

January 2024



Sustainable Forestry Report



Our Recent Assessment

Our Commitment

Wood Supply Mapping

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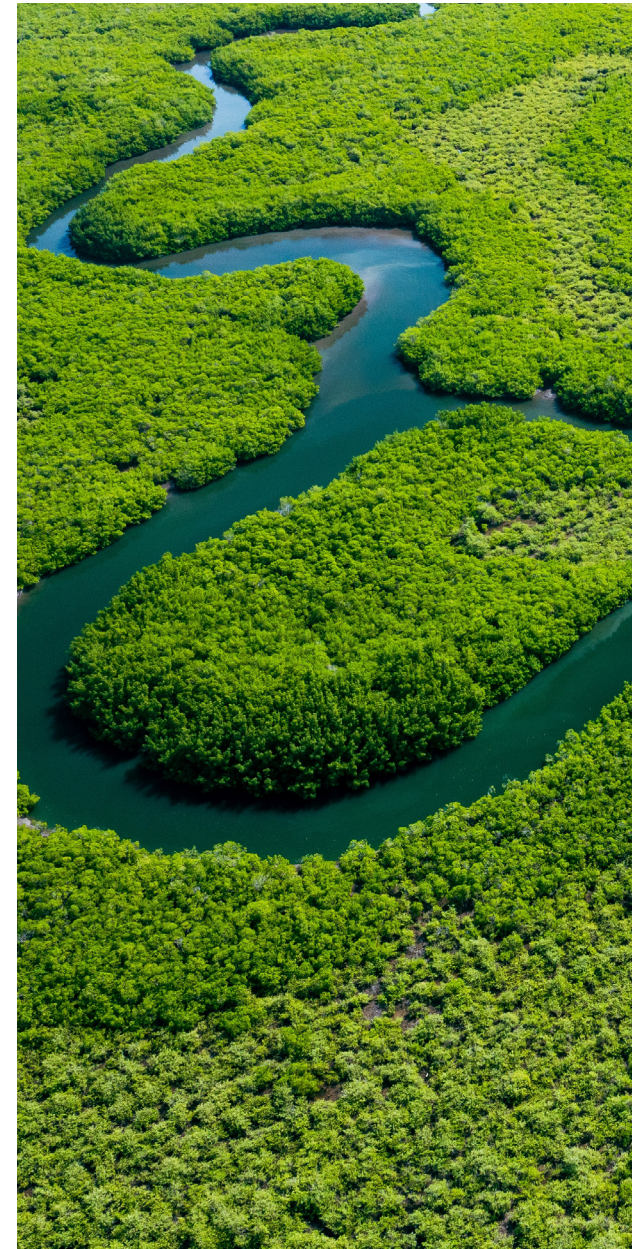
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Letter from Our Chair, President & CEO

When the first Home Depot opened its doors nearly 45 years ago, our founders not only disrupted retail but also gave us a blueprint on how to run the company and make decisions. While our business has changed since 1979, our values remain the same.

One of those values is Doing the Right Thing, and as the world's largest home improvement retailer, we're in a unique position to enact positive change through our sustainable forestry initiatives. We're proud of our progress since we first adopted our Wood Purchasing Policy 25 years ago, and we continue to focus on selling wood and products containing wood sourced from responsibly managed forests.

You'll find more details on our ongoing commitment to the principles and practices of sustainable forestry in the following pages, as well as where we see opportunity. Thank you to our associates and supplier partners for your support of the progress we've made and continue to make as a company.



Ted Decker
Chair, President & CEO





Introduction

Over the last year, The Home Depot has undertaken a careful assessment of our wood sourcing supply chain, evaluating the footprint of our wood purchasing and reviewing the policies and programs that guide our decades-long commitment to sustainable forestry. This Sustainable Forestry Report outlines both the findings of that assessment and The Home Depot’s approach to further enhancing our sustainable forestry commitments. The report highlights how The Home Depot continues to support and promote sustainable forestry by:

- Prioritizing suppliers who employ responsible forestry practices and offer third-party certified wood and wood products;
- Avoiding the purchase of any wood and wood products from certain high-risk regions—the Amazon basin, the Congo basin, Papua New Guinea, and the Solomon Islands—unless such wood is Forest Stewardship Council (FSC) certified;
- Requiring that any wood and wood products sourced from an additional set of regions by our U.S. and Canadian Lumber, Building Materials, and Millwork departments will be, by the end of fiscal year 2026, certified by a third party or plantation-grown;
- Engaging in an ongoing assessment to evaluate and monitor the risks associated with our sourcing of wood and wood products and seek any opportunities to lessen or avoid biodiversity impacts;
- Conducting due diligence to ensure that suppliers fulfill their responsible sourcing commitments and operate their businesses consistent with The Home Depot’s policies and guidelines; and
- Implementing compliance procedures to identify, address, and quickly resolve instances of supplier noncompliance, including those identified by external parties and reported to us using our Supplier AlertLine.

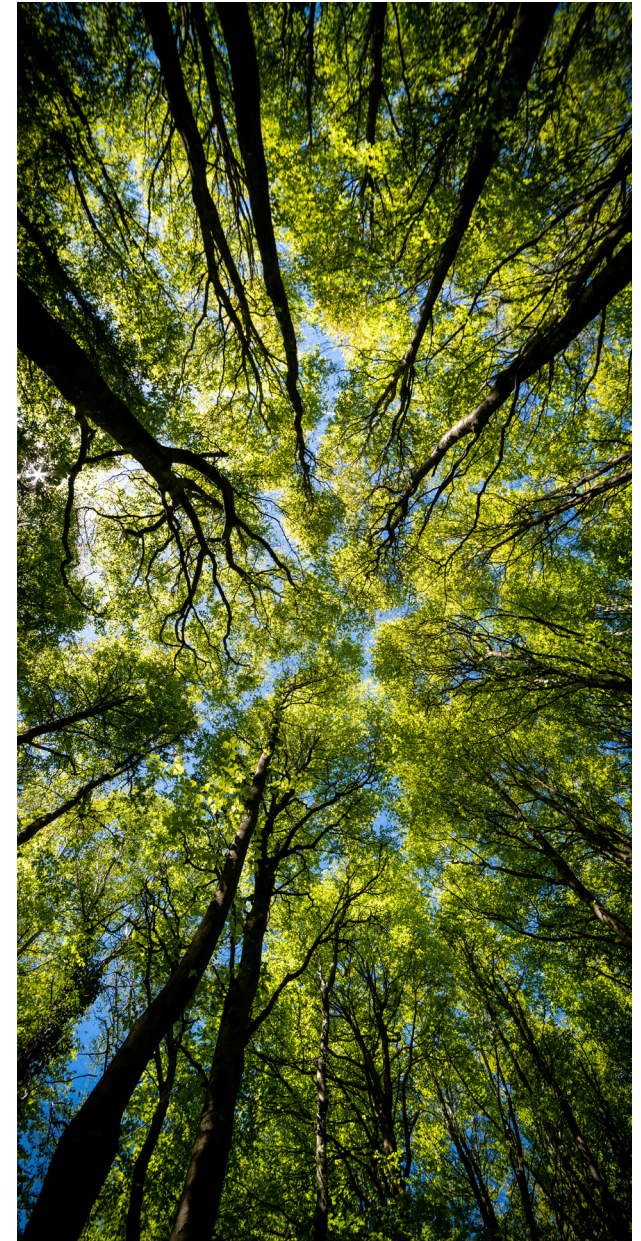
Forward-Looking Statements: All statements in this report that are not historical constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to, among other things, our goals, commitments and programs, and projections of future results, including our ability to meet our goals; our business plans, strategies, initiatives and objectives and their expected execution and impact; management of relationships with our associates, potential associates, suppliers and service providers; cost and availability of labor; costs of fuel and other energy sources; events that could disrupt our business, supply chain, technology infrastructure, or demand for our products and services, such as macroeconomic conditions, international trade disputes, geopolitical conflicts, natural disasters, climate change, public health issues, cybersecurity events, military conflicts or acts of war; the challenges of international operations; the impact of regulatory changes; the impact of acquired companies on our organization; and our assumptions, expectations and projections regarding any of the foregoing. Forward-looking statements are based on currently available information and our current assumptions, expectations, and projections about future events. They are not guarantees of future performance and are subject to future events, risks, and uncertainties – many of which are beyond our control, dependent on the actions of third parties, or currently unknown to us – as well as potentially inaccurate assumptions that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, those described in the “Risk Factors” section and elsewhere in our most recently filed Annual Report on Form 10-K, and as may be described from time to time in future reports we file with the Securities and Exchange Commission. We encourage you to review these filings. There also may be other factors that we cannot anticipate or that are not described herein, generally because we do not currently perceive them to be material. Such factors could cause results to differ materially from our expectations. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements other than as required by law. You are advised, however, to review any further disclosures we make on related subjects in our filings with the Securities and Exchange Commission and in our other public statements.



Our Recent Assessment

In response to a shareholder proposal approved in 2022 requesting that the Company assess its efforts to combat deforestation, we undertook a closer examination of our wood sourcing. Working with the assistance of an outside law firm with environmental expertise and experience in conducting forestry assessments, we reviewed not only our current wood sourcing footprint but also the policies and procedures governing our wood purchasing.

This Sustainable Forestry Report sets forth key findings from our review, describes our current wood sourcing practices and policies, and presents what we envision as the path forward to further enhance and develop our existing commitment to sustainable forestry.





The Home Depot's Commitment to Sustainable Forestry Over the Years

The Home Depot is proud of the role we have played as an industry leader in prioritizing and promoting sustainable forestry practices for over thirty years. As early as 1994, our stores were offering products featuring third-party certified wood. In our initial Wood Purchasing Policy, first published in 1999, we pledged to offer and give preferential treatment to sustainable wood products, including those certified by the Forest Stewardship Council (FSC). Our guiding principles were then, and still are, to work with responsible suppliers and give preference to wood originating from responsibly managed forests. We have also consistently updated the Wood Purchasing Policy to reflect our ongoing assessment of deforestation risk. Since 2018, we have required that any wood sourced from the Amazon basin, the Congo basin, Papua New Guinea, and the Solomon Islands be FSC certified. Together with the release of this report, we also announce and put in place further updates to our Wood Purchasing Policy to include additional risk-based, regional restrictions on our wood sourcing.

Across the decades of The Home Depot's commitment to sustainable forestry, our understanding of the threats to the world's forests has sharpened, resulting in adjustments to our approach. As discussed in more detail in this report, we continue to further assess wood sourced from other regions of the world that may be considered at risk. As a significant purchaser of wood and wood products, we recognize our ability to effect positive change by encouraging others to adopt sustainable forestry practices and address the loss of biodiversity. Toward that goal, we have worked with suppliers and other stakeholders, including non-governmental organizations, to better understand, prioritize, and promote sustainable forestry throughout the world.



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As we work to promote and encourage sustainable forestry practices throughout our supply chain, we also recognize that larger forces, including climate change, the spread of invasive species, drought, forest fires, disease, insect infestations, and other dynamics, can threaten and harm the world's forests. And we also continue to assess the risks associated with wood sourcing against other environmental risks, including the relative environmental impact—specifically the carbon footprint—of building practices that prioritize materials other than wood.

This approach to sustainable forestry is consistent with our broader sustainability strategy, which focuses on five environmental pillars: Sustainable Forestry, Carbon Emissions, Circularity, Water Conservation, and Responsible Chemistry. We know that these are areas where our purchasing and operational decisions can have the greatest impact, and we are led by our values in pursuing an overall sustainability strategy. As with all five environmental pillars, we will continue to calibrate our sustainable forestry efforts with available information from scientific literature, public and private data, suppliers, governmental and non-governmental organizations, and experts from around the globe.



Wood Supply Mapping

As part of this sustainable forestry assessment, we conducted a survey of our wood suppliers to supplement and update our wood sourcing information for our wood and wood-containing products. This survey captured information from suppliers selling both private brand and non-private brand wood and wood products and presents a comprehensive picture of our current wood sourcing.

The survey was issued to our suppliers comprising the top 95% of our total purchases of products in categories containing wood in fiscal year 2022. To supplement that already-broad survey population and ensure coverage in specific categories, we also surveyed all suppliers of patio furniture and home décor products from whom we purchased more than \$500,000 of goods in fiscal year 2022. Across more than 1,500 suppliers surveyed, we received responses from approximately 90%, representing a total of more than 636,000,000 cubic feet of wood purchased by The Home Depot. All figures in this Sustainable Forestry Report are derived from the results of the wood supplier survey for fiscal year 2022.

The results of our wood supplier survey validate our wood sourcing practices and help us identify opportunities to further promote sustainable practices with our suppliers. Through the wood survey process, The Home Depot identified and addressed FSC certification for wood sourced from the Amazon basin, the Congo basin, Papua New Guinea, and the Solomon Islands pursuant to our Wood Purchasing Policy.

IN ADDITION, WE ARE PROUD TO REPORT THAT APPROXIMATELY 61.6% OF OUR WOOD IS THIRD-PARTY CERTIFIED.¹ THESE THIRD-PARTY CERTIFICATIONS INCLUDE FSC CERTIFICATIONS: 4.2% OF OUR WOOD IS SOLD AS FSC CERTIFIED, AND 12.3% OF OUR WOOD IS GROWN IN FORESTS THAT ARE FSC FOREST MANAGEMENT CERTIFIED.

¹ "Third-party certified" as used in this report refers to all third-party certification schemes, jointly, as reported by our suppliers, including FSC certification (both product-level and Forest Management certification), Sustainable Forestry Initiative (SFI) certification, and Programme for the Endorsement of Forest Certification (PEFC).



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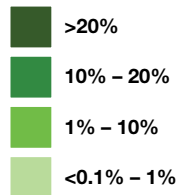
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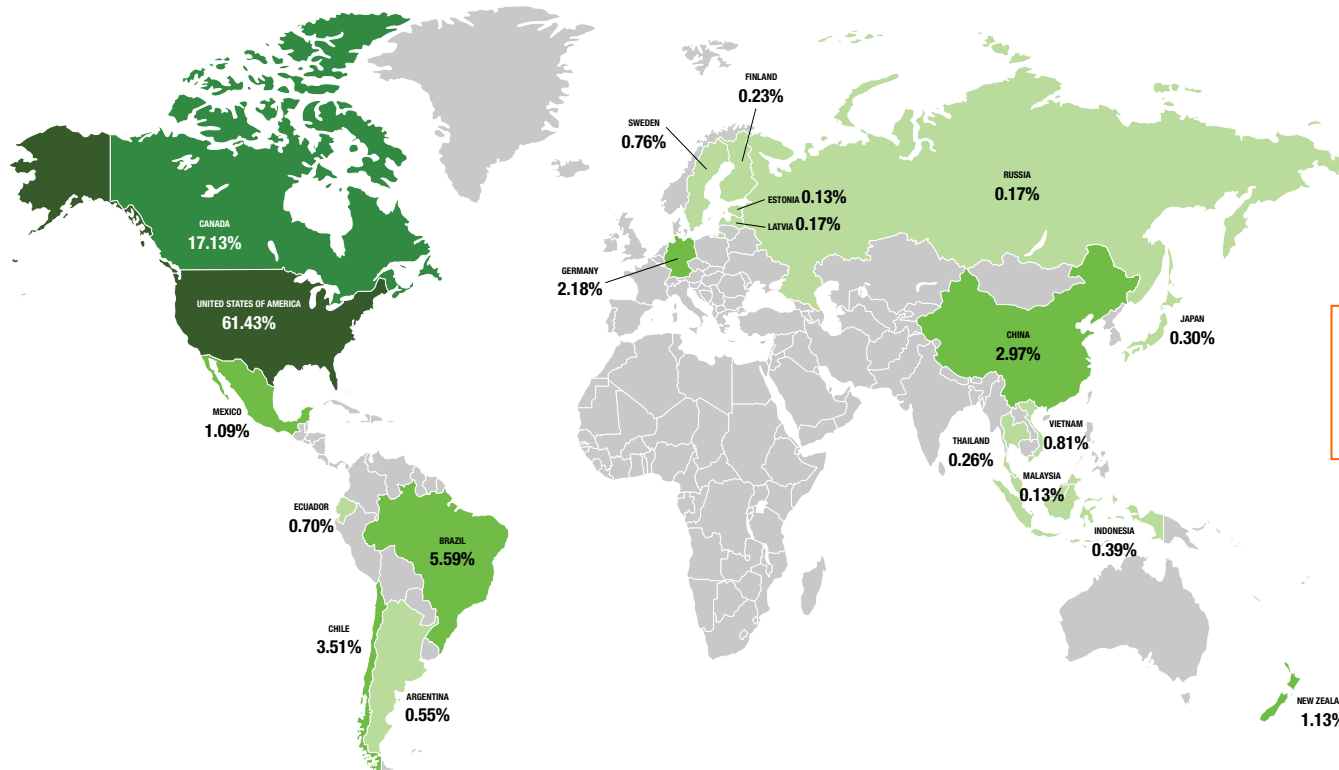
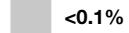
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Wood Sourcing by Country

TOP 20 COUNTRIES THD SOURCES WOOD



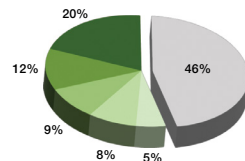
OTHER COUNTRIES



Note: In 2022, THD discontinued sourcing directly from Russia. The 0.17% indicated above for FY22 reflects wood components initially harvested in Russia that appear in the supply chain of suppliers from other countries.

Source: FY22 Wood Survey Data

Breakdown of Forest Coverage Across the World



- RUSSIAN FEDERATION - 815M HECTARES
- BRAZIL - 497M HECTARES
- CANADA - 347M HECTARES
- UNITED STATES OF AMERICA - 310M HECTARES
- CHINA - 220M HECTARES
- REST OF THE WORLD - APPROX. 1.8B HECTARES

Source: UN FAO Global Forest Resources Assessment, 2020



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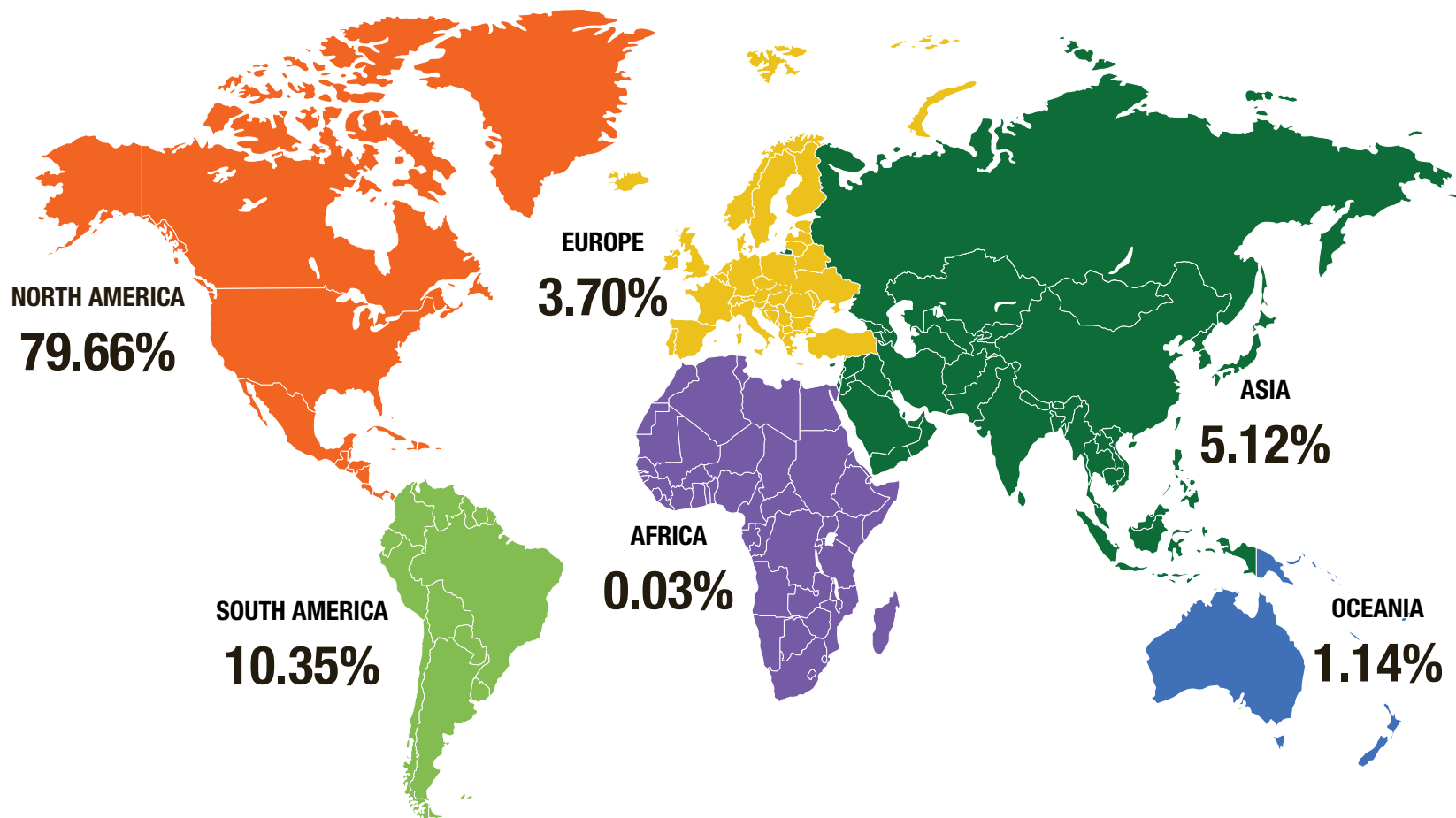
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Wood Sourcing by Continent

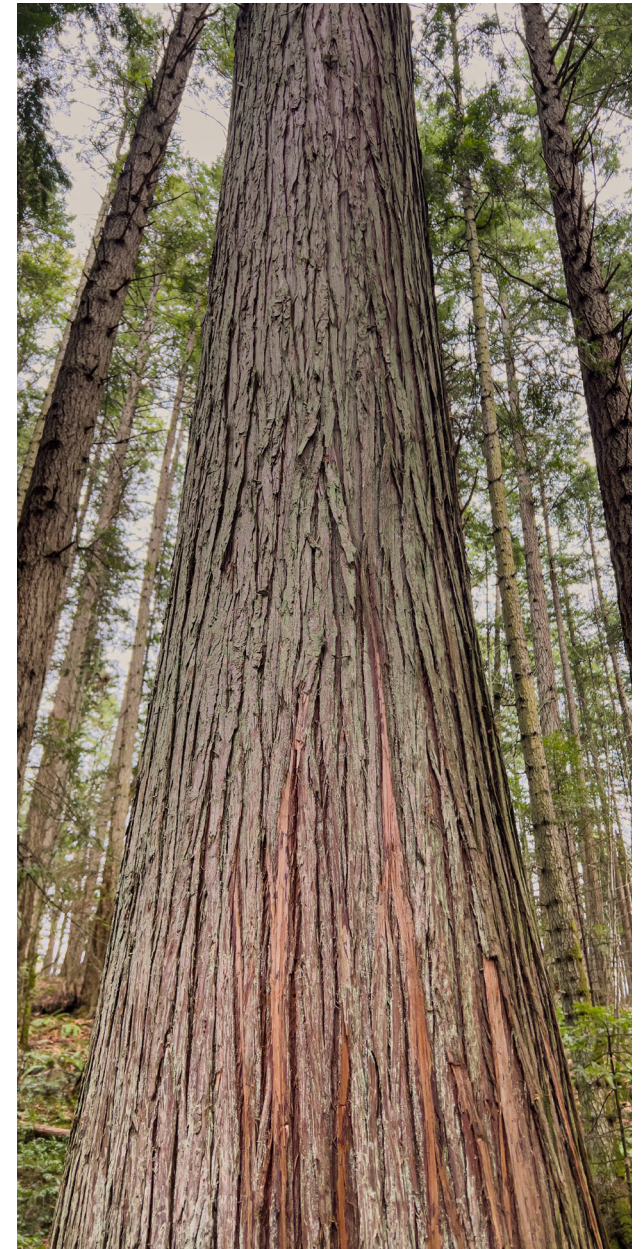


Source: FY22 Wood Survey Data



Wood Sourcing from Canada

The Home Depot recognizes that Canada's forests make up a significant part of the world's boreal forests—and also represent a key part of our sustainable wood supply. The Home Depot currently sources approximately 17% of the Company's total wood purchases from Canada. The Home Depot's sourcing of a significant portion of our wood from Canada reflects our confidence in the sustainability and management of Canadian forests. Mindful that best practices in Canadian forestry management continue to evolve and improve, our view has been and remains that the environmental stewardship of our Canadian suppliers, combined with the regulatory oversight of forestry by the Canadian federal and provincial governments, helps ensure that the wood we source from Canada is sustainable.





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Canadian forest management plans are designed to promote multiple objectives, such as the regeneration of forest resources, biodiversity conservation, habitat protection, watershed fortification, greenhouse gasses reduction, and myriad other cultural and environmental goals. Each province in Canada has developed an approach based on its individual circumstances. The process of drafting and subsequently approving sustainable forestry management plans is complex, technically advanced, and thorough, and typically involves modeling a century or more into the future. The current varied provincial sustainable forest management plans are accompanied by funding and compliance programs that include independent forest audits to monitor progress and a public reporting system to provide transparency.² The Home Depot expects that its Canadian wood suppliers' forestry practices operate within the boundaries imposed by this regulatory landscape. To best ensure that our Canadian wood sourcing reflects our ongoing commitment to sustainable forestry, The Home Depot supports meaningful consultation of Indigenous communities by Canadian regulatory authorities and forestry companies, as well as efforts to establish partnerships and other arrangements that advance sustainable forestry practices and biodiversity protection.

With its plentiful forests, experienced and responsible suppliers, and commitments to responsible and sustainable forestry practices under Canadian federal and provincial laws and regulations, Canada remains an important source of sustainably harvested wood. To further advance sustainable forestry practices and forest management agreements between third parties in Canada, the Home Depot will continue to evaluate whether additional diligence measures should be developed and implemented in connection with our Canadian wood sourcing. The Home Depot continues to prefer wood originating from third-party certified forests, and we closely partner with Canadian suppliers that are committed to sustainable forestry management and biodiversity protection. Among our top ten suppliers of Canadian wood in fiscal year 2022, approximately 80% of the wood we purchased was third-party certified. These preferences and diligence measures, paired with The Home Depot's collaborative relationship with the Canadian federal and provincial governments, provide opportunities for The Home Depot to continue to source from Canadian forests in a sustainable manner.

² British Columbia, for example, places particular emphasis on its commitment to sustainable forestry and forest stewardship. *Forest Stewardship*, GOVERNMENT OF BRITISH COLUMBIA (last accessed Dec. 11, 2023), <https://www2.gov.bc.ca/gov/content/industry/forestry/managing-our-forest-resources>. The B.C. provincial government recently announced a \$300M CAD commitment to timber conservation that will foster collaborative stewardship among the provincial government, the Canadian federal government, and First Nations. *Province launches made-in-B.C. conservation tool, takes further action on old-growth forest*, BRITISH COLUMBIA, (Oct. 26, 2023), <https://news.gov.bc.ca/releases/2023FOR0061-001662> [news.gov.bc.ca].

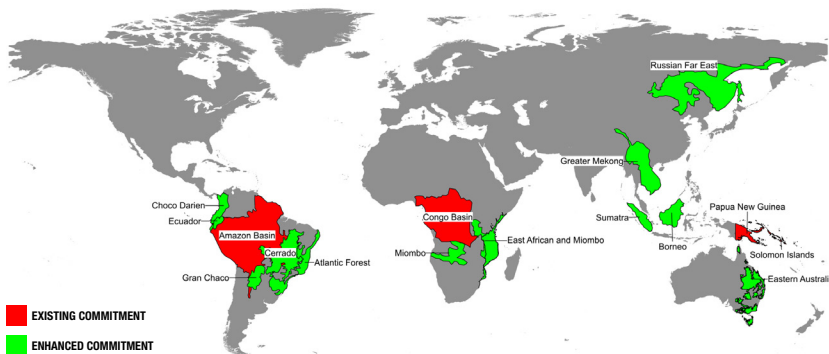


Enhanced Approach to Sustainable Forestry

We have—in connection with our recent assessment—committed to taking additional steps to implement our longstanding regional, risk-based approach to sustainable forestry. This enhanced risk-based approach enables us to better identify and manage forestry-related risks associated with wood sourcing—by identifying regions at risk and working to mitigate those risks in our supply chain more systematically.

The Home Depot will continue to implement our existing regional, risk-based policy: We will not purchase wood or wood products sourced from the Amazon basin, the Congo Basin, Papua New Guinea, and the Solomon Islands unless the wood is FSC certified.

Our regional, risk-based approach also allows The Home Depot to evaluate—on an ongoing basis—whether and where additional diligence may help The Home Depot ensure the sustainability of its wood sourcing. With this report, and as announced in our updated Wood Purchasing Policy, we have committed to expanding this approach. By the end of fiscal year 2026, any wood or wood products from an additional set of regions at risk sourced by The Home Depot’s U.S. and Canadian Lumber, Building Materials, or Millwork departments will be required to bear third-party certification or must be plantation-grown. These departments account for over 88% of The Home Depot’s overall wood sourcing. The following regions will be covered by this new commitment:



- Atlantic Forest
- Cerrado
- Choco Darien
- Ecuador
- Gran Chaco
- East African and Miombo
- Greater Mekong
- Sumatra and Borneo
- Eastern Australia
- Russian Far East Forest

This map is for illustrative purposes only. Exact regional boundaries may be subject to change.



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The decision to strengthen our existing commitments is the result of many factors, including a greater awareness of deforestation data and trends, an in-depth review of our growing product assortment, and positive steps taken by our suppliers to demonstrate a shared commitment to sustainable sourcing. We will continue to update these commitments as circumstances warrant.

Moreover, we will continue to provide transparency regarding The Home Depot's wood sourcing. We submitted a CDP Forests questionnaire response for the first time in 2023. Ongoing submission of that questionnaire response, as well as ongoing updates regarding sustainable forestry to be provided in annual reports, are intended to provide stakeholders with regular transparency regarding our wood sourcing and biodiversity initiatives.

Beyond these commitments, we also acknowledge that The Home Depot's assessment of our wood supply chain cannot and should not occur in a vacuum. We expect to draw on the expertise of not only our suppliers, but also that of the government agencies, intergovernmental organizations, and nongovernmental organizations that are committed to combatting deforestation. To that end, we will continue to identify and pursue best practices in sustainable forestry and a greater awareness of how The Home Depot can contribute to the sustainability of the global wood supply chain.



Supplier Monitoring and Compliance

To live up to our sustainable forestry commitments, The Home Depot holds our suppliers to high standards. We require that suppliers comply with all applicable laws and regulations, including laws specifically concerning environmental protection and the legal harvesting of wood. Further, our Wood Purchasing Policy imposes additional requirements on our merchandising suppliers.

To ensure supplier compliance with the Wood Purchasing Policy, we have adopted a set of remediation protocols. These have a dual aim: first, to ensure suppliers and vendors adhere to the Wood Purchasing Policy and other wood sourcing guidelines; and second, to confirm that grievances—which may be raised using our third-party managed Supplier AlertLine—are promptly investigated and resolved. These protocols help confirm that The Home Depot’s sustainable forestry commitments are maintained throughout the supply chain and have the additional benefit of fostering dialogue with, and concrete improvements by, our suppliers. Consistent with our values, The Home Depot has put these protocols in place to build a culture in which concerns are raised early, investigated thoroughly, and resolved fairly. If a concern regarding potential noncompliance with the Wood Purchasing Policy is raised, The Home Depot will promptly investigate and resolve the issue. If a supplier is found to be non-compliant, the supplier will be notified and provided an opportunity to produce evidence of compliance or remedy the deficiency in a short time period. Absent such evidence or remedy, The Home Depot would discontinue ordering affected products. In short, we will take quick and reasonable action to ensure our suppliers comply with our Wood Purchasing Policy.



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1. [Updated Wood Purchasing Policy](#)
2. [THD Corporate Responsibility Homepage](#)
3. [THD Supplier AlertLine](#)

