
Report on The Home Depot, Inc. Racial Equity Assessment

February 1, 2024

WilmerHale’s Report on The Home Depot, Inc. Racial Equity Assessment

I. Introduction

The Home Depot, Inc. (“The Home Depot,” or “the Company”) is the world’s largest home improvement retailer, with numerous retail stores throughout North America. In response to a May 2022 shareholder proposal requesting that The Home Depot assess its racial equity impacts, The Home Depot retained our law firm, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”), to conduct a review in response to the proposal, as informed by our legal assessments.

The review encompassed both internal and external aspects of The Home Depot’s U.S.-based business, policies, and programs, including the Company’s diversity, equity, and inclusion (“DEI”) initiatives, the workplace experience of its employees (who are referred to as associates), workplace policies and procedures, talent acquisition and management efforts, supplier diversity programs, and philanthropy and community partnerships.

The Home Depot has made clear and dedicated efforts to create a respectful and inclusive environment for all, including to promote DEI among its associates, customers, suppliers, and the communities it serves, in line with the best interests of the business. These efforts help support many of the Company’s core business objectives, such as associate retention and satisfaction. As a result, The Home Depot has sought to integrate DEI principles into internal processes and has focused on ways to reduce unconscious bias, including through training for leaders. The Home Depot has policies and procedures to govern workplace conduct and takes seriously any complaints of discrimination, harassment, and retaliation. Externally, the Company has established community partnerships and sought to increase their impact, including through The Home Depot Foundation and by expanding partnerships with diverse suppliers.

The Home Depot has dedicated substantial time and attention to advancing its DEI program, improving the employee experience, and enhancing external partnerships. We identified potential enhancements to further promote the Company’s efforts. These include enhanced trainings, additional integration of the DEI team into talent processes and philanthropic efforts, and continuing to encourage associates and leaders across The Home Depot to participate in the many DEI initiatives launched by the Company. We have reviewed these findings and recommendations with The Home Depot, and the Company has expressed its continuing commitment to equity, respect, and inclusion.

II. Scope and Methodology

The review took place over a period of approximately one year. WilmerHale conducted nearly 70 interviews of internal stakeholders and reviewed more than 1,100 documents. We coordinated with members of the Legal Department to request interviews and documents and were provided access to all of the individuals and information that we requested.

A. Workstreams

Each workstream involved the scope described below.

DEI Initiatives. We assessed The Home Depot’s DEI strategy, programs, and initiatives at the corporate level. We interviewed individuals responsible for establishing the Company’s DEI priorities, preparing training and development materials related to DEI, and implementing DEI initiatives throughout the Company. We reviewed documents describing The Home Depot’s DEI initiatives, including training materials and data developed and used by the DEI team.

Employee Experience. We assessed the experience of The Home Depot associates, including but not limited to those at Company headquarters in Atlanta, which is called the Store Support Center (“SSC”). Our review of the employee experience included the results of associate surveys (for employees at the SSC and other locations), and the structure and operation of The Home Depot’s associate resource groups (“ARGs”). We interviewed individuals responsible for overseeing ARGs, as well as those responsible for creating, implementing, and interpreting associate satisfaction surveys. We reviewed documents on employee experience, including ARG materials, survey materials sent to associates, and feedback from associate surveys and townhalls.

Policies and Procedures. We assessed The Home Depot’s workplace policies and training materials related to discrimination, harassment, and retaliation, as well as the procedures for reporting and investigating complaints of discrimination, harassment, and retaliation. We interviewed individuals responsible for maintaining workplace policies, developing, and providing training on those policies, investigating complaints of discrimination, harassment, and retaliation, and overseeing investigations. We reviewed numerous documents in this area, including workplace policies and training materials, sample investigative documents, data on discrimination, harassment, and retaliation complaints, and investigations guidance.

Talent Processes. We assessed The Home Depot’s talent acquisition and talent management processes, including the Company’s policies and practices relating to hiring, promotion, professional development, and compensation. We interviewed individuals responsible for overseeing talent acquisition for salaried and hourly associates, developing and assessing the Company’s talent assessment tools, and creating and applying guidance for determining the compensation of salaried and hourly associates across the Company. We reviewed documents relevant to talent processes, including interview and hiring data, guidance provided to recruiters and leaders on hiring and promoting talent across the Company, assessments of various talent management tools, and guidance for making compensation decisions.

Supplier Diversity. We assessed the Company’s supplier diversity program. We interviewed individuals responsible for implementing the supplier diversity program and reviewed documents that provided overviews of the program and its strategic goals, as well as documents describing the Company’s implementation efforts.

Philanthropy and Community Partnerships. We assessed The Home Depot’s philanthropic efforts and community partnerships. We interviewed individuals within The Home Depot Foundation (the “Foundation”) who oversee the grant approval process and strategic goals. We reviewed relevant documents, including grantmaking guidelines, governance documents, and overviews of donations provided to organizations.

B. Review Team

The review team was led by WilmerHale partners Lauren Moore and Brenda Lee. Ms. Moore is a member of the Crisis Management and Strategic Response Practice, and Ms. Lee is the Vice-Chair of the Anti-Discrimination Practice. Jamie Gorelick, Chair of WilmerHale's Regulatory and Government Affairs Department, and Debo P. Adebile, Chair of the Anti-Discrimination Practice, were also involved in the review. The WilmerHale team has significant experience conducting racial equity reviews for clients across industries. Prior to commencing this review, WilmerHale had not advised The Home Depot on issues related to diversity, equity, and inclusion.¹

III. Findings and Recommendations

A. DEI Initiatives

1. Findings

We found that The Home Depot's core values inform its approach to DEI, and the Company has created a framework to guide its DEI strategy. The DEI team has worked to establish initiatives aligned with that strategy and designed to promote equity and inclusion in a consistent manner across the Company.

Guiding Principles. One of The Home Depot's core values is Respect for All People. Guided by that core value, the Company developed a DEI vision statement that states:

The Home Depot is building a more diverse, equitable, and inclusive organization, within our enterprise and the communities we are proud to serve. Grounded in our core values, we have the conviction, capabilities, and tools to make a difference for our Associates, Community, and Suppliers.

The Company's DEI program is informed by three primary areas: associate engagement, community engagement, and supplier diversity. The Home Depot sets annual DEI programming goals, which are informed by the DEI vision and the three primary areas.

DEI Team. The DEI team is led by the Chief Diversity Officer and Vice President of Associate Relations. The Home Depot elevated the Chief Diversity Officer position to a Vice President-level role in 2020, reporting to the Executive Vice President of Human Resources. WilmerHale found the DEI team to be cohesive and collaborative, with a strong understanding of the Company's DEI strategy and priorities and the ability to work effectively with multiple stakeholders across the Company.

The DEI team has fluctuated in size since 2020, with some individuals who were driving various initiatives and projects having recently departed. Although The Home Depot has made

¹ A separate team at WilmerHale recently conducted a review of The Home Depot's wood sourcing-related policies and practices.

significant efforts to retain its personnel, the turnover has made it challenging to build momentum and make progress on some DEI initiatives.

To further support the Company's DEI efforts, The Home Depot has Diversity Business Councils within certain major lines of business, which are intended to help align the work of specific teams with broader DEI objectives. Council members are responsible for supporting the Company's DEI commitments and focusing on the engagement and development of associates. The DEI team previously led meetings with the chairs of different Diversity Business Councils, which created opportunities for information-sharing and collaboration.

DEI Programming. The DEI team has focused on three primary areas: associate engagement, community partnerships, and supplier diversity.

With respect to associate engagement, the DEI team advises the Company's ARGs, which help promote an inclusive culture and community building, as discussed further below. The Home Depot also provides multiple trainings and reference materials to associates and leaders that cover a range of DEI-related topics. The DEI team, in collaboration with Talent Management, recently launched a comprehensive online resource to empower leaders to engage associates in discussion around DEI topics and connect associates to development tools and DEI resources.

In June 2020, the DEI team launched Company-wide "Caring Conversations," which were re-branded as "C.A.R.E. (Champion, Awareness, Respect and Equity) Talks" in 2021. The C.A.R.E. Talks series covered DEI-related topics such as unconscious bias and was open to all employees on a voluntary basis. The purpose of these talks was to promote inclusion within the Company and gave associates a space to discuss topics of interest, raise issues, and feel heard. Company-wide C.A.R.E. Talks are not currently scheduled, but the DEI team plans to re-launch them in collaboration with an outside organization that facilitates DEI-focused conversations.

The DEI team's efforts with respect to community partnerships and supplier diversity are discussed further below.

2. Recommendations

The DEI team has established and expanded multiple DEI initiatives, which have fostered inclusion at the Company. WilmerHale has identified potential enhancements to continue to support and promote the Company's DEI efforts. Additional recommendations to further integrate the DEI team into various Company processes and systems are discussed further below.

- **Continue efforts to retain DEI personnel.** The Company's DEI team, led by its Chief Diversity Officer and Vice President of Associate Relations, strives to foster an inclusive climate and have a positive impact throughout the Company. To continue to drive and sustain progress towards The Home Depot's goals, the Company should continue its efforts to retain individuals on the DEI team.
- **Coordinate among Diversity Business Councils.** Although they generally pursue the same mission and goals, Diversity Business Councils do not have regular opportunities to interact with, support, and learn from each other. The

DEI team should resume its meetings with the chairs of the Councils to encourage partnership and synergy in their DEI efforts.

B. Employee Experience

1. Findings

The Home Depot has more than 2,000 stores and hundreds of thousands of employees (“associates”) in the United States.² The Home Depot’s U.S.-based associates generally fall within one of three groups: the Store Support Center (“SSC”),³ U.S. Retail, or Supply Chain. The Company employs both salaried and hourly associates. While there are salaried associates in each of these four groups, most of the hourly associates are concentrated within U.S. Retail, which includes the Company’s stores.

We found that The Home Depot’s leadership is committed to understanding the associate experience and has multiple tools to collect associate feedback, including surveys. The ARGs provide valuable connections among associates, and the Company has made efforts to make them more inclusive.

Associate Surveys. The Listening Strategy team at The Home Depot conducts multiple “Voice of the Associate” surveys to assess associate feedback and sentiment. The Census Survey is conducted annually and distributed to all active U.S. associates at the Company. The goal of the Census Survey is to obtain a complete picture of the associate experience at the Company. The intended outcome of the survey is an action plan from leaders for improving associate engagement and providing input for the Human Resources (“HR”) leadership team’s strategy. The Pulse Survey is an annual survey delivered six months after the Census Survey, also to all active U.S. associates, to measure leader behaviors and to determine how they have responded to feedback from the Census Survey; results from this survey may lead to adjustments in leader action plans. This built-in survey mechanism for gauging progress on prior results and assessing leader responses to Census Survey feedback appears to provide a useful accountability measure that can help improve associates’ workplace experience.

Over the past three years, Census and Pulse Survey results have been largely positive. Most associates across different lines of business have responded favorably to questions about the working environment at The Home Depot, including how management interacts with associates. Several questions related to DEI at the Company—for example, whether associates feel that they are treated with respect regardless of their background, and whether associates feel that their managers provide equal access to growth and development opportunities—have also received largely positive responses. However, the SSC, the Company’s headquarters, tends to have more positive survey results than the other groups.

² The Home Depot, *2023 Environmental, Social, and Governance Report: Doing Our Part*, THE HOME DEPOT (Aug. 31, 2022) (“2023 ESG Report”), at 6, https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23%20%28compressed%29.pdf.

³ For purposes of this report, “SSC” refers to all associates who work at Company headquarters, including those who may serve in functions relating to retail and supply chain. The U.S. Retail and Supply Chain categories refer to field associates located outside of Company headquarters.

The Listening Strategy team distills survey results to share with leaders. Survey results often inform action plans, which provide an analysis of what is going well within a store or team, what could be improved, and a progress update. The Home Depot does not formally track or keep centralized records of these action plans or how stores and teams are progressing on completion.

Associate Townhalls. Associate townhalls provide another forum for associates to provide feedback. Townhalls are generally conducted twice a month by local leaders with a select group of associates; they are meant to capture concerns in real time and to inform local leaders' action planning. The actual cadence of townhalls varies by store and group. Although some feedback from townhall meetings is collected, the Company does not maintain a centralized repository of action items and plans arising out of associate townhalls.

Associate Resource Groups. The Company started affinity groups in 2007 to promote a more inclusive environment for associates. In 2009, the Company renamed these groups as Associate Resource Groups, or ARGs. There are currently eight ARGs;⁴ ARG membership, meetings, and events are open to all associates. The DEI team manages ARGs and reviews requests for new ARGs; a new Native American ARG was recently approved. Each ARG is structured to have a governing board made up of associates and an executive sponsor.

ARGs were previously limited to the SSC, but in 2022, The Home Depot expanded ARG membership to include non-SSC associates. The Home Depot has undertaken a significant effort to reach store associates, including by using social networks and other tools to communicate across the Company about ARG events. However, hourly employees (which include most store associates) cannot participate in ARG activities during their work shifts and, as a result, have lower participation rates in ARG events and tend not to be part of ARG boards.

Historically, ARGs have had little interaction with each other. The DEI team has been increasing its efforts to bring ARGs together to collaborate and to align them more closely with the Company's DEI vision and strategy. For instance, ARG leaders attend regular meetings with a DEI team member, where the leaders have an opportunity to discuss issues of collective relevance. The DEI team also prepares materials for ARG leaders that highlight upcoming ARG events and monthly DEI themes, as well as talking points to guide discussions about DEI topics. These efforts to bring ARGs together more often and to boost the partnership between ARGs and the DEI team are positive developments, and we believe that they are worth the Company's continued investment and focus.

ARG executive sponsors lead a line of business and must be at the Vice President level or above. Executive sponsors are meant to serve as liaisons between ARGs and senior leadership at the Company. Some ARG leaders have expressed a desire to interact more often with The Home Depot's senior leadership and to have senior leaders to attend more ARG events.

⁴ The eight groups are AA Pulse (African American), INSPIRA (Hispanic), Limitless (Disability Status and Caregiving), Military Appreciation Group (Military and Military Families), Pan Asian Waves (Asian American), Prism LGBTQ+ Alliance (LGBTQ+), Women's Link (Women), and the new Native American ARG.

2. Recommendations

The Home Depot has multiple avenues to engage with associates regarding their workplace experience and to promote inclusion among all associates. WilmerHale identified the following opportunities to enhance accountability for responding to associate feedback and to encourage coordination among the groups that the Company has already established to foster inclusion.

- **Consider increasing coordination with the DEI team on VOA survey development.** The Listening Strategy team that develops questions for VOA surveys typically does not coordinate with the DEI team on the survey design. The DEI team could provide useful input on survey questions or how best to reach diverse associates and elicit their candid feedback.
- **Consider additional mechanisms to capture and follow up on associate feedback.** The VOA survey and associate townhalls have provided the Company with helpful feedback on the associate experience. The Home Depot should consider ways to improve how it captures and tracks how stores and teams are addressing this feedback.
- **Continue to encourage the participation of store associates in ARGs.** ARGs provide valuable support and community for associates. The Home Depot should continue to encourage store associates to participate in them, which could help improve retention and inclusion sentiment. Potential ways to include store associates in ARGs could be to create ARG subcommittees at the store level or host regional or local ARG events.
- **Continue efforts to increase ARG coordination.** The DEI team has recently tried to increase coordination between ARGs and the DEI team, and among the various ARGs. The Home Depot should continue these efforts to increase collaboration and coordination among the ARGs to share information about how to best support associates.
- **Encourage senior leadership interactions with ARGs.** ARGs have some exposure to and interaction with senior leadership, including through ARG executive sponsors, but senior participation at ARG events varies. The Home Depot should continue to encourage senior leadership to participate in ARGs and attend ARG events to demonstrate the Company's commitment to supporting these groups and promoting inclusion.

C. **Policies and Procedures**

1. Findings

Written Policies and Training. The Home Depot has several policies and procedures that prohibit discrimination, harassment, and retaliation in the workplace. These policies provide clear prohibitions against discriminatory, harassing, or retaliatory behavior and explain that

violation of the policies is a serious offense that could result in termination. The policies also provide clear guidance for leaders on how to escalate discrimination, harassment, and retaliation concerns so that all complaints are appropriately reported and investigated.

The Home Depot's policies that are referenced in this Report are maintained by the Associate Relations ("AR") team, which is a team of investigations personnel within The Home Depot's HR team. The Equal Employment Opportunity ("EEO") Compliance team, which sits within AR, updates these workplace policies as needed based on changes in law or regulation, or to respond to certain immediate needs within the Company. However, there is no process or protocol to review and update these policies on a regular basis.

The Home Depot provides robust and mandatory training for associates and leaders on its harassment, discrimination, and retaliation policies. This training includes clear, detailed examples of the types of behavior that could be considered discrimination, harassment, and retaliation, as well as Company resources for reporting those concerns. Leaders receive additional training on how to identify potential instances of discrimination, harassment, and retaliation and the importance of escalating those types of concerns.

The Home Depot has a number of reporting channels for associates to file a complaint of discrimination, harassment, or retaliation, including reporting to their direct supervisor, an HR representative, or an anonymous reporting hotline, AwareLine. These reporting channels are advertised throughout the Company's policies and training materials, as well as on physical displays and posters at SSC or in the stores. Based on our interviews, it appears that associates are generally made aware of how to file complaints and are encouraged to use various reporting channels to do so.

Investigations Process. All reported complaints relating to associates—whether reported to a supervisor, to an HR representative, or through the AwareLine—are routed to HR in the first instance. Complaints alleging discrimination, harassment, or retaliation are then to be escalated to AR to investigate. When necessary, AR consults with other teams at The Home Depot, including the Legal Department, for assistance with particularly sensitive issues or investigations.

Given the sensitivity of the issues escalated to AR, The Home Depot has developed robust training for AR personnel, who are referred to as Territory Associate Relations Managers ("TARMs") and assigned to a geographic area. TARMs tend to have investigations experience, and the Company's training includes on-the-job training during which new investigators shadow experienced investigators. The AR team recently developed training for other HR investigators, who handle more routine workplace issues, such as attendance, insubordination, and general "respect" issues and tend to have less experience conducting investigations. This training is not mandatory and has not been provided to all HR staff.

AR opens an investigation into every complaint it receives, including those alleging discrimination, harassment, or retaliation. TARMs may consult The Home Depot's Investigations Toolkit, which highlights various standards and best practices, although there is no formalized process to ensure that these standards have been met. TARMs determine whether a

complaint has been substantiated and recommend remedial action for policy violations. TARMs consult with HR and business leaders to get input on proposed remedial action.

Business leaders and supervisors ultimately determine discipline and remediation. Even where a complaint has not been substantiated, TARMs may still recommend some form of action or education, such as training or review of the relevant policies. The broader HR team does not regularly use the AR team's database and thus may not have visibility into complaint and investigations trends from the business units they oversee.

2. Recommendations

WilmerHale identified the following potential enhancements to strengthen the Company's policies and promote consistency in its investigations processes for complaints related to discrimination, harassment, or retaliation.

- **Adopt protocol to review and update policies on a regular cadence.** The Home Depot updates its workplace policies and procedures in response to legal and regulatory developments or on an as-needed basis, but does not otherwise have a regular cadence for reviewing its policies. The Company should develop a process to review policies at regular intervals.
- **Consider clarifying the investigations process to ensure additional action is considered even in cases where a complaint is not substantiated.** The Company should clarify where additional action or education may still be warranted in instances when a complaint is not substantiated. Consistently considering such action in all cases, regardless of whether they are substantiated, may help the Company address issues that may not rise to the level of a policy violation.
- **Adopt mandatory investigations training for HR personnel.** The Company should expand its current training to include mandatory investigations training for HR personnel who tend to conduct investigations. Given HR's role in escalating complaints to AR and conducting certain types of investigations, additional required training could help prevent both under-escalation and over-escalation, and help ensure that complaints are appropriately routed to AR.
- **Consider consolidation of internal tracking.** The Company should consider whether it would benefit from HR consistently using AR's tracking and case management system for all investigated complaints, so that information about ongoing and complete investigations is available to HR as a whole, as needed.
- **Consider protocol for back-end reviews to help promote consistency in the investigations process.** The Company should explore ways to promote consistency in the investigation process. Enacting a protocol for periodic back-end reviews of investigations processes and outcomes should help enhance the consistency of investigations.

D. Talent Management

1. Findings

The Home Depot’s processes related to talent management—including recruiting, succession planning, and compensation—successfully integrate many of The Home Depot’s DEI goals.

Recruiting and Hiring. The Talent Acquisition team is responsible for recruiting and hiring at all levels of The Home Depot’s business, including for hourly associates, salaried associates, and executive positions. This team has implemented several measures to promote consistent and unbiased hiring decisions.

For example, recruiters and hiring managers receive unconscious bias training and are reminded to avoid potential bias in selection decisions. For salaried associates, the Talent Acquisition team has partnerships with diverse networks and organizations and recruits at Historically Black Colleges and Universities, in an effort to diversify the pool of potential candidates for positions. The Home Depot also relies on assessment tools during the hiring process, such as structured interview guides for executive hiring, to allow for equitable comparisons of candidates’ responses to a standardized set of job-related questions.

Development Programs and Succession Planning. The Company has development programs, called Assessment Centers, to help prepare associates to move into leadership roles. These programs include several days of exercises and training where associates participate in simulations likely to arise in a leadership position and a mock interview for a leadership role. The assessors for the Assessment Center provide participating associates with feedback and recommendations to help prepare them for possible promotion. The Company also has development programs for leaders, including programs for first-time managers, ongoing leadership training, and programs for those who would like to transition to senior leadership positions. These programs can assist in the professional development of associates, including diverse associates who are interested in preparing for leadership roles.

The Company has established a six-month mentorship program for associates. All associates at the SSC—from hourly associates up to the officer level—are eligible to participate. Leaders in the Company volunteer to serve as mentors, and associates who wish to participate in the program select a leader to be their mentor. Over the course of program, each mentor meets monthly with their mentees to discuss career development. Mentors and mentees receive playbooks of topics for potential discussion during these sessions, including on The Home Depot’s culture, establishing a personal brand, network building, and communicating with confidence.

The Home Depot hopes to continue enhancing its mentorship program, including plans to coordinate with the DEI team ahead of the 2024 program launch on topics for discussion. The Company is also considering how to include a broader range of associates in the program and began a pilot program for field associates in 2023.

The Company also works to ensure that it has fair professional development and promotion processes. The Succession and Performance Management (“SPM”) team leads The

Home Depot’s effort to create internal pipelines for promotion. The SPM team meets twice a year with leaders of different departments across the Company to discuss talent pipelines and associate development on each team. The Home Depot has mechanisms in place to help avoid bias in promotion processes. For example, managers receive training on unconscious bias and factors to consider in talent planning. During talent planning discussions, the SPM team reminds leaders that each associate should be treated respectfully, fairly, and consistently regardless of their background and encourages leaders to be aware of unconscious bias—which, based on our interviews, appears to resonate with leaders and help to promote fairness and consistency in the evaluations process.

Compensation. The Home Depot has also worked to provide clear guidelines to promote equitable compensation across the Company. The Compensation team works with HR to put positions into pay bands and set compensation ranges. Each pay band includes a range of pay based on several factors, including tenure with the Company, geographic market, skills, and experience. Over the past two years, the Compensation team has made an effort to narrow pay bands and provide additional guidance to HR on setting individual compensation. The Company publishes pay equity statistics by race/ethnicity and gender in its annual ESG Report.⁵

2. Recommendations

WilmerHale identified the following opportunities for the Company to further develop its talent acquisition and talent management processes, consistent with its DEI goals.

- **Consider providing additional training or guidance regarding talent processes.** The Company should consider expanding its training or guidance on talent acquisition and talent management processes, including more extensive unconscious bias training. For example, the Company could work with the Legal Department to help develop additional training materials on best practices and provide additional guidance to recruiters as needed.
- **Continue expanding formal mentorship opportunities.** The Home Depot has created a formal mentorship program for SSC associates that aims to support associate development. The Company should continue its efforts to expand and enhance its formal mentorship opportunities, including its current efforts to reach more associates throughout the Company and enhance coordination with the DEI team.
- **Continue to take steps to mitigate potential unconscious bias in the succession planning process.** Succession planning and promotion discussions can be subjective and at risk for unconscious bias at any company. The Home Depot has already taken steps, like unconscious bias training, to mitigate potential issues and should continue to take steps to promote fairness and consistency in approach.

⁵ See, e.g., 2023 ESG Report, at 28, [https://corporate.homedepot.com/sites/default/files/2023-07/2023 Home Depot ESG Report_vF.4_7.25.23 %28compressed%29.pdf](https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23_%28compressed%29.pdf).

- **Continue efforts to narrow pay bands.** The Compensation team has worked to narrow pay bands and provide additional guidance to HR on setting individual compensation. This is a positive development that the Company should continue to help safeguard against potential pay inequities.

E. Supplier Diversity

1. Findings

The Home Depot has a Supplier Diversity Policy, which encourages the Company to build inclusive and sustainable business opportunities for diverse-owned companies, in an effort to reflect the diversity of its customers and strengthen the communities in which it operates. The Home Depot defines “diverse suppliers” as businesses that are at least 51% owned, operated, or controlled by a racial/ethnic minority (African American, Asian American, Native American, Hispanic American), veterans, women, disabled individuals, or LGBTQ individuals who are U.S. permanent residents or citizens. The Home Depot engages with suppliers regardless of their ownership or certification status. However, for suppliers to be counted as part of the Company’s diverse supplier spend, suppliers must be certified by an external organization, such as the National Minority Supplier Development Council, the Women’s Business Enterprise National Council, or a government agency.

The Home Depot has expanded its efforts to work with diverse suppliers. These efforts are led by a Supplier Diversity team, which sits within the DEI team. The Home Depot has a goal to spend \$5 billion annually with Tier I (direct suppliers to the Company) and Tier II (suppliers engaged by Tier I suppliers) diverse suppliers by 2025.⁶ In an effort to meet this goal, the Supplier Diversity team is identifying ways to build the pipeline of diverse suppliers and also to encourage qualified diverse suppliers to participate in RFP opportunities. The Supplier Diversity team has also encouraged existing suppliers who are diverse but do not have the required certification to obtain one, as well as worked to identify diverse-owned Tier II suppliers, so that both can be tracked as part of the Company’s diverse supplier spend.

2. Recommendation

WilmerHale has identified the following opportunity to continue developing Supplier Diversity initiatives at The Home Depot.

- **Continue proactive outreach to build the pipeline of diverse suppliers.** WilmerHale recommends that the Company continue to prioritize its efforts to build the pipeline of potential diverse suppliers by identifying additional diverse suppliers to consider engaging with and encouraging Tier I suppliers to report their Tier II spend. It may be helpful to allocate additional resources or dedicate additional assistance to supplier outreach, including from the merchandising team.

⁶ 2023 ESG Report, at 83, [https://corporate.homedepot.com/sites/default/files/2023-07/2023 Home Depot ESG Report_vF.4_7.25.23_%28compressed%29.pdf](https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23_%28compressed%29.pdf).

F. Philanthropy and Community Partnerships

1. Findings

Giving back to the community, through financial support and volunteerism, is one of The Home Depot's eight core values. The Foundation is a 501(c)(3) organization that is separate from the Company and helps translate The Home Depot's philanthropic values and goals into action.

The Foundation's strategic goals are centered around three areas of giving: (1) serving veterans; (2) workforce development and trades training (called "Path to Pro"); and (3) disaster relief.⁷ The second area of focus, the Path to Pro program, was launched nationally in 2022 to help train the next generation of skilled tradespeople and address the growing labor shortage in the United States. As part of the Path to Pro program, the Foundation has developed partnerships with trades programs for young people, individuals from underserved communities, and those who are separating from the U.S. military.⁸

The Foundation works towards its goals by partnering with and investing in non-profit organizations. The Foundation's selected partners—including Habitat for Humanity, the National Coalition for Homeless Veterans, and U.S.VETS—typically align with the Foundation's three core areas of giving and help advance the broader mission to support local communities. The Foundation has clear, robust processes for determining whether an organization should become a partner or receive a grant.

The commitment to charitable giving extends beyond The Foundation; other components of the Company have donated to various causes and organizations in ways that further demonstrate the Company's commitment to promoting equity. For instance, The Home Depot has supported the Georgia Justice Project, both through donations and participation on the Project's Board of Directors. The Company's DEI team does not work closely with the Foundation and mostly learns about the Foundation's partnerships and community initiatives through back-end reporting.

2. Recommendation

WilmerHale identified the following enhancement to help the Company further develop its philanthropic efforts and community partnerships.

- **The Foundation should consider consulting with the DEI team on its work and strategy.** As the Foundation continues to work towards its goals, it should consider collaborating with the DEI team. The DEI team may be helpful in identifying non-profit partners that can further the Foundation's work and strategy.

⁷ The Home Depot, *The Home Depot Foundation*, THE HOME DEPOT, <https://corporate.homedepot.com/page/home-depot-foundation> (last accessed Jan. 4, 2024).

⁸ 2023 ESG Report, at 87-88, [https://corporate.homedepot.com/sites/default/files/2023-07/2023 Home Depot ESG Report_vF.4_7.25.23_%28compressed%29.pdf](https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23_%28compressed%29.pdf).

IV. Conclusion

Based on our work over the course of this year-long review, we found that The Home Depot has made a clear commitment to embedding principles of equity, inclusion, and equal opportunity into its business. Senior leaders are engaged in the Company's DEI efforts. The Home Depot has made progress in identifying opportunities to improve inclusion sentiment for associates. The Company is working to incorporate DEI principles into many of its talent processes. And it is seeking to build a pipeline of diverse suppliers. Taken together, these efforts reflect The Home Depot's commitment to promoting DEI in a thoughtful and impactful way.

We also identified potential enhancements for The Home Depot to continue advancing these efforts. Many of those potential enhancements build upon steps the Company has already taken. Our recommendations are intended to support The Home Depot in ensuring that its efforts to advance equity, inclusion, and equal opportunity have a lasting impact, both within and outside the Company.