February 18, 2020
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to The Home Depot, Inc. Regarding Shareholder Proposal of
the NorthStar Asset Management, Inc. Funded Pension Plan, Seeking Report and
Analysis of Material Risk Related to Use of Prison Labor in the Company’s Supply
Chain

Ladies and Gentlemen:

I am writing on behalf of beneficial owners (“the Proponents”) of common stock of The Home
Depot, Inc. (the “Company”) who have submitted a shareholder proposal (the “Proposal”) to the
Company. I am in receipt of a letter dated January 17, 2020 ("Company Letter") sent to the
Securities and Exchange Commission by Elizabeth Ising of Gibson Dunn on behalf of Home
Depot. In that letter, the Company contends that the Proposal may be excluded from the
Company’s 2020 proxy statement. A copy of this reply is being emailed concurrently to
Elizabeth Ising.

SUMMARY

The Company seeks exclusion of the Proposal on the basis of Rule 14a-8(i)(7), claiming that the
Proposal relates to the Company's ordinary business operations. Specifically, the Company
argues that the Proposal relates to (i) decisions regarding the Company's suppliers and
enforcement of its existing standards of supplier conduct, and (ii) general workplace safety,
workplace conditions and worker compensation, and therefore that it does not focus on a
significant policy issue that transcends the Company's ordinary business operations.

To the contrary, the Proposal clearly focuses upon the significant policy issue of human rights
abuses in the prison labor industry, and how the use of prison labor may generate material risk
for the Company. The Company has already found itself connected to one public scandal
related to the discovery of labor from an unpaid, forced diversion program that was used by
one of the Company’s U.S. suppliers in 2017. Though the Company conducts supply chain
audits in many countries, there appears to be an absence of supply chain auditing regarding
prison labor in the United States, where the Company states it sources 70% of its products.
This apparent gap in oversight, combined with the presence of internal inconsistencies within
the Company’s own policies on prison labor in the supply chain, as well as the 2017 scandal,
generates a gap in information as to how the Company is handling this material concern.
Accordingly, the Proposal requests increased disclosure by the Company on the presence of
prison labor in the supply chain, and evaluation of related risks — matters appropriate for shareholder concern. For these reasons, we believe the Proposal is not excludable on the basis of Rule 14a-8(I)(7).

THE PROPOSAL

The Proposal states:

**RESOLVED:** Shareholders of The Home Depot urge the Board of Directors to produce an annual report to shareholders on prison labor, at reasonable cost and omitting proprietary information, summarizing the extent of known usage of prison labor in the company's supply chain.

**SUPPORTING STATEMENT:** Shareholders recommend that the report, at the board and management's discretion:

- Provide annual quantitative metrics regarding the number of supplier audits completed by the Company or third party auditors that evaluated whether prison labor is present in the supply chain, as well as the summary of those audits' results.

- Evaluate any risks to finances, operations, and reputation related to prison labor in the Home Depot supply chain including from undetected uses of prison labor in the supply chain.

BACKGROUND

**Human Rights Concerns Related to Prison Labor**

In the U.S., prison labor is explicitly allowed by the 13th Amendment of the U.S. Constitution, which states, "neither slavery nor involuntary servitude, except as a punishment for a crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction." Some would say that this amendment allows a form of “legal slavery” to be used as punishment for committing a crime. The U.S. leads the world in incarceration, and there are over 2 million people incarcerated in this country. According to prison rights organizations, prison labor effectively perpetuates the racism of “slave labor,” given the overrepresentation of people of color in U.S. prisons compared to representation in the general population.

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1 Constitution of the United States of America, 13th Amendment.
The fact that this form of labor is sometimes mandatory, coerced, and/or unpaid, alongside our country’s deep and abiding entrenchment with racism, makes the use of prison labor a focal point of tremendous concern regarding incarcerated people’s human rights.

The Proponent believes that exposure to any form of prison labor in the Company’s supply chain poses a risk to shareholder value, as evidenced by other retailers and manufacturers like Whole Foods, Wal-Mart, and Victoria’s Secret, which each faced significant backlash after association with prison labor became publicly known. Given the material risks associated with use of prison labor in the supply chain, the Proponent believes that shareholders would be best served by a commitment from the Company to identify instances of legal prison labor and illegal forced labor in the Company’s supply chain, including in the United States.

The Company has in place a variety of policies and reports that mention the topic of prison labor in its supply chain. These disclosures repeatedly describe the Company’s prohibition of “involuntary or exploitative prison labor,” leaving room for “legal” voluntary and non-exploitative prison labor, and describe the Company’s practices for auditing suppliers.

However, based upon the information available in the Company’s Responsible Sourcing Report and other publicly available policy documents, it does not appear that the Company routinely monitors suppliers or factories in the U.S. or Canada. To our knowledge, such audits as applied abroad are not part of any routine process in the U.S. Since 70% of the Company’s goods are sourced in the U.S., this potential lack of oversight should be of significant concern to investors. Moreover, even where audits are conducted, they do not appear to result in public disclosures regarding to what degree legal employment of prison labor is utilized in the supply chain, domestically or abroad.

The Proponent believes that, currently, the Company and its shareholders cannot feel confident that the Company is not exposed to prison labor or other supply chain risks related to products sourced from U.S. suppliers. In fact, it is clear from the strong result (30% support) on a vote on the same topic at the 2019 annual meeting that investors are particularly concerned about this risk for The Home Depot.

Home Depot has been linked to at least one product made through forced labor — the 2017 Hendren Plastics scandal.

In 2017, news broke that “one of Arkansas’s top politicians, State Senate Majority Leader Jim Hendren, a Republican, is using unpaid, forced inmate labor to work at his plastics company,

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3 The Home Depot Responsible Sourcing Report states that “All non-Canada and U.S. factories producing private brand and direct import products for The Home Depot are required to receive a Responsible Sourcing audit prior to selling product to The Home Depot.” This page shows a map that illustrates that U.S. manufacturers/suppliers are not part of the responsible sourcing program related to audits that would uncover prison labor or forced labor in the U.S., page 15.

4 According to the Company’s Responsible Sourcing Report, “70 percent of our goods are sourced in the U.S. …” (page 3 of PDF; page 5 of report)
which makes dock floats for Home Depot and Walmart.” Hendren Plastics contracted with a drug and alcohol recovery program where defendants can be sent in lieu of prison; however, a recent investigation found that “there is no treatment or counseling” and that the program participants “serve simply as free labor for private industry.” An affidavit filed along with a recent lawsuit against Hendren Plastics states that “the environment was very caustic working around melted plastics.” An article reporting on the lawsuit states that if “workers got hurt on the job and couldn't work, they were kicked out of the program and sent to prison. Others just worked through the pain to avoid prison.” Hendren Plastics dock floats have been sold by The Home Depot despite the Company’s stated responsible sourcing program.

The Proponent believes that if the Company had examined its domestic U.S. supply chain for evidence of prison labor or forced labor, the Hendren Plastics situation might have been flagged and may have provided the opportunity for the Company to take preemptive action.

**Prison labor may affect many aspects of the Company’s business.**

Nonprofit researchers and journalists have reported the existence of prison labor in supply chains of many product categories including (but not limited to) electrical wiring, furniture, packaging materials, wood flooring, fiberglass tanks, metal fabrication, park tables and grills, and much more. The failure to detect and manage prison labor in the Company’s supply chain could have severe repercussions on The Home Depot’s brand name and shareholder value. Other companies that use correctional industries suppliers have already experienced backlash in the face of news stories that the retailers had sold products to customers without disclosing prison labor sourcing.

The Proponent’s research indicates that as many as 6% of incarcerated individuals in state prisons and over 17,000 incarcerated people in federal prisons are employed in correctional industry jobs, including those that specifically offer for-profit companies manufacturing and services by incarcerated workers at extremely low wages. There are indications that these statistics will grow in future years, increasing the likelihood that the Company may unknowingly source products from suppliers using prison labor. A recent *Vox* article noted that the federal government is “market[ing] its prisoner workforce to the private sector… In marketing brochures, the Department of Justice touts its ‘cost-effective labor pool’ and a workforce with ‘Native English and Spanish language skills.’” The UNICOR (federal prison industry) 2019 annual report indicates a continued effort to “repatriate” jobs, noting that “through the fiscal year, nearly 300 companies have been contacted to discuss potential opportunities.”

The *Vox* article also noted that “prison labor is so cheap, federal and state governments can sell prison-made goods and services to private companies at rock-bottom prices, creating a labor-

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7 https://assets.documentcloud.org/documents/4117278/Mark-Fochtman-Affidavit.pdf/


market incentive for mass incarceration.” Incarcerated people that work in prison industries jobs often make $0.23 to $1.15 per hour.\textsuperscript{10} In several states of the U.S., inmates are forced to work for little or no pay, and watchdog organizations have reported inhumane working conditions. In 2019, incarcerated individuals in 17 states pursued a strike in protest of “what they consider ‘modern-day slavery’ in America’s correctional facilities.”\textsuperscript{11}

**Reputational harm from association with prison labor may linger indefinitely.**

Companies that have been connected to prison labor are often associated with prison labor long-term, even if that association ended decades ago. Victoria’s Secret learned in the 1980s that one of its vendors had used prison labor to produce some of its apparel. Despite severing the relationship with the vendor, Victoria’s Secret is still routinely associated with prison industries in news articles and website listings. The Proponent believes that examining the Company’s suppliers would offer an opportunity to The Home Depot to manage the risk proactively. This is preferable to a reactive response to a reputational crisis that may otherwise result if it comes to light that the Company sources from suppliers that use prison labor. In the opinion of the Proponent, failure to monitor the extent of prison labor in the company’s U.S. supply chain could reflect a failure of due diligence by the board and management. It does not protect shareholder value.

**Real litigation risks exist related to prison labor in the supply chain.**

The Proponent believes that risks to companies connected to or benefitting from prison labor may exist related to prison labor under federal labor laws. An article in *The Atlantic* described the risk: “incarcerated workers are not expressly excluded from the definition of employee in workers’ protection statutes like the Fair Labor Standards Act (FLSA) or the National Labor Relations Act.”\textsuperscript{12} Furthermore, “inmates … are not only excluded from the U.S. Constitution’s prohibition on slave labor, but also exist largely outside the reach of federal safety regulations meant to ensure that Americans are not injured or killed on the job.”\textsuperscript{13} The Proponent believes that connection to prison labor or forced/coerced labor (such as diversion program labor) that is found to have unacceptable safety programs and protections, pay minimal wages, or otherwise treat individuals improperly – such as the Hendren Plastics example – may put shareholder value at risk.

**Company policies conflict, creating confusion for shareholders regarding management of this issue.**

Additionally, the Company’s own policies appear to be inconsistent with regards to prison labor, creating even greater confusion for investors as to how the Company is managing this reputational risk. For example, The Home Depot’s *Responsible Sourcing Supplier Manual*, which

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\textsuperscript{10} https://www.prisonpolicy.org/blog/2017/04/10/wages/
\textsuperscript{13} https://theintercept.com/2016/12/28/california-blames-incarcerated-workers-for-unsafe-conditions-and-amputations/
applies to both suppliers and factories producing private-label goods, prohibits the use of forced, involuntary, or exploitative prison labor but appears to permit the use of prison labor if it is voluntary and “non-exploitative.” The term “non-exploitative” is not defined.

**Forced Labor**

Suppliers must not use forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, nor shall suppliers participate in slavery or trafficking of persons. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. The use of prison or convict labor cannot be forced and must be consistent with the laws where the products are manufactured and the laws where it is imported.

Elsewhere in the Manual, on pages 19 and 24, the Manual indicates that prison labor is prohibited or that “no prisoners should be working at the factory.” This is different than the statement above that permits prison labor where such labor is voluntary, non-exploitative, and in compliance with local regulations.

A similar challenge is present with the Company’s policies related to compensation for incarcerated workers. The Home Depot’s *Responsible Sourcing Supplier Manual* references compensation:

**Compensation**

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

However, because the policy in the Manual defers to local law -- “as defined under applicable labor laws” – this does not ensure that incarcerated people are paid fairly, or even a minimum wage, as in most states it is legal to pay incarcerated people extremely low wages.\(^\text{14}\)

**ANALYSIS**

**I. The Proposal is not excludable on the basis of Rule 14a-8(i)(7).**

\(^\text{14}\) The Home Depot *Responsible Sourcing Manual* also states that “wages must not be withheld for any reasons” [sic] which is not possible in situations where prison labor exists -- portions of incarcerated worker wages are usually deducted as “room and board” fees, victim’s restitution, to pay court fees or fines, etc. [https://www.prisonpolicy.org/blog/2017/04/10/wages/] (Manual, Page 24)
A. The Proposal concerns the significant human rights issue of human rights abuses of prison laborers, which is a significant policy issue affecting the Company.

The Proposal is narrowly focused upon incarcerated workers’ rights, a human rights topic that the Staff has considered a significant policy issue. See, e.g., Corrections Corporation of America (avail. Feb. 10, 2012) cited by the Company (unable to concur with the exclusion of a proposal requesting biannual reports to stockholders on oversight of the company’s efforts to reduce incidents of rape and sexual abuse of prisoners housed in facilities operated by the company). As such, the Proposal concerns a significant policy issue that transcends the ordinary business of the Company, and is not excludable on the basis of Rule 14a-8(i)(7).

Protection of the Rights of Incarcerated People, Particularly With Regards to Labor, is a Human Rights Concern

Individuals being managed by the criminal legal system, such as incarcerated people or defendants sent to diversion programs, comprise a vulnerable population at heightened risk of abuse and exploitation. Investigative reporting has revealed that many so-called “diversion” programs intended to offer a rehabilitative alternative to prison more often than not turn out to be work camps, where individuals are forced to work in substandard conditions for little to no pay. Christian Alcoholics & Addicts in Recovery (CAAIR) is one such program, and the Drug and Alcohol Recovery Program (DARP) that diverted prisoners to Hendren Plastics is another. These programs are described as “work programs” where individuals were told they would receive drug treatment and counseling alongside work training; however, investigations indicate that those services are often not provided.

According to the Center for Investigative Reporting, such programs “supply plants with a cheap and captive labor force,” creating “lucrative work camps for private industry.”15 Journalists found that “[t]he beneficiaries of these programs span the country, from Fortune 500 companies to factories and local businesses.”16 With the example of CAAIR, individuals work full time for Simmons Foods Inc., slaughtering and processing chickens for Walmart, KFC, and Popeye’s, and making pet food for PetSmart. Reports describe conditions, according to the workers:

….their hands became gnarled after days spent hanging thousands of chickens from metal shackles. One man said he was burned with acid while hosing down a trailer. Others were maimed by machines or contracted serious bacterial infections.

Those who were hurt and could no longer work often were kicked out of CAAIR and sent to prison, court records show. Most men worked through the pain, fearing the same fate.

“They work you to death. They work you every single day,” said Nate Turner, who graduated from CAAIR in 2015. “It’s a work camp. They know people are desperate to

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15 https://www.revealnews.org/article/they-thought-they-were-going-to-rehab-they-ended-up-in-chicken-plants/
16 https://www.revealnews.org/article/they-thought-they-were-going-to-rehab-they-ended-up-in-chicken-plants/
get out of jail, and they’ll do whatever they can do to stay out of prison.”

Where the “choice” to work is the only alternative to incarceration, the context of making this “choice” is inherently coercive. It is reported that incarcerated workers have to make similar coerced decisions between working and further punishment. For this reason, prison labor simply is not a regular employer-employee relationship, and prisoners are not regular workers. Aside from the dangers of being compelled to work in dangerous industries with inadequate workplace safety protection, incarcerated workers are also not entitled to workers’ compensation in the event of injury, nor can they organize to seek improved conditions. A former worker at CAAIR reported that communication outside the program was extremely limited, and that “because of CAAIR and DARP’s restrictions, [he] did not have a way to make complaints about the conditions while [he] was there.”

In another example that clearly shows prison labor as a human rights issue, a news article reported on “abusive conditions at a key [retailer’s] supplier.” That story reports that the Arizona Department of Corrections (ADC) “has sent its prisoners to work for private agricultural businesses for almost 20 years,” where a former worker on the crew reporting having to work in “blazing sun” without water or sunscreen when they ran out, being denied medical care, and sending incarcerated people to work regardless of their medical conditions. Another worker relayed a story: “There was one woman that is on oxygen, in a wheelchair, has an IV line and cancer that they sent to the gate to work on the farm … The captain asked if she could stand. She said yes. His reply was if you can stand, you can farm. She told him no and was issued a disciplinary ticket.”

These examples provide only a few instances of the human rights abuses in the system that sends people controlled by the criminal legal system to work for private companies. Because companies across the United States benefit from prison labor, prison labor and related human rights concerns are a significant policy issue affecting the economy.

B. Prison Labor in the Supply Chain is of Particular Concern for the Company, Which Has Demonstrated History of Being Connected to Forced Labor in U.S. Suppliers and Does Not Appear to Audit its U.S. Suppliers

As described in the Proposal and above, the possibility of prison labor in the Company’s supply chain is of particular concern for the Company because the Company has a demonstrated history of being connected to exploitative forced labor — in the Drug and Alcohol Recovery “diversion program” (DARP) at Hendren Plastics — coupled with the fact that the Company does not appear to audit its U.S. suppliers. None of the Company’s public documents account for or explain this apparent gap in auditing for the majority of its sourcing. One account of a defendant working at Hendren Plastics was:

17 https://www.revealnews.org/article/they-thought-they-were-going-to-rehab-they-ended-up-in-chicken-plants/
18 https://assets.documentcloud.org/documents/4117278/Mark-Fochtman-Affidavit.pdf
19 https://truthout.org/articles/martori-farms-abusive-conditions-at-a-key-walmart-supplier/#startOfPageId1808
20 https://truthout.org/articles/martori-farms-abusive-conditions-at-a-key-walmart-supplier/#startOfPageId1808
“Dylan Willis … said that his face, arms, and legs are still covered with burn scars from molten plastic that shot out of a machine. Willis said his supervisors shrugged off his injuries as "cosmetic" and gave him some Neosporin.”

Another worker reported:

"The environment was very caustic working around melted plastics. Because of the work environment, the turnover rate during my time was high.” He said that if DARP workers got hurt on the job and couldn't work, they were kicked out of the program and sent to prison. Others just worked through the pain to avoid prison.

The dangerous work environment at the supplier to Hendren Plastics and blatant disregard for worker well-being — which compromised worker safety — are telling examples of the human rights abuses prevalent in labor industries that rely on individuals held captive by the criminal legal system. Whether or not such labor is technically “forced” can be difficult to tease out, with such immense power differentials as that between incarcerated individuals and prison management.

C. The Proposal Clearly Focuses Upon the Human Rights of Incarcerated People, and Human Rights Abuses in the Prison Labor Industry

The Company argues in its letter that because the Proposal addresses “legal” prison labor in addition to illegal, involuntary, or exploitative prison labor, the concerns of the Proposal stretch beyond concern for the human rights of prisoners into the ordinary business matters of workforce management, compliance with company standards, and supply chain oversight. However, the Company itself states in its letter that it is aware that:

“the Staff, in the past, has been unable to concur with the exclusion of proposals focused on human rights considerations. See, e.g., Amazon.com, Inc. (avail. Mar. 25, 2015) (unable to concur with the exclusion of a proposal requesting a report on the company's process for identifying and analyzing potential and actual human rights risks of the company's entire operations and supply chain, addressing, among other things, human rights principles used to frame the assessment and actual and/or potential human rights risks identified in the course of the human rights risk assessment); Chevron Corp. (avail. Mar. 28, 2011) (unable to concur with the exclusion of a proposal requesting an amendment to the bylaws to establish a human rights board committee because "the proposal focuses on the significant policy issue of human rights"); Wal-Mart Stores, Inc. (avail. Mar. 29, 2011) ("Wal-Mart 2011") (unable to concur with the exclusion of a proposal requesting that the board require

suppliers to annually publish an independently verifiable sustainability report, assessing, among other things, human and worker rights); and Abercrombie & Fitch Co. (avail. Apr. 12, 2010) (unable to concur with the exclusion of a proposal requesting that the board adopt and disclose a code of vendor conduct based on certain worker and human rights standards expressed in the International Labor Organization ("ILO") Conventions.” Company Letter, page 13.

Human rights abuses exist both in legal prison labor, as well as illegal/forced/exploitative prison or diversion program labor. In 2018, representatives of Jailhouse Lawyers Speak, “a group of prisoners providing mutual help and legal training to other inmates,” demanded “an immediate end to prison slavery” and, in a statement, explained that “Fundamentally, [prisoner rights is] a human rights issue… Prisoners understand they are being treated as animals. Prisons in America are a warzone. Every day prisoners are harmed due to conditions of confinement.”

After citing these cases, the Company argues that the present Proposal does not make enough reference to allegations of human rights violations in the Company’s supply chain, and does not make enough references to involuntary prison labor, to actually focus upon the protection of the rights of incarcerated people as a human rights concern that is a significant policy issue for the Company.

In spite of the Company’s efforts to misconstrue the request of the Proposal, it is not difficult to understand from the plain text of the Proposal that the Proponents are concerned about the human rights of incarcerated people in the prison labor industry. The Proposal clearly presents the potential abuse of the human rights of incarcerated workers as a significant policy issue for the Company. The language of the Proposal includes the following statements:

- “Prison labor (both voluntary and involuntary) is often deployed in a manner that involves prisoner mistreatment”
- “[Prison labor] is frequently compared to modern slavery”
- “[U.S. prisoners may be paid as little as $0.23 - $1.15 per hour”
- “[Prisoner work] sometimes occurs in unsafe or unhealthy conditions”
- “[I]n some prison industries inmates may be coerced into working by threat of punishment for declining work”

It is plain from this language that the concern of the Proposal is the human rights of incarcerated people who may be conducting labor for the Company.

It bears重复ing that, as described above, the fact that incarcerated individuals are a vulnerable population at drastically increased risk of experiencing human rights abuses, and that prison labor occurs in a context where the “choice” to work is the only alternative to incarceration; workforce issues applied to prison labor are not a matter of ordinary business. The human

rights abuses of incarcerated people being forced or coerced into working in unsafe conditions for inadequate or no pay, unable to access appropriate medical care for fear of retaliation, transcend ordinary business. As such, the Company’s references to other cases addressing workplace safety, conditions, and minimum wage violations are not relevant — especially as none of the proposals cited address workers’ rights violations with respect to prison labor, as does the present Proposal.

Human rights have long been considered by the Division to constitute a significant social policy issue. The Division has consistently declined to allow exclusion on ordinary business grounds of proposals dealing with human rights. (See, e.g., Bank of America (Feb. 29, 2008) (review the implications of company policies for human rights); Abbott Laboratories (Feb. 28, 2008) (amend human rights policy to address human right of access to medicines); Kroger Co. (Feb. 23, 2011) (adopt, implement and enforce a revised company-wide code of conduct, inclusive of suppliers and subcontractors, based on the International Labor Organization’s conventions and report to shareholders)) Staff guidance has made clear that when a proposal seeks an evaluation of risk, its excludability depends on the underlying subject matter of the requested report. (Staff Legal Bulletin 14E, section B (Oct. 27, 2009)).

The Company argues that the Proposal is excludable, citing the fact that the Proposal relates to employment policies, relationships with suppliers and compliance with existing policies, as well as various examples to this effect. But the Proposal addresses those concerns only as they relate to the underlying subject matter of human rights risk, whereas the proposals in the determinations the Company cites dealt with those topics outside the context of human rights or another significant social policy issue. Precedent indicates that proposals addressing relationships with suppliers, sale of products and services, or employment policies are not excludable when they are raised wholly within the context of human rights. Therefore, the Company’s reliance on those determinations is misplaced.

Instead, the present Proposal is similar to that in Amazon.com (March 25, 2015), where proponents sought a human rights risk assessment intended to identify and analyze the company’s human rights risks. The proposal urged the board to report to shareholders on Amazon’s process for comprehensively identifying and analyzing potential and actual human rights risks of Amazon’s entire operations and supply chain. Amazon argued that the proposal was excludable for addressing ordinary business because the proposal related to Amazon’s use of labor contractors/subcontractors, temporary staffing agencies or similar employment arrangements, and provided examples of labor abuses. The proponents successfully argued that the human rights focus was overarching, and that the business matters raised as example were offered only in the context of assessing human rights risk in the supply chain. The Staff noted in its no-action letter, “the proposal focuses on the significant policy issue of human rights. Accordingly, we do not believe that Amazon may omit the proposal from its proxy materials in reliance on rule 14a-8(I)(7).”

As in Amazon.com, this human rights proposal focuses on a significant policy issue of prison
labor, and touches upon business matters only in the context of that significant policy issue.

The Company's Responsible Sourcing Manual, (though seemingly inconsistent as discussed above) does appear to allow for the use of “legal” prison labor by suppliers, provided it is voluntary, non-exploitative, and in compliance with local regulations. However, the Company does not appear to audit U.S. suppliers. There is no way for shareholders to discern whether the Company is or is not benefitting from prison labor, whether any such instances are compliant with company policies, and whether instances of prison labor could pose a risk to shareholder value. This is the very reason the Proponents bring this policy concern: given the material and reputational risks related to the use of prison labor, shareholders would benefit from disclosure and the Board’s analysis of the degree to which these risks impact or may impact the Company.

CONCLUSION

Based on the above demonstration that the Proposal concerns a significant policy issue that transcends the Company's ordinary business operations, the Proponents respectfully request that the Staff decline the Company’s request for exclusion of the Proposal on the basis of Rule 14a-8(i)(7).

Sincerely,

Sanford Lewis

Cc: Elizabeth Ising
January 17, 2020

VIA E-MAIL

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: The Home Depot, Inc.  
Shareholder Proposal of the NorthStar Asset Management, Inc. Funded Pension Plan  
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, The Home Depot, Inc. (the “Company”), intends to omit from its proxy statement and form of proxy for its 2020 Annual Meeting of Shareholders (collectively, the “2020 Proxy Materials”) a shareholder proposal, including statements in support thereof (the “Proposal”), received from the NorthStar Asset Management, Inc. Funded Pension Plan (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2020 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.
THE PROPOSAL

The Proposal states:

**RESOLVED:** Shareholders of The Home Depot urge the Board of Directors to produce an annual report to shareholders on prison labor, at reasonable cost and omitting proprietary information, summarizing the extent of known usage of prison labor in the company’s supply chain.

**SUPPORTING STATEMENT:** Shareholders recommend that the report, at the board and management’s discretion:

- Provide annual quantitative metrics regarding the number of supplier audits completed by the Company or third party auditors that evaluated whether prison labor is present in the supply chain, as well as the summary of those audits’ results.
- Evaluate any risks to finances, operations, and reputation related to prison labor in the Home Depot supply chain including from undetected uses of prison labor in the supply chain.

A copy of the Proposal, as well as related correspondence with the Proponent, is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business operations.

BACKGROUND

This Proposal focuses on how the Company manages its supplier relationships, including how it monitors its suppliers’ compliance with existing Company business and ethics standards and policies. Although the Proposal touches upon involuntary labor, the Proposal does not focus on any significant policy issue and is excludable because it broadly implicates all manner of prison labor (i.e., voluntary and involuntary) that may occur in the Company’s supply chain, which necessarily includes uncoerced, paid labor occurring under safe working conditions. The Proposal itself recognizes that the Company already has a policy prohibiting “involuntary and exploitative prison labor,” and instead appears to question whether the Company adequately monitors for and reports on compliance with such prohibition and other existing supplier...
standards addressing ordinary business matters such as general worker compensation, working conditions, and workplace safety.

The Company’s responsible sourcing program, including the Company’s Responsible Sourcing Standards (the “Responsible Sourcing Standards”), supports its efforts to conduct its business in a responsible and ethical manner. The Responsible Sourcing Standards prohibit, among other things, child labor, forced, bonded (including debt bondage), or indentured labor, and involuntary or exploitative prison labor. The Company revised its Responsible Sourcing Standards in 2019 to more specifically address practices that can create an environment where labor is forced and provides specific requirements regarding, among other things, workers’ freedom of movement, supplier hiring practices, workers’ ability to terminate their own employment, and access to identity or immigration documents. Moreover, in early 2019 the Company joined the Responsible Business Alliance’s Responsible Labor Initiative, a multi-industry, multi-stakeholder initiative focused on ensuring that the rights of workers vulnerable to forced labor in global supply chains are consistently respected and promoted. Notably, the Responsible Sourcing Standards are not limited to prison labor, but also provide the minimum requirements that all suppliers must meet in order to conduct business with the Company. For example, the Responsible Sourcing Standards address compliance with all applicable laws and regulations where a supplier operates and ordinary workforce matters pertaining to general compensation, hours of work, health and safety, freedom of association, business ethics, communication and subcontracting. The Proposal addresses several of the foregoing matters with respect to the Company’s supply chain.

The Company’s 2019 Responsible Sourcing Report (the “Report”) describes how the Company addresses these ordinary business matters relating to the Company’s supply chain through its responsible sourcing program. The Report also describes a number of Company measures in place to monitor and support compliance with its business and ethics standards. For example, the Audit Committee of the Company’s Board of Directors annually reviews the Company’s responsible sourcing program and the Company engages in a robust audit process to ensure its responsible sourcing program is effective, including through the use of third-party audit firms to

2 The Responsible Sourcing Standards further provide that any “use of prison or convict labor cannot be forced and must be consistent with the laws where the products are manufactured and the laws where it is imported.”
4 See id.
conduct compliance audits. The Responsible Sourcing Standards also provide for announced and unannounced site audits of production factories to monitor compliance, including review of records and confidential interviews. The Report notes that the Company performed 1,362 factory audits in 2018 in 34 countries. According to the Company, all of the factory audits assess whether there is any use of prison labor, and none of the audits in 2018 identified any use of prison labor.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Addresses Matters Related To The Company’s Ordinary Business Operations

As discussed below, the Proposal may be omitted under Rule 14a-8(i)(7) as it relates to the Company’s ordinary business operations because it relates to (i) decisions regarding the Company’s suppliers and enforcement of its existing standards of supplier conduct, and (ii) general workplace safety, workplace conditions and worker compensation, and it does not focus on any significant policy issue that transcends the Company’s ordinary business operations.

A. Background

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to its “ordinary business operations.” According to the Commission’s release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business” “refers to matters that are not necessarily ‘ordinary’ in the common meaning of the word,” but instead the term “is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”). In the 1998 Release, the Commission explained that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.”


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5 Report at page 8.
6 Id. at page 10.
7 Id. at page 15.
No. 12999 (Nov. 22, 1976)). While “proposals . . . focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered excludable,” the Staff has indicated that proposals relating to both ordinary business matters and significant social policy issues may be excludable in their entirety in reliance on Rule 14a-8(i)(7) if they do not “transcend the day-to-day business matters” discussed in the proposals. Id. In this regard, when assessing proposals under Rule 14a-8(i)(7), the Staff considers “both the proposal and the supporting statement as a whole.” Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005).

Moreover, framing a shareholder proposal in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983); see also Johnson Controls, Inc. (avail. Oct. 26, 1999) (“[Where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”).

B. The Proposal Is Excludable Because It Relates To Decisions Regarding The Company’s Supplier Relationships And Enforcement Of Its Existing Supplier Standards Of Conduct

The Proposal requests a report “summarizing the extent of known usage of prison labor in the Company’s supply chain.” As noted in the recitals immediately preceding the “Resolved” clause, the Proponent believes that “[c]areful review of [the Company’s] supply chain for voluntary and involuntary prison labor would help ensure that Home Depot suppliers are consistent with the Company policies and minimize risks to Home Depot’s reputation and shareholder value.” Notably, the Proposal does not seek to alter the Company’s existing policies pertaining to its suppliers or modify its supply chain standards. Rather, the Proposal recognizes that the “Company publishes policies stating that it prohibits forced labor as well as ‘involuntary or exploitative prison labor,’ and reports on its response process for issues of noncompliance at certain manufacturers.” The crux of the Proponent’s concern is made clear elsewhere in the Proposal and is a reason this Proposal is properly excludable under Rule 14a-8(i)(7): “it is the understanding of the Proponent that Home Depot does not routinely verify compliance with this policy for suppliers . . . .” However, as highlighted above, the Company already has an existing supplier standard of conduct that prioritizes ethical sourcing, emphasizes ethical responsibility standards, and expressly prohibits involuntary and exploitative prison labor. The Company also has a robust program for monitoring and ensuring compliance by its suppliers with such standards and regularly performs a significant number of audits across its global supply chain (which the Company described most recently in the Report).
The Staff has consistently concurred with the exclusion under Rule 14a-8(i)(7) of proposals relating to a company’s supplier relationships. For example, in *Foot Locker, Inc.* (avail. Mar. 3, 2017), the proposal requested a report “outlin[ing] the steps that the company is taking, or can take, to monitor the use of subcontractors by the company’s overseas apparel suppliers.” The proposal also specifically requested information relating to “[t]he extent to which company codes of conduct are applied to apparel suppliers and sub-contractors”; “[p]rocess and procedures for monitoring compliance with corporate codes of conduct by apparel suppliers and sub-contractors”; and “[p]rocess and procedures that the company has in place for dealing with code non-compliance by apparel suppliers and sub-contractors.” The company argued that the proposal sought to “influence the manner in which the [c]ompany monitors the conduct of its suppliers and their subcontractors” and that “[t]he extent to which a company applies and enforces its code of conduct on suppliers and their subcontractors” was an ordinary business matter. In concurring with exclusion, the Staff noted “the proposal relates broadly to the manner in which the company monitors the conduct of its suppliers and their subcontractors.” *See also Walmart Inc.* (avail. Mar. 8, 2018) (concurring with the exclusion of a proposal seeking a report outlining the requirements suppliers must follow regarding engineering ownership and liability as relating to the company’s ordinary business matters); *Kraft Foods Inc.* (avail. Feb. 23, 2012) (concurring with the exclusion of a proposal requesting a report detailing the ways the company would assess and mitigate water risk to its agricultural supply chain as “relat[ing] to decisions relating to supplier relationships”); *Alaska Air Group, Inc.* (avail. Mar. 8, 2010) (concurring with the exclusion of a proposal requesting a report discussing the maintenance and security standards used by the company’s aircraft contract repair stations and the company’s procedures for overseeing maintenance performed by the contract repair stations as “relat[ing] to . . . standards used by the company’s vendors”); *Dean Foods Co.* (avail. Mar. 9, 2007) (concurring with the exclusion of a proposal requesting an independent committee review of the company’s standards for organic dairy product suppliers “as relating to [the company’s] ordinary business operations (i.e., customer relations and decisions relating to supplier relationships”)”; and *Seaboard Corp.* (avail. Mar. 3, 2003) (concurring with the exclusion of a proposal requesting a report discussing its suppliers’ use of antibiotics in hog production facilities as relating to the company’s ordinary business operations).

Like in *Foot Locker*, the Proposal seeks to influence the manner in which the Company monitors its supplier relationships. In this regard, the Proposal requests a report with “annual quantitative metrics regarding the number of supplier audits completed by the Company” to “evaluat[e] whether prison labor is present in the supply chain” and an evaluation of “any risks to finances, operations, and reputation related to prison labor in the [C]ompany’s supply chain including from undetected uses of prison labor in the supply chain.” As discussed below, and as was the case in *Foot Locker*, the fact that the Proposal may touch upon a significant policy issue is insufficient to preclude relief where the focus of the Proposal is on the Company’s relationships with its suppliers and compliance with its existing Responsible Sourcing Standards.
Similarly, the Staff has consistently concurred with the exclusion of shareholder proposals related to a company’s adherence to ethical business practices and policies. For example, *Mattel, Inc.* (avail. Feb. 10, 2012) involved a proposal that requested the company require its suppliers to publish a report detailing their compliance with the International Council of Toy Industries (“ICTI”) Code of Business Practices. The proposal addressed several concerns relating to the company’s suppliers’ plants in China, including “underage workers during the summer, excessive overtime, concerns about chemicals and poor ventilation” and alleged that “reviewers of the audit firms of the ICTI” were “seeking bribes.” Consequently, the proposal sought “proven and transparent compliance with [the ICTI Code of Business Practice] at [the company’s] suppliers’ plants” in order to “avoid strikes, negative media coverage and loud complaints from consumers.” The Staff concurred with exclusion of the proposal in *Mattel* as relating to the company’s ordinary business operations, noting that “the proposal calls for [the company] to require that its suppliers publish a report about their compliance with the ICTI Code of Business Practices” and specifically noted “[the company’s] view that the ICTI Code ‘has a broad scope that covers several topics that relate to the [c]ompany’s ordinary business operations and are not significant policy issues.’” See also *Verizon Communications, Inc.* (avail. Jan. 10, 2011) (concurring with the exclusion of a proposal directing the board to form a Corporate Responsibility Committee charged with monitoring the company’s commitment to integrity, trustworthiness and reliability—and the extent to which it lived up to its Code of Business Conduct, as “relating to [the company’s] ordinary business operations” and concerning “general adherence to ethical business practices”); *The Walt Disney Co.* (avail. Dec. 12, 2011) (concurring with the exclusion of a proposal requesting a report on board compliance with Disney’s Code of Business Conduct and Ethics for directors, stating that “[p]roposals that concern general adherence to ethical business practices and policies are generally excludable under [R]ule 14a-8(i)(7)’’); *International Business Machines Corp.* (avail. Jan. 7, 2010) (concurring with the exclusion of a proposal directing officers to restate and enforce certain standards of ethical behavior was excludable because it related to general adherence to ethical business practices); and *NYNEX Corp.* (avail. Feb. 1, 1989) (concurring with the exclusion of a proposal related to the formation of a special committee of the registrant’s board of directors to revise the existing code of corporate conduct was excludable because it related “to the [c]ompany’s ordinary business operations (i.e., the particular topics to be addressed in the company’s code of conduct”).

Similarly, the Proposal necessarily entails a review of the Company’s existing standards of ethical behavior applicable to its suppliers (i.e., the Responsible Sourcing Standards) by seeking both a report “summarizing the extent of known usage of prison labor in the [C]ompany’s supply chain” as well as “annual quantitative metrics regarding the number of supplier audits completed by the Company” that evaluate compliance with the Responsible Sourcing Standards. As noted above, the Responsible Sourcing Standards expressly prohibit forced labor and “the use of any prison or convict labor” that is inconsistent with applicable local laws. Developing and
maintaining relationships with suppliers and determining how best to manage those relationships is an important management responsibility. As described in the “Background” section, the Company already requires its suppliers to comply with a wide variety of business and ethical standards, as explained in and implemented through the Responsible Sourcing Standards. Further, the Company’s existing practices already prohibit the use of involuntary prison labor in its supply chain, and the Company actively monitors and enforces the Responsible Sourcing Standards to which each of its suppliers must adhere. As noted above and in the Report, the Company regularly performs audits of its supply chain, and such audits include an assessment of whether there is any use of prison labor. Thus, similar to Mattel, by seeking to require the Company to report on its suppliers’ compliance with the Responsible Sourcing Standards, the Proposal delves into the terms of the Company’s relationship with its suppliers and compliance with its existing policies such that it is properly excludable under Rule 14a-8(i)(7).

The extent to which a company oversees, applies, and enforces compliance with its supplier code of conduct (such as the Responsible Sourcing Standards) involves decisions that are fundamental to the company’s day-to-day operations and entails a variety of ordinary business considerations. The underlying subject matter of the Proposal addresses standards set forth in the Responsible Sourcing Standards, which involve the Company’s oversight of its suppliers and their workforce. Such considerations are complex and cannot, as a practical matter, be subject to shareholder oversight. As such, consistent with Foot Locker, Mattel, Verizon, and the other well-established precedent discussed above, the Proposal is properly excludable under Rule 14a-8(i)(7) because it seeks a report concerning general adherence to the Company’s existing ethical business practices and policies applicable to its suppliers (i.e., the Responsible Sourcing Standards), which relate to the Company’s ordinary business operations.

C. The Proposal Is Excludable Because It Relates To Overall Workplace Safety, Workplace Conditions, and General Worker Compensation

Based on the language of the Proposal, taken as a whole, the Proponent appears concerned with a select subset of workers (i.e., those who may be incarcerated, to the extent any prison labor is used in the Company’s supply chain), including such workers’ level of compensation, health and safety, and working conditions, each of which has been recognized by the Staff as an ordinary business matter properly excludable under Rule 14a-8(i)(7). In this regard, the recitals of the Proposal make broad reference to “worker mistreatment” and that “[c]orrectional industries workers may be paid as little as $0.33-$1.41 per hour for work that sometimes occurs in unsafe or unhealthy conditions.” The Proponent also cites to a 2017 lawsuit involving one of the Company’s suppliers that alleges such supplier used “unpaid workers from a local drug rehabilitation program” to construct dock floats – but the Proposal mentions no allegations of involuntary labor, coercion, abuse or mistreatment. As described above, the Company’s Responsible Sourcing Standards address a wide variety of matters pertaining to the standards,
terms, schedules, compensation, environment, health and safety, and other conditions required for workers utilized by the Company’s domestic and global suppliers.

The Staff has recognized that proposals relating to workplace safety are a matter of ordinary business and excludable under Rule 14a-8(i)(7). For example, in *Pilgrim’s Pride Corp.* (avail. Feb. 25, 2016), the proposal requested a report describing the company’s policies, practices, performance and improvement targets related to occupational health and safety. In concurring with exclusion under Rule 14a-8(i)(7), the Staff “note[d] that the proposal relates to workplace safety.” *See also The GEO Group Inc.* (avail. Feb. 2, 2017) (concurring with the exclusion of a proposal requesting implementation of provisions relating to operational audits of its facilities examining issues such as workplace violence rates and disciplinary and grievance systems, as relating to the company’s ordinary business operations); and *The Chemours Company* (avail. Jan. 17, 2017) (concurring with the exclusion of a proposal requesting a report “on the steps the [c]ompany has taken to reduce the risk of accidents” with the supporting statement citing to a number of industrial accidents at the company’s facilities and significant regulatory fines that had been assessed against the company for various safety violations). In *Pilgrim’s Pride*, the requested report also sought disclosure of “employee injury causes and rates, incidents of non-compliance with safety and labor laws, remedial actions taken and measures contributing to long-term mitigation and improvements.” The foregoing is similar to the Proposal’s request for a report on “the extent of known usage of prison labor in the [C]ompany’s supply chain,” as well as “quantitative metrics regarding the number of supplier audits completed by the Company … that evaluated whether prison labor is present in the supply chain.” Additionally, the *Pilgrim’s Pride* proposal asserted that “detailed reporting would[] strengthen Pilgrim’s ability to assess and improve working conditions for its employees …” and “enable shareholders to better

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9 By way of analogy, we also note that the Staff has consistently recognized that a wide variety of proposals pertaining to the management of a company’s workforce are excludable under Rule 14a-8(i)(7). *See, e.g.*, *Walmart, Inc.* (avail. Apr. 8, 2019) (concurring with the exclusion of a proposal that requested the board evaluate the risk of discrimination that may result from the company’s policies and practices of hourly workers taking absences from work for personal or family illness, as relating to “management of [the company’s] workforce”); *Yum! Brands, Inc.* (avail. Mar. 6, 2019) (concurring with the exclusion of a proposal requesting adoption of a policy not to “engage in any Inequitable Employment Practice”, noting it related generally to the [c]ompany’s policies concerning its employees and does not focus on an issue that transcends ordinary business matters”); *Donaldson Company, Inc.* (avail. Sept. 13, 2006) (concurring with the exclusion of a proposal requesting the board of directors to oversee company procedures to “assure appropriate ethical standards related to employee relations are adhered to”); *Intel Corp.* (avail. Mar. 18, 1999) (concurring with the exclusion of a proposal seeking adoption of an “Employee Bill of Rights” that would have established various “protections” for the company’s employees, including limited work-hour requirements and relaxed starting times, as “relating, in part, to [the company’s] ordinary business operations (i.e. management of the workforce)”); and *W.R. Grace & Co.* (avail. Feb. 29, 1996) (concurring with the exclusion of a proposal regarding the creation of a “high performance workplace based on policies of workplace democracy and meaningful worker participation”).
understand potential regulatory, legal, reputational and financial risks relating to OHS.” That same reasoning is echoed in the Proposal, where the Proponent likewise claims that a summary of audit results and a “[c]areful review of [the Company’s] supply chain for voluntary and involuntary prison labor would help ensure that Home Depot suppliers are consistent with Company policies and minimize risks to Home Depot’s reputation and shareholder value.” Similar to the proposals in the precedent cited above, the Proposal implicates a broad array of day-to-day workforce issues that confront the Company’s suppliers.

Likewise, the Staff has consistently recognized that shareholder proposals addressing minimum wage concerns are excludable as relating to ordinary business matters. See, e.g., CVS Health Corp. (avail. Mar. 1, 2017) (concurring with the exclusion of a proposal urging the board to adopt and publish principles for minimum wage reform as “relating to ordinary business operations” and, specifically, “general compensation matters”); CVS Health Corp. (avail. Feb. 23, 2016, recon. denied Mar. 8, 2016) (same); and Chipotle Mexican Grill, Inc. (avail. Feb. 23, 2016, recon. denied Mar. 8, 2016) (same). Similar to such proposals, the Proposal takes issue with “unpaid workers from a local drug rehabilitation center” and asserts that “[c]orrectional industries workers may be paid as little as $0.33-$1.41 per hour.” Like the cited precedent, the Proposal’s minimum wage concerns fall squarely within the realm of ordinary business matters, and render the Proposal properly excludable under Rule 14a-8(i)(7).

The Company is aware that the Staff has denied exclusion of certain proposals relating to prisoners’ rights. See, e.g., Corrections Corporation of America (avail. Feb. 10, 2012) (unable to concur with the exclusion of a proposal requesting biannual reports to stockholders on oversight of the company’s efforts to reduce incidents of rape and sexual abuse of prisoners housed in facilities operated by the company). Here, however, the Proposal neither raises the same types of concerns as in Corrections Corp. nor does so with the same narrowly tailored focus. In contrast, the Proposal relates to minimum wage, worker treatment, workplace safety, and compliance with the Company’s existing Responsible Sourcing Standards (which prohibit, among other things, involuntary prison labor, and address standards relating to general compensation, hours of work, health and safety, freedom of association, business ethics, communication and subcontracting). Although the Proposal arguably touches upon a significant policy issue by implicating involuntary prison labor, the Proposal relates broadly to all kinds of prison labor and recognizes that the Company’s policies already prohibit “involuntary or exploitative prison labor.”

While the Company agrees that the issues raised in the Proposal are important, these types of issues (e.g., compliance with existing business and ethics standards and supply chain oversight) relate to the Company’s ordinary business. Thus, consistent with the other precedent discussed above, the Proposal may properly be excluded under Rule 14a-8(i)(7) as relating to the Company’s ordinary business operations.

While the Proposal touches on involuntary prison labor (which the Proponent views as raising human rights concerns), the plain language of the Proposal encompasses all manner of prison labor (i.e., voluntary and involuntary) in the Company’s supply chain, including uncoerced, paid labor occurring under safe working conditions, and thus it implicates a host of ordinary business matters. As drafted, the Proposal does not focus on any significant policy issues. Rather, the Proposal broadly addresses decisions relating to the Company’s suppliers, specifically, the use of all forms of prison labor in the Company’s supply chain, and mechanisms for ensuring compliance with the Company’s existing standards which prohibit, among other things, involuntary prison labor. In this regard, the Proposal requests a “[c]areful review of [the Company’s] supply chain for voluntary and involuntary prison labor” (emphasis added), calls out the potential for general “worker mistreatment,” and takes issue with how correctional industry workers are compensated. In addition, the Proposal appears to be primarily concerned with “minimiz[ing] risks to [the Company’s] reputation and shareholder value.” This is evidenced further by the Proposal’s statement that “companies have experienced public backlash, boycotts, and long-term brand name and reputation harm from a connection to prison labor.”

In fact, the Proposal does not once use the phrase “human rights” or “abuse” in referring to the issues raised in the Proposal. The Proposal makes no reference to allegations of human rights abuse in the Company’s supply chain nor does it request that the Company alter its policies pertaining to its suppliers. Instead, the Proposal requests a report and audits relating to the Company’s enforcement and oversight of its existing policies in order to “minimize risks to Home Depot’s reputation.”

Consistent with the 1998 Release, the Staff routinely concurs with the exclusion of proposals that relate to ordinary business decisions even where the proposal references a significant policy issue. For example, in *PetSmart, Inc.* (avail. Mar. 24, 2011), the proposal requested that the board require its suppliers to certify they had not violated “the Animal Welfare Act, the Lacey Act, or any state law equivalents,” the principal purpose of which related to preventing animal cruelty. The Staff concurred with exclusion under Rule 14a-8(i)(7) and stated, “[a]lthough the humane treatment of animals is a significant policy issue, we note your view that the scope of the laws covered by the proposal is ‘fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping.’”

The Staff’s position that proposals are excludable where they relate to both ordinary and non-ordinary business matters is well established. Notably, in *Wal-Mart Stores, Inc.* (avail. Mar. 15, 1999) (“*Wal-Mart 1999*”), the Staff concurred with the exclusion of a proposal that requested
that the board of directors report on the company’s “actions to ensure it does not purchase from suppliers who manufacture items using forced labor, convict labor, or child labor or who fail to comply with laws protecting their employees’ wages, benefits, working conditions, freedom of association and other rights.” In concurring with the company’s request, the Staff noted “in particular that, although the proposal appears to address matters outside the scope of ordinary business, paragraph 3 of the description of matters to be included in the report relates to ordinary business operations.” The paragraph referenced by the Staff addressed “[p]olicies to implement wage adjustments to ensure adequate purchasing power and a sustainable living wage.” In addition, the proposal also addressed disclosure regarding “[c]urrent monitoring practices enforcing the company’s Standards for Vendor Partners for its manufacturers and licensees,” “[i]ncentives to encourage suppliers to comply with standards” and “[p]lans to report to the public on supplier compliance reviews.”  See also Foot Locker; JPMorgan Chase & Co. (avail. Mar. 9, 2015) (concurring with the exclusion of a proposal requesting the company amend its human rights-related policies “to address the right to take part in one’s own government free from retribution” because the proposal related to “[the company’s] policies concerning its employees”); Papa John’s International, Inc. (avail. Feb. 13, 2015) (concurring with the exclusion of a proposal requesting the company to include more vegan offerings in its restaurants, despite the proponent’s assertion that the proposal would promote animal welfare—a significant policy issue); JPMorgan Chase & Co. (avail. Mar. 12, 2010) (concurring with the exclusion of a proposal that requested the adoption of a policy banning future financing of companies engaged in a particular practice that impacted the environment because the proposal addressed “matters beyond the environmental impact of JPMorgan Chase’s project finance decisions”); and Apache Corp. (avail. Mar. 5, 2008) (concurring with the exclusion of a proposal requesting the implementation of equal employment opportunity policies based on certain principles and noting that “some of the principles relate to [the company’s] ordinary business operations”).

While the Proposal makes passing references to involuntary prison labor, the overall text of the Proposal makes clear that it focuses on ordinary business matters. In this regard, the Proposal is similar to the proposal in Foot Locker, which was recently excludable under ordinary business notwithstanding its references to human rights issues. In Foot Locker, a proposal entitled “Supplier Labor Standards” took issue with violations of human rights in overseas operations, child labor, and “sweatshop” conditions. The proposal included only four recitals, two of which addressed human rights in the company’s supply chain. Although the proposal raised incidents of human rights violations in certain overseas operations, the actual request was much broader and implicated ordinary business operations: seeking a report on actions the company is taking or can take to “monitor the use of subcontractors by the company’s overseas apparel suppliers,” including “[c]ompany policies on subcontractors …. [t]he extent to which company codes of conduct are applied to such suppliers and subcontractors[.] [p]rocess and procedures for monitoring compliance with corporate codes of conduct by apparel suppliers and sub-
contractors, and process and procedures that the company has in place for dealing with code non-compliance by apparel suppliers and sub-contractors.” In concurring with exclusion, the Staff specifically noted the broad nature of the proposal (“the proposal relates broadly to the manner in which the company monitors the conduct of its suppliers and their subcontractors”). Likewise, here the Proposal broadly requests a report on any and all prison labor in the Company’s supply chain, including voluntary and involuntary, which necessarily encompasses the use of non-coerced, fairly compensated, and safe labor which clearly implicates ordinary business matters. Similar to Foot Locker, the Proposal also focuses on the manner in which the Company monitors the conduct of its suppliers, particularly with respect to its Responsible Sourcing Standards, and is thus properly excludable under Rule 14a-8(i)(7).

The breadth of the topics addressed by the Proposal, including as it relates to the Company’s suppliers’ compliance with existing policies, including the Responsible Sourcing Standards, is similar to Mattel. In Mattel, the company successfully argued that a proposal which required a report on its suppliers’ compliance with existing standards was excludable because of the “broad scope” of the standards at issue (with the Staff specifically noting that the ICTI Code covered “several topics that relate to the [c]ompany’s ordinary business operations and are not significant policy issues”). There, the company successfully argued that the “ICTI Code contains provisions on a number of topics … such as sick and maternity benefits, a ‘safe working environment,’ proper lighting and ventilation, emergency exists, and safeguards on machinery.” Similarly, as noted above, the Responsible Sourcing Standards address a host of ordinary day-to-day worker and workplace considerations relevant to the Company’s suppliers, such as matters pertaining to general compensation, hours of work, health and safety, freedom of association, business ethics and subcontracting. Thus, similar to Mattel, the Proposal is excludable as relating to the Company’s relationships with its suppliers, a well-recognized ordinary business operations.

The Company is aware that the Staff, in the past, has been unable to concur with the exclusion of a proposal that focuses on human rights considerations. See, e.g., Amazon.com, Inc. (avail. Mar. 25, 2015) (unable to concur with the exclusion of a proposal requesting a report on the company’s process for identifying and analyzing potential and actual human rights risks of the company’s entire operations and supply chain, addressing, among other things, human rights principles used to frame the assessment and actual and/or potential human rights risks identified in the course of the human rights risk assessment); Chevron Corp. (avail. Mar. 28, 2011) (unable to concur with the exclusion of a proposal requesting an amendment to the bylaws to establish a human rights board committee because “the proposal focuses on the significant policy issue of human rights”); Wal-Mart Stores, Inc. (avail. Mar. 29, 2011) (“Wal-Mart 2011”) (unable to concur with the exclusion of a proposal requesting that the board require suppliers to annually publish an independently verifiable sustainability report, assessing, among other things, human and worker rights); and Abercrombie & Fitch Co. (avail. Apr. 12, 2010) (unable to concur with
the exclusion of a proposal requesting that the board adopt and disclose a code of vendor conduct based on certain worker and human rights standards expressed in the International Labor Organization (“ILO”) Conventions). In contrast to those proposals, however, where the concerns pertaining to human rights were central to the thrust of those proposals, here the Proposal does not focus on human rights issues. Unlike in Amazon and Chevron, where every paragraph was devoted to human rights issues, or Abercrombie, where four of the five supporting statement paragraphs specifically identified ILO Conventions that expressly related to significant policy issues (e.g., discrimination, forced labor, and child labor), the Proposal does not make reference to any allegations of human rights violations in the Company’s supply chains and its references to involuntary prison labor are not preponderant. Additionally, in Wal-Mart 2011, the resolved clause specifically addressed human rights and statements elsewhere in the proposal demonstrated a sustained focus on human rights concerns (e.g., asking suppliers to “establish performance goals on human and workers’ rights” and noting there is a “significant gap between general policies against labor and human rights abuse and more detailed standards and enforcement mechanism required to carry them out”). Unlike the foregoing precedent, the Proposal never uses the term “human rights” or focuses on involuntary prison labor or any other issue that may raise a significant policy issue.

As described above, the Proposal applies generally to all forms of prison labor and concerns compliance with the Company’s existing policies and standards pertaining to ethical business practices in its supply chain, all matters that have historically been excludable as relating to a company’s ordinary business matters. In this regard, the Proposal is comparable to cited precedent including Foot Locker, Pilgrim’s Pride, Mattel, PetSmart and Wal-Mart 1999, and is properly excludable under Rule 14a-8(i)(7).

**CONCLUSION**

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2020 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter,
please do not hesitate to call me at (202) 955-8287 or Stacy S. Ingram, the Company’s Associate General Counsel and Deputy Corporate Secretary, at (770) 384-2858.

Sincerely,

Elizabeth A. Ising

Enclosures

cc: Stacy S. Ingram, The Home Depot, Inc.
    Julie N.W. Goodridge, NorthStar Asset Management, Inc. Funded Pension Plan
December 9, 2019

Teresa Wynn Roseborough  
Corporate Secretary  
The Home Depot, Inc.  
2455 Paces Ferry Road, Building C-22  
Atlanta, GA 30339  
Via email (teresa_roseborough@homedepot.com) and FedEx

Dear Ms. Roseborough:

In the United States, there are over 2.2 million incarcerated individuals, the vast majority of which are employed during their incarceration, and many of which work for outside, for-profit corporations. While prison labor is legal in the U.S, where The Home Depot sources some products and services, incarcerated people are often forced to work for little to no compensation, sometimes under circumstances that are inhumane, posing a risk to shareholder value for any company found associated with suppliers or service providers using prison labor.

Therefore as the beneficial owner, as defined under Rule 13(d)-3 of the General Rules and Regulations under the Securities Act of 1934, of more than $2,000 worth of shares of The Home Depot common stock held for more than one year, the NorthStar Asset Management Funded Pension Plan is submitting for inclusion in the next proxy statement, in accordance with Rule 14a-8 of the General Rules, the enclosed shareholder proposal. The proposal requests that the company produce an annual report to shareholders on prison labor.

As required by Rule 14a-8, the NorthStar Asset Management, Inc. Funded Pension Plan has held these shares for more than one year and will continue to hold the requisite number of shares through the date of the next stockholders’ annual meeting. Proof of ownership will be provided within 15 business days. I or my appointed representative will be present at the annual meeting to introduce the proposal.

A commitment from The Home Depot to report to shareholders as described in the proposal will allow this proposal to be withdrawn. We believe that this proposal is in the best interest of our Company and its shareholders.

Sincerely,

Julie N.W. Goodridge  
President and CEO  
Trustee, NorthStar Asset Management, Inc. Funded Pension Plan

Encl.: shareholder resolution
Report on Prison Labor in the Supply Chain

WHEREAS: The use of services derived from or sale of goods produced through correctional industries (prison labor) can pose financial and operational risks including supply chain disruption, litigation, and reputational damage;

Prison labor (both voluntary and involuntary) is often deployed in a manner that involves worker mistreatment. Although companies benefit from low overhead expenses when incarcerated people work for the company or its suppliers, companies have experienced public backlash, boycotts, and long-term brand name and reputation harm from a connection to prison labor;

While prison labor in the United States is legal, it has been described as “ill-regulated and ill-understood. It is also becoming ever more central to America’s massive criminal justice apparatus” and “at its heart coercive”;

Incarcerated workers are involved in producing products such as furniture, circuit boards, packaging materials, and electronic equipment; they also provide services such as call center or shipping services. Correctional industries workers may be paid as little as $0.33-$1.41 per hour for work that sometimes occurs in unsafe or unhealthy conditions. In some circumstances, people may be coerced into working by threat of punishment for declining work;

While our Company publishes policies stating that it prohibits forced labor as well as “involuntary or exploitative prison labor,” and reports on its response process for issues of noncompliance at certain manufacturers, it is the understanding of the Proponent that Home Depot does not routinely verify compliance with this policy for suppliers in the United States;

In 2017, a lawsuit was filed against a U.S. supplier alleging that dock floats sold by Home Depot and other retailers were made using “unpaid workers from a local drug rehabilitation program.” Given that it appears that Home Depot does not require third party audits of products made in the United States, this example illustrates the need for a full review of our company’s supply chain for exposure to this risk;

Careful review of our supply chain for voluntary and involuntary prison labor would help ensure that Home Depot suppliers are consistent with Company policies and minimize risks to Home Depot’s reputation and shareholder value.

RESOLVED: Shareholders of The Home Depot urge the Board of Directors to produce an annual report to shareholders on prison labor, at reasonable cost and omitting proprietary information, summarizing the extent of known usage of prison labor in the company’s supply chain.

SUPPORTING STATEMENT: Shareholders recommend that the report, at the board and management's discretion:

- Provide annual quantitative metrics regarding the number of supplier audits completed by the Company or third party auditors that evaluated whether prison labor is present in the supply chain, as well as the summary of those audits’ results.
- Evaluate any risks to finances, operations, and reputation related to prison labor in the Home Depot supply chain including from undetected uses of prison labor in the supply chain.
December 13, 2019

Teresa Wynn Roseborough  
Corporate Secretary  
The Home Depot, Inc.  
2455 Paces Ferry Road, Building C-22  
Atlanta, GA 30339

Dear Ms. Roseborough:

This letter is regarding the shareholder proposal filed for the next proxy statement by the NorthStar Asset Management Funded Pension Plan. Enclosed, please find a letter from our brokerage, Morgan Stanley Wealth Management (a DTC participant), verifying that the NorthStar Funded Pension Plan has held the requisite amount of common stock in The Home Depot, Inc. for more than one year prior to filing the shareholder proposal. As previously stated, we intend to continue to hold these shares through the next shareholder meeting.

Please note that we are submitting this proof of ownership on a timely basis consistent with Rule 14a-8. In the event that you find any defect in this documentation, we request that you notify us promptly of any concerns or deficiencies.

Should you need anything further, do not hesitate to contact me at mschwartz@northstarasset.com. Thank you in advance for your attention to this matter.

Sincerely,

Mari C. Schwartzer  
Director of Shareholder Activism and Engagement

Encl.: proof of ownership
December 12, 2019

Teresa Wynn Roseborough
Corporate Secretary
The Home Depot, Inc.
2455 Paces Ferry Road, Building C-22
Atlanta, GA 30339

Dear Ms. Roseborough:

Morgan Stanley Wealth Management, a DTC participant, acts as the custodian for the NorthStar Asset Management, Inc. Funded Pension Plan. On December 9, 2019, the NorthStar Asset Management, Inc. Funded Pension Plan held 318 shares of The Home Depot, Inc. common stock valued at $68,856.54. Morgan Stanley Wealth Management has continuously held those shares on behalf of the NorthStar Asset Management Funded Pension Plan since December 9, 2018.

We are presenting the information contained herein pursuant to our Client’s request. It is valid as of the date of issuance. Morgan Stanley does not warrant or guarantee that such identified securities, assets or monies will remain in the Client’s Account(s). The Client has the ability to withdraw assets from the Account(s) at any time.

Sincerely,

Stephen A. Calderara CFP®
Family Wealth Advisor
Financial Advisor
Morgan Stanley Wealth Management
NMLS # 1401593

Investments and Services are offered through Morgan Stanley Smith Barney LLC & accounts carried by Morgan Stanley & Co. Incorporated. Member SIPC

The information contained herein is based upon data obtained from sources believed to be reliable. However, such data is not guaranteed as to its accuracy or completeness and is for informational purposes only. Clients should refer to their confirmations and statements for tax purposes as the official record for their account.

THE ABOVE SUMMARY/QUOTE/STATISTICScontained HEREIN HAVE BEEN OBTAINED FROM SOURCES BELIEVED RELIABLE BUT ARE NOT NECESSARILY COMPLETE AND CANNOT BE GUARANTEED. ERRORS AND OMISSIONS EXCEPTED.