contract with workers? Pls. describe the process and provide one sample labor contract.		
Other/其他		



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

<p>工厂是否有书面文件禁止雇佣童工? Whether facility has a written policy that prohibits the hiring of underage workers in compliance with both local laws and THD RS standards. Pls. provide one sample.</p>		
<p>1) 贵公司是否对每一个员工 (包括实习员工、劳务派遣工等) 均有人事档案/记录 Does facility keep personal file for all workers including intern workers and workers recruited through labor agency?</p> <p>2) 若“是”, 请列举人事记录含哪些内容并提供照片: If Yes, please list what contents are included in personal files of employees:</p> <p>3) 贵公司招聘员工的最低年龄是几岁? What is the minimum hiring age in the facility?</p>		
<p>1) 贵公司是否招收在校实习学生工人或派遣工人 Does the facility use intern workers or dispatching labor? 若“是”, 他们的最小年龄是几岁? If Yes, what is the minimum age of these workers? 若“是”, 请列举工厂在校实习工人和派遣工人的使用规定: If yes, please provide the rule of using intern workers or dispatching labor:</p> <p>2) 贵公司是否雇佣过超过法定劳工年龄, 但未满 18 岁的年轻劳工 Does your facility employ young workers (over the legal minimum age but under 18)? 若“是”, 这种年龄的劳工占百分之几? If “Yes”, what percentage of your workforce is under 18? 若“是”, 请列举工厂年轻劳工的使用规定: If “Yes”, please provide the rule of using these young workers:</p>		
<p>Other/其他</p>		
<p>工厂是否有反强迫劳力的书面政策? Does the facility has a written policy that prohibits the following forms of forced labor: Debt-bondage, indentured, slave labor or forced prison labor? Please describe and provide relevant evidences.</p>		
<p>该政策是否传达给工厂的上游供应商? Does the facility has a policy or procedure to ensure that none of their sub-suppliers use bonded labor, indentured, or forced prison labor to produce components or merchandise. Pls. describe and provide relevant evidences.</p>		
<p>请说明工厂在反强迫劳力方面的措施并提供相关文件。 Pls. describe and provide relevant evidences.</p>		





**The Home Depot**  
**Factory Pre-Sourcing Checklist**

工厂工人相关证件如何保存（如身份证，护照等）。		
请说明工厂的辞职流程。		
请说明工厂招工流程。		
请说明工厂工资发放流程。		
请说明工厂的加班流程		
请提供工厂的纪律要求。		
请提供工厂的奖惩制度。		
Other/其他		
工厂是否有书面文件反骚扰和侮辱？请说明工厂在反骚扰和侮辱方面的措施并提供相关文件。 Does the facility has a written policy on anti-harassment and abuse? Pls. describe and provide relevant evidences.		
Other/其他		
1) 工厂保留多久的员工工资记录？ How long does facility keep workers' wage records? 2) 对于生产员工，工厂使用何种计薪方式？ For production workers, facility uses what kind of wage calculating method? 请提供一个工人最近旺季的工资表考勤记录 并举例说明每一项工资如何计算。 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) 根据计算工厂给到生产工人的最低小时薪能达到多少？ As calculated what is the minimum hourly wage can production workers get? 4) 请阐述工厂加班费计算方式。 Please describe the calculating method of overtime wage. 5) 贵公司是否提供员工详细（包括工资构成明细）的工资单或者是工资存根 Does your facility provide pay slips to workers? 6) 请阐述当地社保要求以及工厂目前社保和商业意外险缴纳情况。 Please describe legal requirement about social insurance, facility workers' social insurance status and commercial accident insurance attendance rate.		
Other/其他		
1) 工厂保留多久的员工工时记录？ How long does facility keep workers' working hour records?		



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

<p>2) 工厂使用何种考勤 (请提供考勤照片) What kind of time record system does facility use (photo required) ?</p> <p>3) 工厂的正班时间和加班时间分别是几点到几点? What is the regular working hours and overtime hours respectively in facility?</p> <p>4) 工厂是否有综合计时批文? 如果有请提供最近一份批文的有效期 (仅中国) 。 If facility has comprehensive working hours system waiver? If yes, please provided the latest valid period of the waiver (China only).</p> <p>5) 工人最大的日/周/月加班时间为多少? What is the maximum daily/weekly/monthly overtime hours in facility?</p> <p>6) 工厂的最大连续上班天数为几天? What is the maximum continuous working days in facility?</p>		
Other/其他		
<p>1) 工厂是否有书面文件反歧视? ? 请说明工厂在反歧视的措施并提供相关文件。 Does the facility has a written policy on Non-Discrimination? Pls. describe and provide relevant evidences.</p> <p>2) 请提供工厂的招聘文件。 Pls. provide factory recruitment file.</p> <p>3) 请提供工厂关于的相关福利政策。 Pls. provide factory policy or rule about female workers.</p>		
Other/其他		
<p>工厂是否有书面文件支持结社自由及劳资协商? 请说明工厂在结社自由及劳资协商的措施并提供相关文件。 Does the facility has a written policy on Freedom of Association and Collective Bargaining? Pls. describe and provide relevant evidences.</p>		
Other/其他		
<p>工厂是否拥有成文的职业健康与安全政策 (或承诺声明) ? Does your company have a written Health and Safety policy (or statement of commitment) {may be part of a combined health and safety policy}?</p> <p>如果有, 请列举工厂的健康与安全政策或相关规章和程序: If has, please list your health and safety policy or supporting rules and procedures:</p>		



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**Factory Pre-Sourcing Checklist**

<p>在过去的 12 个月，贵公司发生了多少宗员工受伤事故（包括工伤和其他事故）？ During the last 12 months, how many worker injuries have occurred at your facility, including work-related and other types of incidents? 在过去的 12 个月，贵公司的员工汇报了多少宗职业病？ During the last 12 months, how many work-related illnesses have been reported by workers at your facility?</p>		
<p>工厂是否有张贴逃生平面图？ Does facility post evacuation plot plan? 如果是，请指出张贴位置和平面图包含内容： If yes, please indicate the post area and the content in the evacuation plot plan:</p>		
<p>请阐述工厂消防逃生门/通道情况，请提供一个逃生门和逃生通道的照片。 Please describe emergency exit doors and exit routes' situation in the facility and provide one picture of emergency exit door/exit routes.</p>		
<p>请列举工厂的消防系统包括哪些设备并提供照片： Please list what equipment is installed in the facility as fire safety device and provide picture. 工厂是否有专人负责消防安全？ Is there a person in the facility who is response for fire safety inspection? 若是，请简述检查项内容： If yes, please list the checkpoints content:</p>		
<p>请提供最近 3 次的消防演习日期。 Please provide the recent 3 fire drill dates: 是否覆盖夜班和宿舍？ Please indicate if night shift and dormitory areas covered?</p>		
<p>请提供一张电源箱照片。 Please provide one picture of wiring and electrical panel boxes.</p>		
<p>请提供一张工厂气瓶储存区域照片。 Please provide one picture of storage area for liquid propane gas tanks/cylinders.</p>		
<p>请阐述工厂特种设备以及特种设备操作工的年检情况。 Please indicate the inspection status of special equipment and operator of special equipment.</p>		
<p>请阐述工厂设备上安装了哪些安全设施。 Please provide which necessary required safety mechanisms installed on machines.</p>		
<p>工厂内存放易燃物品的地方采取了哪些安全措施？ What safety practice does facility use in the flammable materials storage areas?</p>		



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

<p>是否每个车间配备了急救药箱？ Does facility equipped with first aid boxes in each workshop? 若是，请列举药箱中含有的物品： If yes, please list the items in the first aid boxes:</p>		
<p>请提供工厂急救人员姓名和急救证照片： Please provide first aider's name and certificate picture:</p>		
<p>贵公司是否设有控制措施，以降低或消除员工暴露于化学剂、物理剂或生物剂的程度？ Does the facility have a program to implement controls in order to reduce or eliminate worker exposure to chemical, biological and physical agents? 如果有请简述相关措施： If yes, please indicate related implement</p>		
<p>工厂在化学品使用和存储区采用了哪些安全措施并提供照片。 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>工厂给员工提供了那些个人防护设备？请说明并提供照片。 Does the facility provide personal protected equipment to workers? Pls. describe and provide photos.</p>		
<p>贵单位是否定期为接触职业危害因素的员工提供身体检查服务，以及早发现任何职业病和工伤？ Does the facility has a program to provide regular occupational medical examinations for workers and to detect any symptoms of work-related illnesses or injuries? 如果有请提供最近一次职业病体检日期和相关报告。 If yes please provide the last occupational medical examination date and the report.</p>		
<p>请提供一张员工卫生间的照片。 Please provide one picture of employee toilet.</p>		
<p>请提供一张员工饮用水区域的照片。 Please provide one picture of employee potable water area.</p>		
<p>是否为员工提供餐饮服务或将其承包给第三方？ Does your facility provide or contract for canteen services for workers? 若是，请提供卫生许可证和厨工健康证照片： If yes, please provide the kitchen sanitary certificate and health certificate:</p>		
<p>是否为员工提供住宿？ Does your facility provide dormitory housing for its workers? 宿舍楼里安装有哪些消防安全设备并提供照片？ What kind of fire safety equipment is equipped in the dormitory building (please provide related photos)?</p>		



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

<p>是否所有建筑都取得建筑竣工验收报告和消防验收报告（仅中国）？ If all the buildings obtain the construction inspection report and fire certificate (China only)? 若是, 请提供报告照片。 If yes, please provide the photo of report.</p>		
<p>工厂是否存在其他威胁生命健康和安全的的问题？ Are there any Life-threatening health &amp; safety issues in the facility?</p>		
<p>Other/其他</p>		
<p>1. 工厂是否有做过环境影响评价, 是否取得当地环保局的环境影响评价批复? Does facility obtained “environmental impact assessment approval” from local authority? 若有, 请提供照片: If yes, please provide picture: 2. 工厂环保设施是否经过当地环保局的备案/验收? If the facility’s environment protection facilities are inspected and accepted by local environment authority? 若有, 请提供照片: If yes, please provide picture:</p>		
<p>请注明生产过程中涉及以下所列的哪些项目 Please indicate which of the following activities are required for your facility operations. 1) 化学材料管理及/或存放 Chemical handling and/or storage. 2) 化学和其他废物处理 Chemical and other waste treatment. 3) 工业废水排放 Industrial wastewater discharge. 4) 气体排放 Airborne emissions. 5) 噪音的排放 Noise emission. 6).放射性物质及/或设备 Radioactive materials and/or equipment.</p> <p>贵单位针对以下哪些项目作了年度环境监测? Which of the following types of annual monitoring are conducted? 1)污水 Waste Water           <input type="checkbox"/>是 Yes   <input type="checkbox"/>否 No 若是 If Yes, 最近监测日期为 Date of last monitoring: _____, 结果为 Result: _____ 2)废气 Waste Airborne       <input type="checkbox"/>是 Yes   <input type="checkbox"/>否 No 若是 If Yes, 最近监测日期为 Date of last monitoring: _____, 结果为 Result: _____ 3)噪音 Noise                   <input type="checkbox"/>是 Yes   <input type="checkbox"/>否 No 若是 If Yes, 最近监测日期为 Date of last monitoring: _____, 结果为 Result: _____</p>		



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

<p>贵公司是否排放危险废物？ Does your facility generate wastes that are classified as hazardous wastes?</p> <p>若“是”，工厂是否有转交给有资质回收的承包商处理？ If yes, is the wastes collected, treated and disposed of by qualified service provider?</p> <p>若交给有资质的回收商处理，合同有效期至： _____，最近一次的回收记录日期为 _____</p> <p>If treated by qualified service provider, please record the expire date, the last collect date.</p>		
<p>过去 12 个月，贵公司是否受到环保处罚/警告？</p> <p>During the last 12 months, was your facility cited or warned by a government agency regarding permit non-compliance issues?</p> <p>若“是”，请描述相关处罚的性质和所采取的措施 If “Yes”, please describe the nature of the citation and the resulting actions taken:</p>		
<p>Other/其他</p>		
<p>为了澄清这一标准并帮助您向家得宝(THD)提供所需信息,请注意以下关于“分包商”的定义:</p> <p>凡是在参与产品的最终组装或制造带有家得宝(THD)的任何品牌商标的产品组件的制造厂商,均视为家得宝(THD) 监管范围内的分包商.</p> <p>To clarify this requirement and assist you in providing the required information, please note the following definition of “Subcontractor” at THD:</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>Other/其他</p>		
<p>工厂是否将责任采购标准传达给工厂管理层和工人？</p> <p>Whether facility communicated Responsible Sourcing Standards to both facility management and workers?</p>		
<p>工厂是否有员工投诉机制？请描述下。</p> <p>Please describe facility's employee grievances mechanism.</p>		
<p>工厂是否定期给管理层和工人提供反骚扰培训？</p> <p>Whether the facility conducts periodic anti-harassment and abuse training for both management and workers?</p>		



**The Home Depot**  
**Factory Pre-Sourcing Checklist**

<p>请描述工厂通过何种方式将报酬，工时和加班规定传达给工人？ Pls. describe how facility communicate compensation, scheduled normal work hours, and overtime hours to workers?</p>		
<p>请描述工厂如何确保工人具有安全意识（关于防火，机器安全，安全用电和化学品）？ Pls. describe how facility communicate safety requirement to workers ((fire, machinery, electricity and chemical etc.)</p>		
<p>Other/其他</p>		
<p>请自查工厂是否有以下问题/Please conduct self-audit and check whether facility has below issues?</p> <p>1 Use of workers under the legal age of employment 雇用低于法定工作年龄的员工</p> <p>2. Any type of forced prison, bonded, indentured or other forced labor 任何形式的监禁、抵押、契约或者是强迫劳动</p> <p>3. Harassment and Abuse 体罚或者是侮辱</p> <p>4. Life-threatening health &amp; safety issues 威胁生命健康和安全的问 题</p> <p>5. Environmental incidents need to be brought to THD’s attention immediately 需要 THD 立即关注的环境事件</p> <p>6. Falsification of records 伪造记录</p> <p>7. Attempted bribery of auditors 试图贿赂审核人员</p> <p>8. Indication in the facility that workers might go on strike 有迹象表 明的工人可能进行的罢工</p> <p>9. Access Deny 拒绝审核</p>		
<p>Other/其他</p>		
<p>请描述工厂保存审核责任审核相关资料多久？ How long does the facility keeps all RS audit related documents and records?</p>		
<p>请描述工厂社会责任人的主要工作？ Pls. describe the main job of facility RS representative?</p>		
<p>Other/其他</p>		



## Appendix D

### The Home Depot Document Request List

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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
<b>APPLICABLE LAWS AND REGULATIONS:</b>			
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			
Nondiscrimination/ Harassment			
Freedom of Association			
Environment			
Training records on anti-harassment / discrimination / abuse / freedom of movement / forced labor prevention			
<b>FACILITY POLICIES AND RECORDS:</b>			
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			
Timecards, 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			
<b>WORKER DOCUMENTATION:</b>			
Personnel file (including job application, employment contracts, discipline letters, etc.)			
Personnel identification cards, birth certificates, or other identification records			
Employment registration records			
<b>DORMITORIES: (if applicable)</b>			
Government Licenses, Certificates of Operation, Inspection Reports re: sanitation, fire safety, structural safety, etc.			
Dormitory rules and regulations			
<b>CONTRACTS WITH THE HOME DEPOT:</b>			
Subcontractor Agreement(s) / Subcontractor List and contact information			



# The Home Depot RS Closing Meeting Summary Report

## RESA Closing Meeting Summary (The Home Depot)

Factory name:										
Factory name <b>(Details in Chinese if applicable):</b>										
Factory address:										
Factory address: <b>(Details in Chinese if applicable):</b>										
Factory contact person:										
Factory contact person: <b>(Details in Chinese if applicable):</b>										
Telephone number and E-mail address of factory contact person	Telephone number:							Mobile phone number:		
	E-mail address:									
Service Provider:										
Monitor team member:	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		Arrival time		Arrival time		Arrival time		Arrival time	
	Departure time		Departure time		Departure time		Departure 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 SERVICE PROVIDER.**

待整改计划和证据被接受后，审核服务商将把整改计划和证据提交给家得宝RS团队审阅。

THE HOME DEPOT WILL NOT BE APPROVED TILL THE CAPA PLAN REVIEWED AND APPROVED VIA RS DATABASE BY RS TEAM.

家得宝公司只有在工厂的社会环境责任改善预防计划审核合格后才考虑继续合作进程。

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 )
			<b>Requirement:</b>								Tiered CAPA on M/D/Y ( ___ Day Visit) Closed/Open:
			<b>Finding:</b>	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:
			<b>Judgment Base:</b>		Audit firm's comment on submitted evidence:	Audit firm's comment on submitted evidence:					
			<b>Requirement:</b>								Tiered CAPA on M/D/Y ( ___ Day Visit) Closed/Open:
			<b>Finding:</b>	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:
			<b>Judgment Base:</b>		Audit firm's comment on submitted evidence:	Audit firm's comment on submitted evidence:					
			<b>Requirement:</b>								Tiered CAPA on M/D/Y ( ___ Day Visit) Closed/Open:
			<b>Finding:</b>	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:
			<b>Judgment Base:</b>		Audit firm's comment on submitted evidence:	Audit firm's comment on submitted evidence:					

## The Home Depot

### RS Closing Meeting Summary Report

#### Important Notice (重要提示):

Please note the CAPA Follow up Process as below:  
请仔细阅读并理解改进的具体流程如下:

#### CAPA Plan

1. Within 3 to 5 days after the RS assessment, Service Provider customer service officer will send the Corrective Action & Preventive Action (CAPA) Plan Form to the facility through the mailbox with Service provider as domain name.

在审核后的三到五个工作日内，审核服务商家人员将会通过以审核服务商为域名的电子邮箱将整改计划表格发给贵处。

2. Facility shall complete the CAPA Plan within 7 days upon receiving the form and submit the Plan back to Service Provider customer service officer through that mailbox.

贵处应在7天内将整改计划表格填写完整并通过电子邮箱将整改计划表格寄回服务人员。

3. Service Provider will review the CAPA Plan and if acceptable, will upload it on RS System for THD's final approval within 1 working day. Further cooperation will not be approved till THD has the CAPA plan reviewed and approved via RS system by RS team.

审核服务商家将审核贵处提交的整改计划，如果贵处的整改计划在1个工作日内完成并提交审核服务商的邮箱，以便审核服务商将贵处提交的整改计划上传至审核服务商的系统。以便审核服务商将贵处提交的整改计划上传至审核服务商的系统。

**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 1 working day.

**注意 1:** 完整的整改计划必须遵循“具体、可衡量、可实现、合理及及时”的原则，必须详细解释每一个问题点的根本原因，将如何纠正，造成问题点的根本原因将如何消除，每一个改进如何跟踪，以及每一个改进如何可以完成。

**注意 2:** 在审核过程中，如果整改计划被拒绝，贵处应在收到通知后的1个工作日内提交给审核服务商修改后的整改计划。

#### 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:

如果纠正预防计划(CAPA PLAN)被通过，家得宝(THD)将实施一套三个层次，基于风险的“分级纠正预防”模式。具体如下：

**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;

**重大风险-审核结束第15天由家得宝责任采购团队负责现场的纠正预防措施验证审核。**如果重大风险项不能在验证审核中关闭，工厂将被列入“不符合供应商名录”并可能影响后续订单；

**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

**高风险-纠正预防计划获得批准日起第30天由审核服务商进行现场的纠正预防措施验证审核。**如果高风险项不能在验证审核中关闭，工厂将被再给予额外30天的延长期。家得宝委派的审核服务商将在30天后再次回访验证高风险项的关闭情况。

**相关审核费用将由供应商承担。如果高风险项仍未关闭，工厂将被列入“不符合供应商名录”并可能影响后续订单；**

**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

**中风险-纠正预防计划获得批准日起第90天由审核服务商进行现场的纠正预防措施验证审核。**如果中风险项不能在验证审核中关闭，工厂将被再给予额外30天的延长期。家得宝委派的审核服务商将在30天后再次回访验证中风险项的关闭情况。

**相关审核费用将由供应商承担。如果中风险项仍未关闭，工厂将被列入“不符合供应商名录”并可能影响后续订单；**

**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 7 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.

**注意：纠正预防措施需要100%现场验证（如上所述的分级纠正预防措施验证）。**供应商需要在距现场审核至少7个工作日之前向审核服务商提交准确和完整的整改证据，并且证据包含的文件和图片要有明确的命名匹配每个问题点。如果供应商能够完全满足

**这个要求，那么将有机会根据风险等级和问题性质取消现场审核。** THD RS团队会做是否取消审核的最终决定。

In case of any issues related to audit quality or judgment disagreements, you are encouraged to contact directly with THD RS team by sending email to "31cc@homedepot.com" or "Cathy\_Cao@homedepot.com".

如果贵公司对评审质量、评审结论或评审判断有不同意见，欢迎直接与THD RS团队联系。联系电话：31cc@homedepot.com或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.

我们在下方签字并盖章，确认审核服务商审核员已向贵处传达上述信息。贵处已清楚知晓关于整改改进的具体流程。

Signature of Inspector

Title

Signature of Factory Rep.

Title

## The Home Depot Sample CAPA Plan

### RESA Closing Meeting Summary (The Home Depot)

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 E-mail address of factory contact person	Telephone number: Mobile phone number: E-mail address:									
Service Provider:										
Monitor team member:	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.

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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.	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.	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.	Miss Xu	3/31/2017	ABC@sina.com.cn	
6. 02	Medium	NC	Total 150 workers 20 samples be reviewed, the peak month for factory is from June to December. 1). 10 out of 10 workers' wage and time records NOT compliance, monthly overtime were 50-61 hours in July 2017 (the most recent month). And the maximum daily overtime were up to 4 hours. 2). 5 out of 5 workers' wage and time records NOT compliance, monthly overtime were 56-60 hours in June 2016 (the peak month). And the maximum daily overtime were up to 4 hours. 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).	1. No OT control policy and procedure. 2. New orders are increased too much and labor shortage. 3. New employee are not supplied in time. 4. Employees' awareness of time control is not strong	1. The factory establish Time Control Procedures and Policies 2. Factory will forecast PO status one month in advance and optimize production arrangement, prepare in advance. 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. 4. HR and production team will enhance workers skill to improve efficiency.	1. Post the Working Hours Control Procedures 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. 2. The factory HR team will analyze labor demand together with the production team every month, and hire more new workers as needed. 3. Factory production team will forecast the monthly production plan in advance and control overtime accordingly. 4. Factory HR team will audit workers time cards to track workers' working hours. 5. Factory management will have a regular meeting to review root causes of excessive overtime and setup further improvement actions	Miss Xu	3/31/2017	ABC@sina.com.cn	
9. 28	Medium	PC	Missing pre-service, in-service and job leaving occupational health checkup for employees who contact occupational hazards such as high noise and chemicals.	1. Lack of employees' periodical occupational health examination Procedures and Policies 2. Lack monitoring and tracking for employees' periodical occupational health examination Procedures and Policies implementation 3. Employees' awareness of occupational health examination is not strong	1. The factory establish employees' periodical occupational health examination Procedures and Policies 2. The employees' periodical occupational health examination Procedures and Policies training for employees. 3. Establish an effective monitoring and tracking system for employees' periodical occupational health examination Procedures and Policies	1. Policies and procedures: the personnel manager is responsible for the establishment of the procedures and policies of the Employees' Periodical Occupational Health Examination; The contents of the Employees' Periodical Occupational Health Examination will include the requirement of wearing earplugs for the employees who are exposed to noise and the awareness training. 2. communication: to deliver a written about the Employees' Periodical Occupational Health Examination procedures and policies to the ministry of personnel and management personnel, director of security and management personnel must accept training and examination to ensure full understanding to carry out work in the future. For new employees at publicity column post staff Employees' Periodical Occupational Health Examination and for new hires within a week have knowledge training for Employees' Periodical Occupational Health Examination, strengthen and regular physical examination staff awareness training and communication between employees; 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; 4. Monitoring and tracking: the personnel manager organization established a monitoring and tracking the team	Miss Xu	3/31/2017	ABC@sina.com.cn	
9. 27	High	PC	It was noted that 3 viewed bending employees and one punching employee were not wearing the provided ear-plugs and two polishing employees were not wearing the provided goggles while operating.	In front of the workshop, no one is responsible for supervising the wearing of protective articles on the spot, resulting in the fact that employees are not wearing protective equipment	The workshop director immediately requested on-site stamping of the post staff (Huang Xihui) wearing earplugs, polishing workshop personnel (Chen Huayang, Yang Zhengxi) wearing goggles	1. workshop supervisor is now in front of the switch machine, posting (wearing protective equipment identifier) 2. stamping and grinding production staff training "PPE wear"; 3. the company shall appoint supervisors as protective equipment and inspection personnel, and not on a regular basis whether the staff wear protective goggles and earplugs	Miss Xu	3/31/2017	ABC@sina.com.cn	