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This Responsibility Report covers The Home Depot's year of progress in 2017

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LIVING OUR VALUES

The Home Depot was founded on eight core values and a leadership construct that we call the inverted pyramid, which puts customers and front-line associates first. These symbols guide our actions every day, from how we treat our associates, customers and communities to how we run our operations. They are the cornerstones of our unique culture.

Throughout this Responsibility Report, you’ll see examples of how we’re living our values by offering innovative and environmentally friendly products to our customers. You’ll read about how we’re reducing our energy usage and driving efficiencies throughout our supply chain. And you’ll learn how we’re continuing our focus on diversity and inclusion to create a great place to work and shop.

A few highlights:

Diversity & Inclusion: More than 95% of our new hires were ethnically diverse, and at the time of this report’s publication, we announced an updated parental leave policy that gives six weeks of 100% paid leave to all parents, plus an additional six weeks of 100% paid maternity leave to all birth mothers.

Workforce Development: In 2017, we launched a pilot trades training program for aspiring military members in partnership with the Home Builders Institute (HBI) to help create the next generation of skilled tradespeople. In March of this year, the Home Depot Foundation announced a $50 million commitment to train 50,000 tradespeople over the next 10 years.

Community Support: We helped communities and associates during an unprecedented year for natural disasters. As part of the $63 million we granted overall to support our communities in 2017, The Home Depot Foundation gave over $1 million and volunteered thousands of hours to help communities affected by catastrophic hurricanes and wildfires. In addition, our employee relief nonprofit, The Homer Fund, assisted more than 6,000 associates who experienced evacuations, as well as damage or loss of their homes.

Environmental: In 2017, our stores used 20.5% less electricity than in 2010. This means we surpassed our goal to reduce store energy use 20% by 2020 — and did it three years ahead of schedule.

As part of our values, we encourage our associates to be entrepreneurial, innovative and creative, and the successes you’ll see in this report are a testament to their talent and dedication. We are proud of their work, even as we look ahead with the understanding that there’s much more to do.

Thank you for your interest in our progress and our plans for improvement. I hope you will find this report informative, and, as always, welcome your feedback.

Craig Menear
Chairman, Chief Executive Officer and President
OUR APPROACH

As a retailer, we have relationships with a variety of stakeholders interested in how we’re running our business. Customers ask us questions when they walk into our stores or shop with us online. Citizens contact us with concerns. We meet with shareholders and non-governmental organizations (NGOs). We take part in industry efforts to raise awareness about the social and environmental responsibilities we all share.

These formal and informal interactions help shape our priorities. So does our regular materiality assessment, which gauges the impact of our business. Together, they create a framework that our Sustainability Council uses to measure our progress and design ways to improve. The Council, composed of representatives from different areas of the business, focuses on seven key areas (see right).

The Council meets twice a year and its chairman presents our sustainability strategy and activities to the Board of Directors annually. Our priorities and plans are communicated through our company structure from leaders to associates.

The process of evaluating the impact of our business is never complete. Technology, scientific developments, societal shifts and business innovations drive constant change. When we hear from concerned stakeholders, we take steps to educate them and monitor the issue or alter our path. We track and report on progress and set goals for improvement.

We will continue to rely on our relationships with stakeholders to identify and meet the challenges and opportunities before us.
DOING THINGS BETTER EVERY DAY

At The Home Depot, we continually seek ways to align our operational strategies with technology and product improvements. It's a smart way to do business, and it also creates a more sustainable world. But our sustainability efforts extend beyond our operations and into customers’ homes. As the world’s largest home improvement retailer, we are in a unique position to source products and foster ideas that not only reduce our environmental impact, but also help millions of customers reduce their impact.

Our sustainability assessments expand in scope and complexity every year, yet we keep proving improvements. Our efforts help customers clean, repair, remodel and build in ways that are better for their homes and businesses, as well as for our planet.

The Home Depot’s merchant teams work with our suppliers across industries to embrace processes that have positive, lasting effects.

We constantly look for ways to:

- Relate more on sustainable resources
- Use less water
- Use less energy
- Cut waste
- Reduce distribution emissions
- Reduce packaging and improve its sustainability
In 2017, we published a Chemical Strategy detailing our commitment to reducing the indoor air quality impact of the household cleaning, paint, carpet and insulation products we sell. This year, we asked suppliers to exclude additional chemicals from household cleaning products.

We also reviewed our global wood purchasing policy and added stricter requirements for wood sourced from the Amazon and Congo basins, Papua New Guinea and the Solomon Islands. Those requirements will take effect Sept. 1, 2018.

Our store operations team constantly strives for the complementary goal of improving efficiency and reducing our overall environmental impact. We seek alternatives such as wind, solar and fuel cells to reduce our emissions and encourage the continued development of cleaner energy. We’re closer to our goal of sourcing 150 megawatts of alternative and renewable energy by 2020.

Every day we open our doors determined to do things better — to build on our business success as we reduce our company’s and our industry’s environmental impact and improve the lives of people in the global communities we influence, support and serve.

Thank you for your time and interest in The Home Depot.

Ron Jarvis
Vice President, Environmental Innovation
2017 RECOGNITION

The Home Depot’s dedication to our people, customers, communities, and shareholders earned recognition in 2017. Here are some of the organizations that noted our progress in sustainability, diversity and inclusion and business innovation.

ENERGY STAR
Retail Partner of the Year, Sustained Excellence

WaterSense
Partner of the Year, Sustained Excellence

SmartWay
Excellence Awardee

Greenwork
Green Ranking

Innovative Retail Technologies
Retailer Innovation Award

Fast Company
50 Most Innovative Companies

National Retail Federation
Top Retailer & Top 100 retailer
Our inclusive practices—from whom we hire to the product selection on our shelves—make The Home Depot a great place to work and a great place to shop.

DID YOU KNOW?
In 2017, over 50% of our new hires were ethnically diverse, and more than 34% were women.
Community Partnerships
Our local and national community partners represent the diversity of our associates and customers. To further The Home Depot’s commitment to promote inclusion, develop talent and engage with diverse communities, we strategically partner with aligned organizations, including:

- 100 Black Men of Atlanta
- American Corporate Partners
- Catalyst
- Executive Leadership Council
- Georgia Diversity Council
- Hispanic Association on Corporate Responsibility
- Human Rights Campaign
- National Association for the Advancement of Colored People
- National Association of Asian American Professionals
- National Action Network
- National Association of Chinese Americans
- National Urban League
- Network of Executive Women
- Rainbow PUSH Coalition
- The Latin American Association
- The Martin Luther King Center for Non-Violent Social Change
- Trumpet Awards Foundation
- Urban League of Greater Atlanta
- United Negro College Fund

Retool Your School
Our hands-on Retool Your School program provides campus improvement grants to historically black colleges and universities (HBCUs) across the United States.

- **$360,000** awarded in 2017 for campus improvement projects
- **44%** increase in school participation in 2017—72 HBCUs in all
- **490** grants awarded to HBCUs since the program’s inception in 2010, totaling $1.8 million

“IT’S A CATALYST FOR RALLYING THE SPIRIT OF THE COMMUNITY.”

Discover how Retool Your School helped cooks in a non-denominational church and Atlanta University.

We support growth and development at every phase of the associate journey, because great customer experiences start with great associate experiences.
Associate Resource Groups

We engage associates and support an inclusive culture through associate resource groups (ARGs) connected to a single aspect of diversity. Championed by executive sponsors and advisors, each ARG highlights our commitment to diversity by engaging associates in professional development, awareness activities and community outreach. Our ARGs support the company’s business objectives and policies, particularly related to developing our associates, creating diversity awareness and engaging diverse community partners. Over 60% of our Store Support Center associates belong to an ARG.

Success Sharing

Our philosophy of taking care of our people and motivating them to deliver a superior customer experience shapes our profit-sharing program for hourly associates. Success Sharing provides semi-annual cash awards for performance against our business plan, including sales and productivity goals.

The outstanding performance of our associates in fiscal 2017 enabled 99% of stores to qualify for Success Sharing in both the first and second half of the year. This resulted in bonus payments to our non-management associates of approximately $256 million.

DID YOU KNOW?

Success Sharing has totaled more than $1 billion for associates over the last five years.

DID YOU KNOW?

Associates saved more than $16 million in 2017 through TNO discounts, including an average annual savings of $300 on mobile phone bills.
Healthy Life

Health challenge: Our annual health challenge encourages associates to take action to improve their health, feel better and have fun. Associates set personal goals and compete to win prizes.

Flu prevention: Free flu shots for associates protect them and our customers during cold and flu season.

Weight Watchers: Associates and their spouses get guidance and resources to help them live healthier — including 24/7 access to expert and community support.

Health screening: Associates have access to biometric screenings on-site or at a Quest Diagnostic Patient Service Center.

Tobacco cessation: Personalized, one-on-one strategies and support help associates mentally and physically prepare to quit.

Sleep: Personalized program helps associates discover their sleep scores and reach their sleep goals, so they can be at their best at home, work and in the community.

24/7 care: Associates have access to virtual doctor visits from home anytime, including after hours, on weekends and during holidays. They also may receive a second opinion through Grand Rounds.

Spotlight: Training veterans for the trades

In 2017, The Home Depot Foundation launched a pilot trades-training program at two U.S. military bases. Trainees are military members completing their service; they pay no fees to participate in the 12-week pre-apprenticeship, which combines work-based learning with technical and academic skills. The Foundation partnered with the nonprofit Home Builders Institute to create the program, using a Department of Labor-recognized curriculum with an average job placement rate higher than 90%.

“We wanted to bring shop class back,” said Shannon Gerber, executive director of the Foundation. “We’re thrilled to train next-generation plumbers, electricians, carpenters and beyond. It’s a true honor to assist separating service members as they transition to civilian life and into successful careers in the trades.” The program will roll out to military bases across the U.S. in 2018. It’s part of the Foundation’s $50 million commitment to train 25,000 tradespeople by 2020 to help fill the skilled labor gap.
THE HOMER FUND

Helping one another through life’s biggest challenges

The Homer Fund is a nonprofit charity that provides emergency financial assistance to associates facing unforeseen hardships. Associates proudly support the Fund because the unexpected can happen to anyone. In 2017, associates’ contributions to the Fund helped 15,000 of their co-workers, providing more than $19 million in financial assistance.

When disasters strike, our stores are among the last to close and first to open. But some associates who are committed to supporting customers also experience losses. Last year, The Homer Fund assisted more than 6,000 associates following catastrophic hurricanes and wildfires.

"YOU NEVER KNOW WHEN IT’S GOING TO BE YOU."

RESOURCES

Eco Options
Chemical Strategy
Green Chemistry & Commerce Council
USDA Organic Standards
Eco Options Gardening
WaterSense
ENERGY STAR
Code of Conduct & Ethics
Wood Purchasing Policy
Forest Stewardship Council
Conflict Minerals Report
Responsible Minerals Initiative
Organisation for Economic Co-Operation & Development
ECO OPTIONS

Cultivating a better future for our customers and the planet

Our products have the potential to drive significant change. By selling greener products, we make customers’ homes greener, too. And that can make a difference to the health and well-being of millions of people and their communities.

In 2007, The Home Depot launched EcoOptions® to help our customers identify products that have less of an impact on the environment and to encourage our suppliers to provide more sustainable offerings. Ten years later, in October 2017, we published our Chemical Strategy. It details our commitment to working with suppliers to reduce the indoor air quality impact of chemicals used in the products we sell. Its publication was a milestone made possible by what we had learned over a decade of focusing on sustainability.

We launched Eco Options in partnership with SCS Global Services, a leading, independent, third-party certification body. For a product to be classified as an Eco Options product, the supplier must document attributes that prove it has less of an impact on the environment than comparable products in the same category. Until all industries create and abide by a reporting formula that measures product attributes according to a common sustainability standard, we will continue to use our Eco Options program to help customers sort through green product claims.

CHEMICAL STRATEGY

Our Commitment

- The Home Depot is committed to increasing our assortment of products that maintain third-party certifications of their chemical ingredients, and that meet high environmental standards.
- We encourage suppliers’ efforts to improve chemicals in categories with the greatest potential impact on indoor air quality.
- We conduct periodic assessments of key categories to track progress on environmental innovations in green chemistry.

The Home Depot will evaluate this strategy annually to ensure our approach and goals are appropriate and meet the needs of our stakeholders.
CHEMICAL STRATEGY

Flooring

Carpets

Home Depot carpet suppliers have been at the forefront of the industry-wide removal of chemicals of concern and the exploration of safer alternatives in carpet. All indoor wall-to-wall carpet sold through Home Depot in U.S. and Canada attained a third-party verification of transparency through DECLARE® Label or Environments Product Declarations (EPD), or certification of material health through Cradle to Cradle Products Innovation Institute or CRI Green Label Plus™. The following chemicals of concern are excluded from indoor wall-to-wall carpet sold in our U.S. and Canada stores:

- Perfluorooctanoic acid (PFOA) or perfluorooctane sulfonate (PFOS)
- Triclosan
- Organohalols
- Ortho-phthalates
- Vinyl chloride
- Nonylphenol ethoxylates (NPECs)
- Coal fly ash
- Formaldehyde
- Added heavy metals

Vinyl

Home Depot vinyl flooring suppliers are setting the pace for change in this category with efforts to continually improve the chemical profile of their products. As of January 2016, no ortho-phthalates are permitted as added plastizers in vinyl flooring sold at Home Depot stores in the U.S. and Canada.

Laminate Flooring

Laminate flooring at The Home Depot is verified by either GREENGUARD® Gold or FloorScore® certification to contain 0.073 ppm or less of formaldehyde, which is a stricter standard than CARI 5 of 0.25 ppm.

GARDENING

Seeding change in customers’ backyards

We know that yards, patios and balconies are more than outdoor spaces — they’re ecosystems that have an impact on their surroundings. That’s why The Home Depot works closely with our growers and suppliers to offer healthy trees, flowers and edible plants that support local environments and pollinators. We’re excited about meeting customers’ growing demand for organic and environmentally beneficial plants.

Organic Edibles

We’re making it easier for our customers to grow organic. We now offer more than 50 varieties of organic, non-GMO vegetable and herb plants grown according to methods approved by the U.S. Department of Agriculture (USDA) National Organics Program. Only products that have been certified as meeting the USDA’s organic production and handling requirements may carry the USDA Organic seal.
**GARDENING**

**Pollinator Health**
Pollinators are vital to local ecosystems, and we are committed to promoting products that help protect them. Our grocers have pledged to discontinue the use of neonicotinoid pesticides by the end of 2018. We list our integrated products online so our customers have the information they need to help them create pollinator-friendly gardens. Our Nature's Nutrients line, grown without the use of neonicotinoid pesticides, is curated to include blooms that attract butterflies and other pollinators.

**Native & Healthy Plants**
Native plants contribute to the health of ecosystems and pollinators. Our grocers work closely with U.S. states’ departments of agriculture to identify invasive plants that may threaten local native plants.

**Growing Local**
Each region in which we operate has a unique ecosystem with its own weather patterns, soils and growing challenges. We are proud to partner with 250 local grocers who carefully balance the impact of their production with local environmental issues. These partnerships reduce transportation costs and carbon dioxide emissions, and they enable us to offer affordable selections of plants and trees — while supporting the local economies of communities we serve.

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**WATER**

**Protecting and conserving precious resources**

Water is essential to life and a significant factor in economic health. We understand the responsibility. The Home Depot has in protecting it — not only through our operations, but also through products we sell. We work with suppliers to ensure products reflect our conservation values and help customers use less water.

In 2017, we committed to helping customers save 250 billion gallons of water by 2020 through the purchase and proper use of WaterSense®-approved products. We estimate our products helped customers save 79 billion gallons of water last year alone — nearly a third of our goal.

We partner with WaterSense, a program operated by the U.S. Environmental Protection Agency, to ensure our customers have access to water-efficient products. Products bearing the WaterSense label have been independently certified to help save water.

In 2017, The Home Depot was named a WaterSense Partner of the Year for the sixth consecutive year. It was also the third year we were recognized for Sustained Excellence, earned because of our commitment to providing water-efficient products and to increasing customer and associate awareness of the WaterSense program.
ENERGY

Reducing emissions and customers’ power bills

For more than two decades, The Home Depot has encouraged suppliers to make the products we sell more energy efficient. As a result, our customers have saved millions of dollars on utility bills and reduced emissions linked to powering their homes.

Energy-efficient Products

In 2017, we announced a commitment to help our customers save another $2.3 billion in energy costs by 2020 through the purchase and proper use of ENERGY STAR® products. By the end of the year, we had sold over 171 million ENERGY STAR® products, which we estimate saved our customers over $1 billion on annual energy utility costs — exceeding 20% of our 2020 goal. We estimate the deep in consumption helped customers reduce carbon dioxide emissions by 0.2 million metric tons. That’s equivalent to removing annual CO₂ emissions produced by nearly 670,000 American homes.

We promote ENERGY STAR® awareness in our stores and online. For example, our popular DIY workshops teach customers how to save money and energy using affordable products and simple conservation practices.

Our leadership in these areas has earned recognition year after year. We were named a U.S. Environmental Protection Agency

SOCIAL & ENVIRONMENTAL RESPONSIBILITY

Living our commitment to ethical sourcing

We owe it to our customers, associates and communities to further the collective commitment to human rights, safety and environmentally sound practices through ethical sourcing. We engage our suppliers in this commitment by prioritizing the purchase of products made in factories that adhere to our social and environmental responsibility (SER) standards.

Our SER standards mandate that suppliers and factories abide by all applicable international and local laws, rules and regulations in the manufacturing and distribution of merchandise or services provided to us. We conduct audits around the world to ensure compliance with our SER standards.

Suppliers must keep on-site documentation that demonstrates compliance with our SER standards. They also must allow Home Depot associates and/or representatives full access to production facilities, worker records, production records and workers for confidential interviews in connection with monitoring visits. We expect our suppliers to promptly correct any non-compliance, starting with timely preparation and presentation of a corrective and preventative action plan.

If suppliers fail to improve, we may terminate our business relationships with them. Equally important, we support factories that take action to create lasting social and environmental compliance programs. We encourage suppliers and factory workers to communicate concerns via processes outlined in our corporate Code of Conduct.

Our SER audits are designed to assess compliance in these areas:

- Laws and regulations
- Child and forced labor
- Harassment and abuse
- Compensation
- Hours of work
- Non-discrimination
- Freedom of association and collective bargaining
- Health and safety
- Environment
- Subcontracting
- Communication
- Business ethics
- Monitoring and compliance
SUSTAINABLE FORESTRY

Using the planet’s resources wisely

As the world’s largest home improvement retailer and an industry leader on sustainability issues, we have the ability to effect change by doing the right thing.

To help protect endangered forests and to ensure that there will be timber for future generations, we formalized a Wood Purchasing Policy in 1999. Since then, we’ve led suppliers toward understanding and practicing sustainable forestry throughout the world. We give preference to wood from forests managed in a responsible way. Most of our wood comes from North American forests, which are expanding.

In 2017, The Home Depot announced that beginning on Sept. 1, 2018, we will not accept wood products from Papua New Guinea, the Solomon Islands, the South American Amazon Basin or the African Congo Basin, unless the Forest Stewardship Council has certified the products. FSC certification ensures products come from responsibly managed forests that provide environmental, social and economic benefits.

CONFLICT MINERALS

Encouraging responsible practices by our suppliers

Our company expects all suppliers that manufacture our products to provide appropriate information and conduct due diligence to enable our compliance with conflict minerals laws. We also expect these manufacturers to obtain products and materials from suppliers that are not involved in funding conflict in the Democratic Republic of the Congo (DRC) and adjoining covered countries. We partner with our private brands and proprietary product suppliers whose products contain tin, tungsten, tantalum or gold (referred to as 3TG) to identify the source of any of these minerals in the supply chain.

2017 Progress

As detailed in The Home Depot’s conflict minerals report for 2017, our efforts focused on collecting and disseminating information about sourcing practices of our Tier 1 suppliers. We cataloged that information in a database using the conflict minerals reporting template developed by the Responsible Minerals Initiative (formerly the Conflict-Free Sourcing Initiative, or CFS).

We continued to refine our supplier review processes for Tier 1 suppliers by excluding any that merely affixed company brands, trademarks, logos or labels to generic products manufactured by a third party, as permitted by U.S. Securities and Exchange Commission guidance. As a result, in-scope Tier 1 suppliers decreased to 212 in 2017 from 321 in 2016.

Through our due diligence process, which aligns with guidance from the Organisation for Economic Co-Operation and Development, we received 100% participation from our in-scope private brands and proprietary suppliers.

Twenty-six percent of our Tier 1 suppliers indicated that one or more conflict minerals were necessary to the functionality or production of covered products. Of the verified smelters or refiners reported by these suppliers, only 60 out of a total of 308 sourced conflict minerals from covered countries. All but two of these smelters or refiners were members of the Responsible Minerals Initiative (founded by the Electronics Industry Citizenship Coalition and Global e-Sustainability Initiative), the London Bullion Market Association and/or the Responsible Jewellery Council and were certified as DRC conflict-free by the respective organization.

We work closely with our suppliers to ensure they implement responsible sourcing and encourage their smelters to obtain a “conflict-free” designation from an independent third-party auditor.
CARBON FOOTPRINT

Improving emissions measurement as we reduce environmental impact

The Home Depot uses the GHG Protocol Corporate Accounting and Reporting Standard, which has been adopted by over 90% of Fortune 500 companies to calculate metric tons of greenhouse gas emissions and efforts to reduce them. We continually review and refine our emissions measurements to reflect changes to our business and improvements in data collection and reporting.

- In 2016, we added through acquisition the carbon inventory for Crown Bolt and Intertec Brands.
- In 2017, we expanded our Scope 2 carbon inventory for upstream transportation and distribution of freight. Scope 3 now reflects over 90% of our annual cost of goods.
- After these changes, our combined carbon inventory for 2017 was 9,907,000 metric tons, a 646,417 metric ton decrease over 2016.

2017 Results

**Scope 1:** Direct emissions from combustion sources and refrigerants totaled 433,633 metric tons, a 1.1% decrease compared to 2016.

**Scope 2:** Indirect emissions from purchasing electricity totaled 1,681,649 metric tons, an 11.8% decrease year over year.

**Scope 3:** Emissions from upstream transportation and distribution of freight totaled 3,791,836 metric tons — a 10% decrease compared to 2016, after accounting for the increases in carbon inventory previously described.
ASSOCIATE SAFETY

Taking care of our people

At The Home Depot we continually strive to create a safer place to shop and work. To do this, we focus on awareness and training, leadership engagement and innovations for reducing injury risk.

We continue to make progress on safety, and when we do have an incident, we learn from it. We’re constantly improving our training programs and how we communicate risk awareness and safety practices with associates and customers. Our injury rates are consistently lower than industry averages for our retail class.

SMART ENERGY USE

Shrinking our carbon footprint through conservation and innovation

The Home Depot leads by doing, and that’s reflected in how we reduce our energy consumption: support efforts to make the energy supply more reliable and efficient in the communities we serve; and support alternative energy innovations that are shaping the future.

In 2017, our stores used 23.5% less electricity than in 2010. That means we surpassed our stated goal to reduce store energy usage by 20% — and did so three years ahead of schedule. Last year alone, store energy consumption dropped 3.2%.

Conservation
The simplest way to reduce emissions from energy use is to use less energy. At The Home Depot, we maximize that strategy, constantly looking for ways to cut consumption and improve efficiencies. Our efforts are good for our business, as well as the environment. We achieve results by making improvements kilowatt by kilowatt, year after year. For example, in 2017 we installed energy-efficient heating, air-conditioning and ventilation systems in an additional 91 stores.

Demand Mitigation
By participating in demand mitigation programs run by electric utilities or grid operators, we reduce electricity costs and have an impact on balancing energy supply and demand. It works like this: During peak demand, utilities or grid operators strategically shut electricity, reducing the chance of outages and optimizing the cost of electricity. In addition, at nine stores in California, we use on-site batteries to store electricity during peak times for use when demand rises. Both types of demand mitigation help defer construction of new power plants.
SMART ENERGY USE

Alternative Energy

We support and tap into sustainable energy that's produced off-site and on-site. All of these sources bring us closer to our goal of leveraging 13% of our total energy by 2020. In addition, when The Home Depot buys or produces alternative energy, we strengthen the business case for such alternatives — leveraging our scale, reach and brand recognition to drive positive change.

- **Off-site wind:** In early 2017, we became a customer of the Los Mirados Wind Farm northeast of Muleshoe, Texas. The energy purchased from the farm is enough to power 100 stores. We also began purchasing power from the Zopilote Wind Farm in central Mexico later in the year.
- **Off-site solar:** Last year, we signed on with a community solar provider in Minnesota, expanding our support of similar initiatives in Delaware and Massachusetts.

- **On-site solar:** We started 2017 with four operational rooftop solar farms. By the end of the year, we had launched 34 new projects and obtained permits for three more. (See our spotlight on the next page for details.)

Fuel Cells

- We are putting our fuel cells to work. Our stores use fuel cells instead of traditional power sources. Three mini power plants were installed outside 179 Home Depot stores by the end of 2017, producing roughly 90% of the electricity needs of each store. Fuel cells are a good option for stores with aging roofs that will need to be replaced within 15 years; that’s how long a rooftop solar project needs to stay in place to yield an appropriate return on investment. More fuel cell installations are underway at stores in 2018.

SUPPLY CHAIN

Greening our path to customers’ homes

**SmartWay Recognition**

In 2017, The Home Depot was awarded the U.S. Environmental Protection Agency’s 2017 SmartWay® Sustained Excellence Award for the fifth consecutive year. We earned this recognition through best practices. Our ongoing Supply Chain Synchronization Initiative has enabled us to optimize the way we store and move products, reduce truckloads by filing trucks more efficiently, lower our fuel consumption and emissions and more.

The Home Depot was a charter member of the SmartWay program, which since 2004 has helped its partners avoid emitting 103 million tons of emitting emissions into the air. Through SmartWay, we participate in greenhouse gas data collection and reporting and encourage others to, as well. We require all TD carriers to be SmartWay partners, and we audit our carriers annually to ensure data is properly submitted to the EPA. The Home Depot is proud to be among the EPA’s 3,500 SmartWay partners, and we’re honored to be one of only 11 that earned the program’s excellence distinction for shipping in 2017.

- In 2017, greenhouse gases emitted by our supply chain dropped by 37,000 metric tons, or 7.92%.
  That’s enough to bring over 85,000 cars off the road for a year!

- In 2017, our partnerships allowed us to eliminate 115,201 truckloads, a reduction of 3.27%.

- We invested 180.7 million in lower shipping miles, a reduction of 7.47%.
WASTE MANAGEMENT & RECYCLING

Protecting our customers, our people and the environment

The Home Depot is committed to properly managing waste and hazardous waste. We partner with vendors to consistently improve how we reduce, reuse and recycle waste.

Hazardous Materials Disposal & Handling
We seek sustainable methods of disposal, and, in 2017, our company recycled or reused for energy 92% of the hazardous waste generated from our operations and customer returns. We properly disposed of the remaining waste.

Associate Training & Resources
All associates receive training on recognizing hazardous materials. Associates responsible for managing storage and cleanup of hazardous materials complete in-depth environmental compliance training.

Information about and guidance for the cleanup, classification, labeling and storage of hazardous waste is available to associates through company-issued handheld devices and our associate intranet site.

Preventative Actions
We take specific steps to avoid spills and contamination across the store with particular focus on these areas:

- Garden center — Proper handling of fertilizer and pesticides, including checking for and properly securing damaged bags
- Recycling and central storage — Appropriate procedures for handling, accumulating, storing, labeling and inventorying hazardous waste and separating potentially incompatible materials
- Inspections of key areas — Routine inspections of Garden areas, parking lots and store entrances identify potential problems; scheduled sweeps of fertilizer aisles and parking lots protect against hazardous materials entering the environment

Responsive Actions
- Spill kits and containers — Located throughout each store for prompt and effective cleanup and disposal of hazardous materials such as paint, solvents, acids, oil, fuel, pesticides and fertilizers
- Emergency response — A third-party consultant provides an emergency response team available 24/7 to assist with hazardous materials cleanup and, if necessary, provide remediation services

EMERGENCY PREPARATION & RESPONSE

Doing our part before, during and after disaster strikes

When natural disasters hit the communities we serve, Home Depot stores are among the last to close and first to reopen. That’s how we ensure our customers have what they need before and after disaster strikes.

Our merchandising, supply chain and operations teams work together to get products and equipment to areas of impact. We connect with the U.S. Federal Emergency Management Agency, state agencies, first responders, relief organizations and others to ensure we receive and provide credible information. We take pride in setting the example for disaster preparation and recovery.

Through funds from The Home Depot Foundation and hands-on assistance from our crew of Team Depot associate volunteers, we help communities repair and rebuild. Our Women’s Fund provides financial assistance for associates affected by disaster. In 2017, an unprecedented year of storms, wildfires, floods and earthquakes, we were there for our customers, associates and communities like never before.
CANADA

Operating with a mission to serve

Our focus on associates, customers and communities has helped us earn recognition as one of Canada’s best diversity employers, as well as one of its greenest. In 2017, we were named an ENERGY STAR Retailer of the Year, and we partnered with utilities to help our customers conserve energy and save money. Our partnerships with colleges, universities and learning centers enable us to attract diverse talent. We’re particularly proud of our work to end youth homelessness in Canada.

2017 Recognition

MEXICO

Connecting with customers and communities

The Home Depot began operating in Mexico 17 years ago, and now we have 102 stores across all 32 states. We employ more than 14,000 associates, last year they collectively received more than a million hours of training. We sell 30,000 products, including over 350 designated with the Hipoteca Verde eco-friendly label.

2017 Recognition
CODE OF CONDUCT

Promoting a culture of ethical accountability

At The Home Depot, doing the right thing is embedded in our culture. That applies to how we serve customers, give back to communities, support our people and conduct our business. Our Business Code of Conduct and Ethics provides straightforward information about The Home Depot’s operating principles and offers tools to help associates make decisions that align with our ethical and legal obligations. The code applies to associates worldwide, and the company expects them to comply with the code and with all applicable laws and regulations in countries in which we do business. In particular, the code outlines The Home Depot’s ethical and legal standards in these areas:

- Safety
- Labor and employment
- Conflicts of interest
- Antitrust and fair competition
- Confidentiality, privacy and information protection
- Protecting the company’s assets and intellectual property
- Insider trading
- Financial integrity and reporting
- Records retention
- Environmental responsibility
- Foreign Corrupt Practices Act (FCPA) and anti-bribery
- Political activity

We empower associates to speak up when our ethical standards are not being met. We encourage them to voice concerns, express doubts, discuss problems and ask questions. In addition to sharing concerns with any member of their management team or a human resources partner, associates can report ethical or legal concerns to our Associate AwareLine, a 24/7 hotline answered by a live operator and available in local languages. Associates may remain anonymous when reporting concerns. Calls are handled using a case management system. We have a longstanding policy that prohibits retaliation for making a report.

Associate AwareLine
1-800-286-4408

We also provide ways for suppliers, vendors, service providers and their workers to report concerns when they think our Home Depot values or compliance with the law may be compromised. Workers in all 38 countries from which we source goods may submit anonymous reports via tno.report@home.com/confm/ HOMer رسول Relations. In addition, our Supplier AlertLine is answered by a live operator 24/7 in these countries:

Supplier AlertLine
U.S. and Canada: 1-800-435-0152
Mexico: 001-888-765-9153
China: 400-880-1045
CORPORATE GOVERNANCE

Living our values in how we do business

The Home Depot strives to be the employer, retail, investment and neighbor of choice in our industry. We understand our responsibility to behave ethically, to understand the impact we have on people and communities, and to fairly consider the interests of a broad base of constituencies.

Our Responsibilities

The Board of Directors is committed to maximizing long-term shareholder value while supporting management in running business and operations, observing the highest ethical standards and adhering to laws of jurisdictions where we operate.

At least once a year, our Board discusses our sustainability strategy and activities, including this report.

Leadership Structure

We believe having a combined chairman, chief executive officer (CEO) and president; an independent lead director; and Board committees composed entirely of independent directors currently provides the best Board leadership structure for The Home Depot.

This structure, together with other robust corporate governance practices, provides independent oversight of management while ensuring strategic alignment throughout the company.

Best Practices in Corporate Governance

- Directors are elected annually via majority voting
- Shareholders can act by written consent and call special meetings
- Shareholders have a proxy access right
- Lead director, all Board committee members and over 95% of directors are independent
- Board and committees conduct annual self-evaluations
- Directors have mandatory retirement age and limits on outside board service
- Board conducts annual strategy session and review of strategic plan
- Director education program, including quarterly store walks
- No shareholder rights plan or “poison pill”
- Compensation recoupment policy and clawback provisions in equity awards
- Anti-hedging policy applicable to all associates, officers and directors
- Stock ownership and retention guidelines for executive officers

DATA SECURITY

Protecting the data of our customers and our business

The Home Depot values and respects the privacy of its customers and visitors. Our Privacy and Security Statement provides information about how we collect, use and share information we collect from our customers and visitors.

We leverage the National Institute of Standards and Technology (NIST) Cybersecurity Framework as the foundation of our cybersecurity program. As cybersecurity attacks become increasingly more sophisticated, our program prioritizes threat mitigation, while focusing on maintaining the integrity and resiliency of our systems. We invest in our ability to identify, protect and detect security risks within our environment.

In the event that we identify a security issue, we have defined procedures to respond and recover as quickly as possible. Ongoing efforts on a day-to-day basis is our Information Technology Security team, led by an officer-level chief information security officer. Our approach enables us to drive a collectively secure culture.

Governance, Risk & Compliance

- The Home Depot has a Data Security and Privacy Governance Committee, composed of a cross-functional group of senior leadership, that oversees the security and privacy of customer and business information.
- Information security and privacy policies are in place and periodically reviewed.
- Targeted audits and penetration tests are conducted throughout the year by internal and external entities.
- We are compliant with the Payment Card Industry Data Security Standard.
- We engage an industry-leading third party to independently evaluate our information security maturity on an annual basis.

Data Protection

- The Home Depot has established data classification and retention policies focused on limiting the risk of unauthorized exposure of customer and/or business data.
- Data protection strategies are in place and focused on data deidentification and data access monitoring.
GLOBAL REPORTING INITIATIVE FRAMEWORK

We have applied the Global Reporting Initiative GRI 64 Sustainability Reporting Guidelines as an identification and cross-reference tool to make meaningful data accessible to our stakeholders. The following charts provide a cross-reference location guide to our reports.

<table>
<thead>
<tr>
<th>GRI Indicator</th>
<th>Description</th>
<th>Cross-Reference Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>G3-17</td>
<td>Entities included in financial statements</td>
<td>Form 10-K</td>
</tr>
<tr>
<td>G3-18</td>
<td>Process for defining report boundaries and content</td>
<td>Our Approach (PP pg. 8), Doing Things Better Every Day (PP pg. 10)</td>
</tr>
<tr>
<td>G3-19</td>
<td>List all the material aspects identified</td>
<td>N/A</td>
</tr>
<tr>
<td>G4-01</td>
<td>If the aspect is material within the organization; the list of entities included in G4-17 for which the aspect is or is not material. Specific limitation regarding the aspect boundary within the organization</td>
<td>N/A</td>
</tr>
<tr>
<td>G4-02</td>
<td>If the aspect is material outside the organization; the list of entities for which the aspect is material, relative to geographical location; specific limitation regarding the aspect boundary outside the organization</td>
<td>N/A</td>
</tr>
<tr>
<td>G4-22</td>
<td>Explanation of the effect of any restatements</td>
<td>N/A</td>
</tr>
<tr>
<td>G4-25</td>
<td>Significant changes from previous reporting periods in the scope and aspect boundaries</td>
<td>N/A</td>
</tr>
<tr>
<td>G4-06</td>
<td>Stakeholder groups</td>
<td>Our Approach (PP pg. 5)</td>
</tr>
<tr>
<td>G4-07</td>
<td>How stakeholders were identified</td>
<td>Our Approach (PP pg. 5)</td>
</tr>
<tr>
<td>G4-26</td>
<td>Report profile governance</td>
<td>Our Approach (PP pg. 5), Doing Things Better Every Day (PP pg. 10)</td>
</tr>
<tr>
<td>G4-27</td>
<td>Topics raised during stakeholder engagements</td>
<td>Our Approach (PP pg. 5), Doing Things Better Every Day (PP pg. 10)</td>
</tr>
<tr>
<td>G4-09</td>
<td>Date of most recent report</td>
<td>2017 Responsibility Report October 2017</td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting cycle</td>
<td>Annual Report</td>
</tr>
<tr>
<td>G4-31</td>
<td>Reporting contact</td>
<td><a href="mailto:jaxen@homedepot.com">jaxen@homedepot.com</a></td>
</tr>
<tr>
<td>GRI Indicator</td>
<td>Description</td>
<td>Cross Reference Location</td>
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<tr>
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</tr>
<tr>
<td>GI-43</td>
<td>Board knowledge of sustainability topics</td>
<td>Our Approach (p. 8), Social &amp; Environmental Responsibility (p. 42), Corporate Governance (p. 45), Proxy Statement (pp. 7-16)</td>
</tr>
<tr>
<td>GI-44</td>
<td>Board performance with respect to governance of sustainability topics</td>
<td>Our Approach (p. 8), Social &amp; Environmental Responsibility (p. 42), Corporate Governance (p. 45), Proxy Statement (pp. 7-16), N2O3G Charter</td>
</tr>
<tr>
<td>GI-45</td>
<td>Board role in the identification and management of sustainability impacts, risks and opportunities</td>
<td>Our Approach (p. 8), Social &amp; Environmental Responsibility (p. 42), Corporate Governance (p. 45), Proxy Statement (pp. 7-16), Corporate Governance Guidelines</td>
</tr>
<tr>
<td>GI-46</td>
<td>Board role in reviewing risk management processes for sustainability topics</td>
<td>Our Approach (p. 8), Social &amp; Environmental Responsibility (p. 42), Corporate Governance (p. 45), Proxy Statement (pp. 7-16), Corporate Governance Guidelines</td>
</tr>
<tr>
<td>GI-47</td>
<td>Frequency of the board's review of sustainability impacts, risks and opportunities</td>
<td>Our Approach (p. 8), Social &amp; Environmental Responsibility (p. 42), Corporate Governance (p. 45), Proxy Statement (pp. 7-16), Corporate Governance Guidelines</td>
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<tr>
<td>GI-48</td>
<td>Highest committee or position that formally reviews and approves the organization’s sustainability report</td>
<td>CEO</td>
</tr>
<tr>
<td>GI-49</td>
<td>Process for communicating critical concerns to the board</td>
<td>Our Approach (p. 8), Social &amp; Environmental Responsibility (p. 42), Corporate Governance (p. 45), Proxy Statement (pp. 7-16), Corporate Governance Guidelines</td>
</tr>
<tr>
<td>GI-50</td>
<td>The nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them</td>
<td>N/A</td>
</tr>
<tr>
<td>GI-51</td>
<td>Remuneration policies for the board and senior executives</td>
<td>Proxy Statement pp. 38-55, Corporate Governance Guidelines, IUCO Charter</td>
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</tbody>
</table>