

January 12, 2024

VIA ELECTRONIC SUBMISSION

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 Jessica Wrobel
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 2024 Annual Meeting of Shareholders (collectively, the “2024 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof (the “Supporting Statement”) submitted by Zevin Asset Management on behalf of Jessica Wrobel (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 2024 Proxy Materials with the Commission; and
- concurrently sent a copy 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 proponent elects 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 the 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.

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THE PROPOSAL

The Proposal, which is captioned “Living Wage Report,” states:

Resolved

Shareholders request The Home Depot Corporation (the “Company”) Board of Directors to oversee the preparation of a living wage report to provide investors with information needed to assess the extent to which the Company is complying with international human rights standards and assessing systemic risks stemming from growing income inequality. The Report should be updated and published annually and include:

- Number of Home Depot workers paid less than a living wage, broken down by full-time employees, part-time employees, and contingent workers;
- By how much aggregate compensation paid to workers in each category falls short of the aggregate amount they would be paid if they received a living wage; and
- The living wage benchmark/methodology used for these disclosures.

A copy of the Proposal and the Supporting Statement, as well as correspondence with the Proponent directly relevant to this no-action request, is attached to this letter as Exhibit A.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) because (1) the Proposal relates to the Company’s ordinary business operations, and (2) the Proposal seeks to micromanage the Company’s operations.

BACKGROUND

The Company is committed to offering competitive pay and recognizes that the most important investment it can make is in its people. The Company’s lowest starting pay range in the U.S. is currently \$15 per hour, more than double the federal minimum wage.¹ In addition to a competitive wage, the Company maintains a profit-sharing program for

¹ See 2023 Environmental, Social and Governance Report (the “2023 ESG Report”), available at https://corporate.homedepot.com/sites/default/files/202401/2023%20Home%20Depot%20ESG%20Report_vF.6.pdf.

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non-management associates called Success Sharing. For fiscal 2022, 100% of the Company's stores qualified for participation in Success Sharing, and the Company paid approximately \$409 million in profit-sharing payments to non-management associates.² Over the past four years, the Company has paid non-management associates nearly \$2 billion in Success Sharing payments.³

In addition to competitive pay, the Company provides numerous benefits to its employees. In the U.S., these benefits include comprehensive medical benefits, paid sick leave, paid vacation, a 401(k) plan with a Company match, an employee stock purchase plan, up to twelve weeks of paid pregnancy/parental leave, resources for personal financial education, access to personal financial advisors, access to disability, life, home, auto, and pet health insurance, and a free employee assistance program benefit offering mental health counseling to associates and their household members.⁴

Associates have access to educational assistance programs that provide academic and financial guidance, tuition discounts at more than 200 educational institutions nationwide, scholarships for dependents of hourly associates, and college admissions coaching.⁵ The Company also maintains learning and development programs to help associates expand their skillsets and prepare for future roles. In addition, the Company's associates have access to an employee assistance grant program that helps associates facing unanticipated financial emergencies or recovering from natural disasters.

The Company's Responsible Sourcing Standards⁶ require the compensation paid by suppliers to their workers to meet or exceed applicable laws (including minimum wages and allowances, overtime pay, production rates, and other elements of compensation and benefits).

Decisions related to these compensation and benefits programs for the Company's general workforce are complex, particularly in the context of the Company's approximately 470,000 associates around the globe, plus its so-called contingent workers.

² See 2023 ESG Report,

³ See *id.*

⁴ See *id.*

⁵ See *id.*

⁶ Available at https://corporate.homedepot.com/sites/default/files/2022-08/THD_0096_2022ResponsibleSourcing-Standards_English.pdf.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because The Proposal Relates To 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 the company's 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 stated 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," and identified two central considerations that underlie this policy. *Id.* The first of those considerations is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* The Commission stated that examples of tasks that implicate the ordinary business standard include "the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers." *Id.*

The second consideration concerns "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.*, citing Exchange Act Release No. 12999 (Nov. 22, 1976) (the "1976 Release").

Moreover, a shareholder proposal being framed 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 proposed report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) ("[w]here 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).").

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B. The Proposal Is Excludable Because It Relates To General Employee Compensation

The Proposal requests an annual report detailing a specified format for information on pay levels of Company workers, including workers who are employed by and hired through staffing or vendor contracts. Other than a few generalized references to political and social implications of income inequality and human rights, the Proposal and the Supporting Statement concern the level of the Company's pay for associates (employees) and so-called contingent workers. The Supporting Statement seeks to connect the discussion of the Company's associate pay levels to concerns about income inequality by suggesting that, because the Company does not disclose any gaps between prevailing and living wages across its workforce, "[s]hareholders are unable to assess the Company's contribution to systemic risks created by income inequality."

The Proposal is excludable pursuant to Rule 14a-8(i)(7) because it directly relates to the Company's general employee pay practices, a core component of the Company's ordinary business. In analyzing shareholder proposals relating to compensation, the Staff has distinguished between proposals that relate to general employee compensation and proposals that address only executive officer and director compensation, indicating that the former implicate a company's ordinary business operations and thus are excludable under Rule 14a-8(i)(7). See Staff Legal Bulletin No. 14A (July 12, 2002) ("SLB 14A") (indicating that "[s]ince 1992, [the Staff has] applied a bright-line analysis to proposals concerning equity or cash compensation" under which companies "may exclude proposals that relate to general employee compensation matters in reliance on [R]ule 14a-8(i)(7)" but "may [not] exclude proposals that concern only senior executive and director compensation"); *Xerox Corp.* (avail. Mar. 25, 1993).

Consistent with the approach articulated in SLB 14A, the Staff has consistently concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) when the proposals relate to employee compensation matters. For example, in *Dollar Tree, Inc.* (avail. May 2, 2022), the Staff concurred with the exclusion of a proposal as relating to ordinary business matters where it requested a report explaining how the company's business strategy and incentives "will enable competitive employment standards, including wages [and] benefits" and to "include particular attention to [the company's] lowest paid employees." As with the Supporting Statement, the supporting statement in *Dollar Tree* raised general socio-economic concerns, noting that "employment conditions, including low wages and benefits, are key factors driving the low [workforce] participation rates" that prevailed following the COVID-19 pandemic, and that "[l]abor shortages are influencing a dynamic policy situation as the federal government, states and localities all reassess their minimum wage regulations." Similarly, in *Amazon.com, Inc. (McRitchie)* (avail. Apr. 8, 2022) ("*Amazon 2022*"), the proposal requested an annual report assessing the distribution of

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stock-based incentives throughout the company's worldwide workforce, including a table showing stock ownership "granted and utilized" by company employees in the United States. The first line of the supporting statement in that proposal, echoing the opening statement of the Supporting Statement here, argued in support of the proposal by stating that "[w]ealth inequality in the United States has increased dramatically, is widely recognized as a significant social policy issue, and brings many problems, such as political polarization." The company argued that the proposal related to one aspect of non-executive employee compensation and did not focus on significant social policy issues. The Staff agreed that the proposal therefore related to the company's ordinary business operations and concurred with the exclusion of the proposal. *See also Repligen Corp.* (avail. Apr. 1, 2022) (same). In *JPMorgan Chase & Co. (Ott)* (avail. Mar. 25, 2022), *recon. denied on procedural grounds* (avail. Apr. 19, 2022), the Staff concurred that the company could exclude under Rule 14a-8(i)(7) a proposal requesting an annual report of pay and total estimated compensation for each employee role, broken down by location, for the prior year giving the mean, median, and pay band (high/low) for the role, both weighted and unweighted for cost of living adjustments. The company argued that the proposal related to general compensation considerations, even though the proposal's supporting statement argued that transparency around such compensation information would enhance shareholder profits, empower employees, control reputational narrative, and reduce gender and ethnic wage gaps.

Other examples illustrating the Staff's consistent and historic approach to proposals addressing non-executive employee compensation include *Amazon.com, Inc.* (avail. Mar. 1, 2017), *CVS Health Corp.* (avail. Mar. 1, 2017), and *The TJX Companies, Inc.* (avail. Mar. 1, 2017), where the Staff concurred with the exclusion under Rule 14a-8(i)(7) of proposals requesting the companies to adopt and publish principles for minimum wage reform, on the basis that each "proposal relates to general compensation matters, and does not otherwise transcend day-to-day business matters." *See also McDonald's Corp.* (avail. Mar. 18, 2015) (concurring with the exclusion of a proposal requesting an increased minimum wage of \$11.00 per hour, on the basis that the proposal "relates to general compensation matters"); *Yum! Brands, Inc.* (avail. Feb. 24, 2015) (concurring with the exclusion of a proposal requesting a specific format for reporting on "store employees' median wage," noting that the proposal related to "[the company's] ordinary business operations" because "the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors"); *International Business Machines Corp. (Boulain)* (avail. Jan. 22, 2009) (concurring with the exclusion of a proposal requesting that no employee above a certain management level receive a salary raise in any year in which at least two-thirds of all company employees did not receive a three percent salary raise). In each of these cases, whether the proposal requested a report or an affirmative change in employee compensation practices, the Staff concurred with exclusion under Rule 14a-8(i)(7).

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As with the proposals in the precedent discussed above, the Proposal relates to the general compensation practices for the Company's workforce. In particular, and as with the proposal in *Amazon 2022*, the Proposal addresses certain compensation elements for the Company's general workforce. For example, since living wage calculations are designed to address ongoing living expenses, some forms of compensation and benefits (such as certain bonuses, deferred compensation (including a 401(k) match), and educational benefits) typically are excluded from such calculations, even though those elements of compensation and benefits may be just as important in attracting and retaining workers. As such, just as the *Amazon 2022* proposal implicated the Company's ordinary business operations by emphasizing one aspect of the Company's compensation practices, the Proposal likewise seeks to delve into complex issues regarding compensation and benefits for the Company's general workforce. Particularly in the context of the Company's approximately 470,000 associates around the globe, plus its so-called contingent workers, the Proposal seeks to address workforce management issues that are not appropriate for shareholder oversight. If presented with the information requested in the Proposal, shareholders would not be in a position to determine the appropriateness of employees' compensation in the context of the local, regional, national, and international labor markets and how the information reported implicates the Company's hiring, retention, development and other human capital management practices. As noted above, the fact that the Proposal is framed as a request for a report does not change the nature of the Proposal, which concerns general employee compensation. Accordingly, as in the above-cited precedent, the Proposal relates to ordinary business matters and is properly excludable under Rule 14a-8(i)(7).

C. The Proposal Does Not Focus On A Significant Social Policy Issue That Transcends The Company's Ordinary Business Operations

In the 1998 Release, the Commission reaffirmed the standards for when proposals are excludable under the "ordinary business" provision that the Commission initially articulated in the 1976 Release. In the 1998 Release, the Commission also distinguished proposals pertaining to ordinary business matters that are excludable under Rule 14a-8(i)(7) from those that "focus on" significant social policy issues. The Commission stated, "proposals relating to [ordinary business] matters but focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." 1998 Release. When assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. See Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005) ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.").

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The Staff most recently discussed its interpretation of how it will evaluate whether a proposal “transcends the day-to-day business matters” of a company in Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“SLB 14L”), noting that it is “realign[ing]” its approach to determining whether a proposal relates to ordinary business with the standards the Commission initially articulated in 1976 and reaffirmed in the 1998 Release. In addition, the Staff stated that it will “no longer tak[e] a company-specific approach to evaluating the significance of a policy issue under Rule 14a-8(i)(7)” but rather will consider only “whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company.” The Staff also stated that under its new approach proposals “previously viewed as excludable because they did not appear to raise a policy issue of significance for the company may no longer be viewed as excludable under Rule 14a-8(i)(7)” and that “proposals squarely raising human capital management issues with a broad societal impact would not be subject to exclusion solely because the proponent did not demonstrate that the human capital management issue was significant to the company” (citing to the 1998 Release and *Dollar General Corp.* (avail. Mar. 6, 2020) and providing “significant discrimination matters” as an example of an issue that transcends ordinary business matters).

Proposals with passing references touching upon topics that might raise significant social policy issues—but that do not focus on or have only tangential implications for such issues—are not transformed from an otherwise ordinary business proposal into one that transcends ordinary business, and as such, remain excludable under Rule 14a-8(i)(7). Notably, in *PetSmart, Inc.* (avail. Mar. 24, 2011), the proposal requested that the board require the company’s suppliers to certify that they had not violated “the Animal Welfare Act, the Lacey Act, or any state law equivalents.” The Staff concurred with exclusion, noting that “[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.’” See also *Amazon.com, Inc. (Domini Impact Equity Fund)* (avail. Mar. 28, 2019) (concurring with the exclusion of a proposal requesting that the board annually report to shareholders “its analysis of the community impacts of [the company’s] operations, considering near- and long-term local economic and social outcomes, including risks, and the mitigation of those risks, and opportunities arising from its presence in communities,” noting that “the [p]roposal relates generally to ‘the community impacts’ of the [c]ompany’s operations and does not appear to focus on an issue that transcends ordinary business matters”).

For example, in *Amazon 2022*, the proposal requested an annual report assessing the distribution of stock-based incentives throughout the company’s worldwide workforce, including a table showing stock ownership “granted and utilized” by company employees in the United States. Notably, the supporting statement included several paragraphs

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regarding wealth inequality. The Staff concurred with exclusion of the proposal as relating to the company's ordinary business operations, noting that "the Proposal relates to, and does not transcend, ordinary business matters." *See also Dominion Resources, Inc.* (avail. Feb. 3, 2011) (concurring with the exclusion of a proposal requesting the company to promote "stewardship of the environment" that touched upon environmental matters—such as renewable energy—with the Staff noting that the proposal related to "the products and services offered for sale by the company").

The Staff's guidance in SLB 14L does not affect the excludability of the Proposal because, unlike the proposal in *Dollar General*, the Proposal does not raise significant discrimination matters or board-oversight of human capital issues, and it does not focus on any other issue "with a broad societal impact" such that it transcends ordinary business matters. Instead, the Proposal relates to general compensation matters; specifically, the number and category of workers whose "wages" (taking into account only certain compensation and benefits) are less than a specified amount, and how much it would cost for those elements of compensation to reach that amount.

The assertions in the Supporting Statement that income inequality "slows US economic growth" and "materially reduces the intrinsic value of the global economy" do not mean the Proposal implicates a significant social policy issue for the purposes of Rule 14a-8(i)(7). Instead, the Proposal relates to the Company's compensation and benefits practices with respect to its "full-time employees, part-time employees, and contingent workers," *i.e.*, its general workforce, as shown by references to the Company's wage practices and requests for data on any additional amounts the Company would need to pay for the elements of compensation included in a living wage calculation to result in "a decent standard of living." The Proposal's overwhelming concern with the Company's general employee compensation practices demonstrates that the Proposal relates to an ordinary business matter, and does not transcend the Company's ordinary business, even if these references to income inequality are deemed to touch on a significant policy issue. Moreover, the fact that the living wage calculation would exclude important elements of compensation and benefits, such as certain bonuses, amounts earned upon vesting of equity compensation, and education benefits, further attenuates any connection or relationship with societal wealth inequality.

In this respect, the Proposal is comparable to the one considered in *Amazon 2022*, discussed above, where the supporting statement addressed wealth inequality but the subject matter actually related to the company's ordinary business matters and therefore was excludable. Similarly, in *Marriott International, Inc.* (avail. Mar. 26, 2021), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal that requested a report on "external social costs created by the compensation policy" of the company and the effect on "overall market returns." Although the supporting statement referenced issues

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such as inequality, the economy, corporate purpose, fiduciary duties, social costs of the company's business model, and other issues that the proposal characterized as "social issue[s] of great importance," the company argued, and the Staff agreed, that the proposal related to general employee compensation, not on any tangential implications of employee compensation on general society, and accordingly did not focus on a significant social policy issue.

Moreover, the Staff has consistently concurred with the exclusion of shareholder proposals under Rule 14a-8(i)(7) relating to wage reform and wage inequality for hourly and non-executive employees, finding that such proposals did not implicate a significant social policy matter. Of particular relevance for the Proposal, in *Wal-Mart Stores, Inc.* (avail. Mar. 15, 1999), the Staff concurred with exclusion of a proposal requesting a report that was to include, among other things, a description of "[p]olicies to implement wage adjustments to ensure adequate purchasing power and a sustainable living wage," with the Staff noting the proposal was excludable under Rule 14a-8(i)(7) because the quoted language "relate[d] to ordinary business operations." Similarly, in *Apple, Inc. (Zhao)* (avail. Nov. 16, 2015), the proposal requested that the company's compensation committee "adopt new compensation principles responsive to America's general economy, such as unemployment, working hour[s] and wage inequality." Notably, the supporting statement discussed concerns related to wage inequality by reference to certain executive officers' compensation. The Staff concurred with exclusion of the proposal as relating to the company's ordinary business operations, noting that "the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors." See also *CVS Health Corp* and *The TJX Companies, Inc.* (concurring with the exclusion of proposals requesting adoption and publication of principles for minimum wage reform, noting that each "proposal relates to general compensation matters, and does not otherwise transcend day-to-day business matters," despite the proponent's assertion that minimum wage was a significant social policy issue); *Kmart Corp.* (avail. Mar. 12, 1999) (concurring with the exclusion of a proposal requesting a report that was to include, among other things, a description of "[p]olicies to implement wage adjustments to ensure adequate purchasing power and a sustainable living wage" and noting the proposal was excludable under Rule 14a-8(i)(7) because it "relate[d] to ordinary business operations"). Here, the Proposal relates to the ordinary business issue of general employee compensation, and as with the precedents cited above, the passing references to wealth inequality do not implicate, much less focus on, a significant social policy issue under Rule 14a-8(i)(7).

Similarly, the Staff has also consistently concurred with the exclusion under Rule 14a-8(i)(7) of proposals that do not transcend the day-to-day operations of a company, even if they touch upon or make a passing reference to human rights. See *Intel Corp.* (avail. Mar. 18, 2022) (concurring with the exclusion of a proposal requesting a

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report on whether the public display of the pride flag had impacted employees' views of the company as a desirable place to work noting that the proposal "relate[d] to, but [did] not transcend, ordinary business matters"); *Walmart Inc.* (avail. Apr. 8, 2019) (concurring with the exclusion of a proposal requesting a report evaluating the risk of discrimination that may result from the company's policies and practices for hourly workers taking absences from work for personal or family illness because it related "generally to the [c]ompany's management of its workforce, and [did] not focus on an issue that transcends ordinary business matters"); *Amazon.com, Inc.* (avail. Mar. 23, 2018) ("*Amazon 2018*") (concurring that a proposal requesting establishment of a policy to ensure the company would not place marketing materials on online sites that express hatred or intolerance for certain groups of people was properly excludable because it related to an ordinary business issue (*i.e.*, the manner in which the company advertises its products and services), despite statements within the resolved clause regarding hatred and intolerance based on protected classes); *CVS Health Corp.* (avail. Feb. 27, 2015) (concurring with the exclusion of a proposal requesting that the company "amend its equal employment opportunity policy . . . to explicitly prohibit discrimination based on political ideology, affiliation or activity," finding that the proposal did not focus on a significant social policy issue, as it related to the company's policies "concerning its employees").

Here, although the Proposal invokes human rights throughout the Resolved clause and Supporting Statement, the Proposal's request itself is for an annual report providing information on certain elements of employee and worker compensation and benefits. In this regard, the Proposal is similar to those in *Intel*, *Walmart*, *Amazon 2018*, and the other precedent above, where the proposals touched but did not focus on human rights or other significant policy issues as the proposals related to the companies' policies concerning their employees—an ordinary business matter—and addressed but did not focus on human rights or other significant policy issues.

D. The Proposal Is Excludable Because It Seeks To Micromanage The Company

The 1998 Release states that micromanagement "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific . . . methods for implementing complex policies." In SLB 14L, the Staff clarified that not all "proposals seeking detail or seeking to promote timeframes" constitute micromanagement, and that going forward the Staff "will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management." To that end, the Staff stated that this "approach is consistent with the Commission's views on the ordinary business exclusion, *which is designed to preserve management's discretion on ordinary business matters* but not prevent

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shareholders from providing *high-level direction* on large strategic corporate matters.” SLB 14L (emphasis added).⁷

In SLB 14L, the Staff also stated that to assess whether a proposal probes matters that are “too complex” for shareholders, as a group, to make an informed judgment, it may consider “the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic.” The Staff stated that it would also consider “references to well-established national or international frameworks when assessing proposals related to disclosure” as indicative of topics that shareholders are well-equipped to evaluate. *Id.*

In assessing whether a proposal seeks to micromanage a company’s ordinary business operations, the Staff evaluates not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company’s activities and management discretion. *See Deere & Co. (avail. Jan. 3, 2022)* and *The Coca-Cola Co. (avail. Feb. 16, 2022)* (both involving a broadly phrased request that required detailed and intrusive actions to implement); *Verizon Communications, Inc. (National Center for Public Policy Research) (avail. Mar. 17, 2022)* (concurring with the exclusion of a proposal requesting the company to annually publish the written and oral content of diversity, inclusion, equity, or related employee-training materials because it probed too deeply into matters of a complex nature). Moreover, “granularity” is only one factor evaluated by the Staff. As stated in SLB 14L, the Staff focuses “on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.”

⁷ While the Proposal does not focus on a significant social policy issue that transcends the Company’s ordinary business operations, a proposal may be excluded under Rule 14a-8(i)(7) if it seeks to micromanage a company regardless of whether it implicates a significant policy issue or topic that transcends a company’s ordinary business. *See* Staff Legal Bulletin No. 14E (Oct. 27, 2009), at note 8, citing the 1998 Release for the standard that “a proposal [that raises a significant policy issue] could be excluded under Rule 14a-8(i)(7), however, if it seeks to micro-manage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” For example, since the issuance of SLB 14L, the Staff concurred with the exclusion of proposals addressing how companies interact with their shareholders on significant social policy issues because the proposals sought to micromanage how the companies addressed those policy issues. *See The Kroger Co. (Domini Impact Equity Fund) (avail. Apr. 25, 2023)* (concurring with the exclusion of a proposal that micromanaged the company even though the objective of the proposal was to “mitigate severe risks of forced labor and other human rights violations in the [c]ompany’s produce supply chain”); *Amazon.com (avail. Apr. 7, 2023)*, *recon. denied (avail. Apr. 20, 2023)* (concurring with the exclusion of a proposal addressing climate change goals due to micromanagement); *Chubb Limited (Green Century Equity Fund) (avail. Mar. 27, 2023)* (same).

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Here, the Proposal dictates an unusual and highly prescriptive format that would require assembling granular detail to produce the requested report. The Proposal does not reference or otherwise require the Company “to use a particular living wage calculator or methodology,” reflecting that, as noted in SLB 14L, there are no “well-established national or international frameworks” for preparing the requested report. Notwithstanding that element of discretion, the Proposal nevertheless would require the Company to calculate the compensation paid to workers that is included within the scope of a “living wage” calculation (sometimes referred to as the “prevailing wage”), determine the level of compensation that constitutes a “living wage” for its employees, assemble the same type of information from the third parties who employ any “contingent workers,” and provide specific calculations and statistics based on comparisons of those amounts. Each element of that process requires the collection of data that is not readily available and can be terribly complex. For example, the website that the Supporting Statement cites for a definition of “living wage” advocates a living wage methodology that is explained in an approximately 390-page book,⁸ which states, “[d]etermining prevailing wages is not as simple as it may seem at first glance because remuneration comes in many different forms.”⁹ The methodology guide goes on to explain:

Prevailing wages are determined by adding up the value of all forms of remuneration using guidelines described in this manual regarding which forms of remuneration should be included and how each of these should be valued for comparison with a living wage. Some forms of remuneration such as overtime and deferred benefits are excluded. Special rules are provided for how to value in kind benefits because of their controversial nature.¹⁰

The book has chapters addressing each of these valuations. The calculation of the living wage threshold also is complex, requiring food, housing and other costs to be estimated, and adjustments for the size of a worker’s household and number of workers in the household. For example, the Supporting Statement cites a website for the “Living Wage calculator,”¹¹ which provides a living wage calculator that breaks living wages down by state, county, and metropolitan statistical area, and reflects living wages for 12 different family types.¹² As such, the Proposal limits management’s discretion in how it addresses publicly the value of the compensation and benefits its workers receive, requiring the exclusion of certain elements of compensation and the benefits since they may be variable (including when based on performance) or deferred, and therefore not available to pay day-

⁸ Available at <https://www.globallivingwage.org/about/anker-methodology/>.

⁹ Anker & Anker, Living Wages Around the World: Manual for Measurement, Chap. 2.1.4, linked at <https://www.globallivingwage.org/about/anker-methodology/>.

¹⁰ *Id.*

¹¹ Available at <https://livingwage.mit.edu/>.

¹² Available at <https://livingwage.mit.edu/articles/103-new-data-posted-2023-living-wage-calculator>.

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Division of Corporation Finance
January 12, 2024
Page 14

to-day expenses, and requiring comparison of such amounts against a set of norms that can be highly variable based on individual employee situations and locations. The Proposal therefore does not provide “*high-level direction* on large strategic corporate matters” (emphasis added) but instead takes a granular approach, requiring detailed and intrusive actions to implement, and probing details that are too complex for shareholders, as a group, to make an informed judgment. The Proposal thereby micromanages how the Company reports on the level of compensation and benefits it provides associates, and accordingly is excludable under Rule 14a-8(i)(7).

CONCLUSION

The Proposal addresses the compensation of the Company’s general workforce, prescribing an unusual and complex standard for reporting, and therefore relates to ordinary business and seeks to micromanage the topic, while failing to focus on a significant social policy issue. As demonstrated by the foregoing analysis and precedent, this is exactly the type of day-to-day business matter that Rule 14a-8(i)(7) is intended to avoid. Moreover, the Proposal may be omitted pursuant to Rule 14a-8(i)(7) because it seeks to micromanage the Company by probing too deeply into complex matters upon which shareholders as a group would not be in a position to make an informed judgment. Accordingly, we respectfully request that the Staff concur that the Proposal may be excluded from the Company’s 2024 Proxy Materials pursuant to Rule 14a-8(i)(7).

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.
Marcela Pinilla, Zevin Asset Management
Jessica Wrobel

EXHIBIT A

December 5, 2023

Mr. Edward (Ted) P. Decker
Chair, President, and Chief Executive Officer
The Home Depot, Inc.
2455 Paces Ferry Road
Atlanta, Georgia 30339

Via email: [REDACTED] and investor_relations@homedepot.com

Dear Mr. Decker,

We are long-term investors who believe that attracting and retaining talent is one of the core drivers and predictors of business success. We seek an opportunity to engage Home Depot on the enclosed investor statement on living wages. Over 130 signatories representing US\$4.5T in assets under management and advisement have signed in support of corporate transparency and action on pathways toward a living wage. We believe paying a living wage is a cornerstone of building a resilient workforce, which is documented to promote retention and the well-being of employees.

In our enclosed statement we outline the case for providing a living wage to direct employees and contract workers and the disclosures and actions needed to help investors understand the company's short and long-term human capital management planning, including wage-setting policies and practices. A widely accepted definition of a living wage is calculated at a rate that will ensure workers can afford basic needs and do not have to rely on government subsidies.¹

We commend Home Depot for undertaking a racial equity audit and for engaging with stakeholders to widen and strengthen its DEI efforts including expanded disclosure across race/ethnicity and gender, despite the external pressures to the contrary. We further commend the company for updating its nominating corporate governance committee charter to include oversight of ESG-related matters including political engagement activities.

In alignment with these practices, Home Depot conducts an annual analysis of pay and compensation practices for U.S. associates and raised its wages to \$15 per hour across its operations in United States and Canada.² We applaud the company's 2023 commitment, effective in workers' paychecks as of February 17, to invest \$1 billion in "wage, benefits, training, and career development for its associates."³

Despite the significant step taken recently by Home Depot and several companies like Amazon to effectively double the federal minimum wage of \$7.25 to \$15, data shows that in many regions where The Home Depot operates the cost of living exceeds the income required to cover the costs of basic needs.⁴ Across the United States millions of workers are struggling to pay the bills, with almost 4 in 10 Americans recently telling the U.S.

¹ <https://www.globallivingwage.org/>

² https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23%20%28compressed%29.pdf

³ <https://corporate.homedepot.com/news/earnings/home-depot-announces-fourth-quarter-2022-earnings>

⁴ <https://livingwage.mit.edu/>

Census that they were having difficulties meeting their household expenses, and about 13 million workers also reporting they are working multiple jobs.

As one of the country's largest employers, we believe Home Depot management and board would benefit from a living wage gap exercise to help with Home Depot's long term human capital management strategy. Particularly within the U.S. context, where deeply ingrained inequalities based on race and gender continue to persist, and where women and Black and Hispanic workers remain disproportionately represented in the low-wage workforce, living wages are a practical solution to issues of systemic inequality with direct and broad economic impacts.

Further, as the demand for improved human capital management disclosures helps to drive more precise tracking of workforce data, companies ahead of regulatory developments will be better positioned to set long-term strategies for providing a living wage across the workforce. The Securities and Exchange Commission's Investor Advisory Committee (IAC) recently voted to recommend a new workforce disclosure rule, which may set rules for companies to gather and track relevant information about their employees, including the total cost of a company's labor and the number of people employed, broken down by whether those people are full-time, part-time, or contingent workers.

Given the current economic environment and with growing pressures to raise wages, we are submitting our shareholder filing package within the submission deadline. However, we look forward to learning more about Home Depot's wage practices within the context of our Living Wages Statement. This proposal is submitted on behalf of Jessica Wrobel ("Proponent"), a shareholder of Home Depot shares for inclusion in the Company's 2024 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8).

The proposal requests that The Home Depot Corporation (the "Company") Board of Directors to oversee the preparation of a Living Wage Report to provide investors with information needed to assess the extent to which the Company is complying with international human rights standards and acting to mitigate systemic risks stemming from growing income inequality. The Report should be updated and published annually and include:

- Number of Home Depot workers paid less than a living wage, broken down by full-time employees, part-time employees, and contingent workers;
- By how much aggregate compensation paid to workers in each category falls short of the aggregate amount they would be paid if they received a living wage; and
- The living wage benchmark/methodology used for these disclosures.

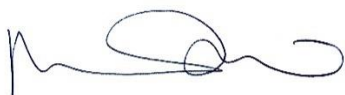
Companies and investors will benefit from taking steps to better understand the gap that exists between current wage and benefit policies and practices and the long-term pathways for current and future Home Depot

workers. As we engage a wider set of companies across industries, we aim to foster greater transparency in the corporate workforce. We will look forward to scheduling a meeting with you and discussing our request.

We look forward to scheduling a meeting with you. Please contact Marcela Pinilla at [REDACTED] to arrange for a mutually convenient time.

Sincerely,

Marcela Pinilla on behalf of Living Wage Investor Statement Signatories



Marcela Pinilla
Director of Sustainable Investing
Zevin Asset Management

CC:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]



Zevin Asset Management

Attn: Corporate Secretary
The Home Depot, Inc.
2455 Paces Ferry Road, Building C-22
Atlanta, Georgia 30339

December 5, 2023

Via email:

shareholder_proposals@homedepot.com

Ms. Isabel Janci, Vice President, Investor Relations, [REDACTED]

investor_relations@homedepot.com

Re: Shareholder proposal for 2024 Annual Shareholder Meeting

Dear Corporate Secretary,

Zevin Asset Management is an investment manager who has integrated sustainability principles into investment decision-making since 1997. We are pleased to be long-term shareowners of The Home Depot shares and applaud the steps the company has taken recently in its gender and race/ethnic diversity, equity, and inclusion initiatives. We are glad to have had thoughtful engagements with management in the past on paid sick leave and charitable contributions and look forward to continued engagement with Home Depot's sustainability leadership team on this topic.

As discussed in our enclosed investor engagement letter, Zevin Asset Management is submitting the attached shareholder proposal, on behalf Jessica Wrobel ("Proponent"), a shareholder of Home Depot the requisite shares for inclusion in the Company's 2024 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8).

Shareholders request The Home Depot Corporation (the "Company") Board of Directors to oversee the preparation of a Living Wage Report to provide investors with information needed to assess the extent to which Home Depot is complying with international human rights standards and helping to mitigate systemic risks stemming from income inequality. The Report should be updated and published annually and include:

- Number of Home Depot workers paid less than a living wage, broken down by full-time employees, part-time employees, and contingent workers;
- By how much aggregate compensation paid to workers in each category falls short of the aggregate amount they would be paid if they received a living wage; and
- The living wage benchmark/methodology used for these disclosures

The Proponent has continuously beneficially owned, for at least three years as of the date hereof, at least \$2,000 worth of the Company.



A letter from the Proponent authorizing Zevin Asset Management to act on its behalf and a custodial proof of ownership letter will follow. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are available December 21st between 1-3pm ET or December 22nd between 1-3pm EST and look forward to coordinating a time to discuss our request at a mutually convenient time. Any co-filers of this proposal have authorized Zevin Asset Management to conduct the initial engagement meeting and may participate subject to their availability. Signers of the Living Wage Statement and holders of HD shares may join this dialogue.

If you have questions or would like to suggest other times to meet, we can be contacted by email at [REDACTED] or Jessica Wrobel at [REDACTED]. Marcela will serve as primary filer and contact going forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marcela I. Pinilla', with a stylized flourish at the end.

Marcela I. Pinilla
Director of Sustainable Investing
Zevin Asset Management

Living Wage Report

Resolved

Shareholders request The Home Depot Corporation (the “Company”) Board of Directors to oversee the preparation of a living wage report to provide investors with information needed to assess the extent to which the Company is complying with international human rights standards and assessing systemic risks stemming from growing income inequality. The Report should be updated and published annually and include:

- Number of Home Depot workers paid less than a living wage, broken down by full-time employees, part-time employees, and contingent workers;
- By how much aggregate compensation paid to workers in each category falls short of the aggregate amount they would be paid if they received a living wage; and
- The living wage benchmark/methodology used for these disclosures.

Supporting Statement

Income inequality slows US economic growth by reducing demand by 2 to 4 percent.¹ High levels of income inequality threaten investors’ diversified portfolios by slowing economic growth, limiting upward mobility, and exacerbating political polarization.²

A living wage is a level of compensation that is “sufficient to afford a decent standard of living for the worker and her or his family” in their location, including “food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”³ The Universal Declaration of Human Rights recognizes that “[e]veryone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity.”⁴

Home Depot conducts an annual analysis of pay and compensation practices for US associates and raised its wages to \$15 per hour across its operations in the US.⁵ However, Home Depot does not disclose the gaps between prevailing and living wages across operations.

Shareholders are unable to assess the Company’s contribution to systemic risks created by income inequality, which are linked to depressed wages and compliance with international human rights norms. Data shows that in many regions where The Home Depot operates the cost of living exceeds the income required to cover the costs of basic needs.⁶

Additionally, Home Depot hires contingent workers through staffing or vendor contracts, including part-time temporary workers, independent contractors, consultants, contract employees, and seasonal hires. Currently

¹ <https://www.epi.org/publication/secular-stagnation>

² <https://tiiproject.com/wp-content/uploads/2022/01/TIIP-Stewardship-Final.pdf>, at 2.

³ <https://www.globallivingwage.org/about/what-is-a-living-wage/>

⁴ <https://www.ohchr.org/en/human-rights/universal-declaration/translations/english>, Article 23.

⁵ https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23%20%28compressed%29.pdf

⁶ <https://livingwage.mit.edu/>

investors lack visibility into Home Depot's wage practices in this segment of its workforce, posing blind spots to decision-useful information.

Collectively closing the living wage gap worldwide could generate as much as an additional \$4.56 trillion every year through increased productivity and spending,⁷ equivalent to a more than 4 percent increase in annual GDP.

Inadequate pay thus materially reduces the intrinsic value of the global economy, which in turn affects investment portfolios.

As one of the country's largest employers, Home Depot would benefit from a living wage gap exercise to help with its long-term human capital management strategy. This Proposal does not require Home Depot to use a particular living wage calculator or methodology.

⁷ <https://tacklinginequality.org/files/introduction.pdf>



INVESTOR SUPPORT FOR A LIVING WAGE FOR U.S. WORKERS

The undersigned investors, representing \$4.5 trillion in assets under management and advisement, call on U.S. companies to take steps towards the payment of a living wage to direct and contract workers, in line with international human rights standards. Long-term investments in the workforce are good for business, helping companies attract and retain talented employees, increase job satisfaction, and improve worker performance. Wage increases for the lowest earners can also aid in addressing broader systemic risks such as income inequality and gender and racial disparities in the U.S. labor market that can have long-term societal and economic impacts.

What is a Living Wage and Why is it Important?

The Global Living Wage Coalition defines a living wage as:

The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.¹

The concept of a living wage as a human right is recognized in multiple international treaties and frameworks such as the Universal Declaration of Human Rights, the Preamble of the International Labour Organization (ILO) Constitution, and the UN Sustainable Development Goals (SDGs).²

According to polls, “84% of Americans believe large companies have a responsibility to pay full-time adult workers in frontline jobs enough to make ends meet.”³ 63% of voters believe workers need to earn more than \$20 an hour to have a decent quality of life, including 71% of Democrats, 56% of Republicans, and 63% of independent/third-party voters.⁴

¹ <https://www.globallivingwage.org/about/what-is-a-living-wage/>

² <https://www.ohchr.org/en/human-rights/universal-declaration/translations/english> ;
https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:55:0::NO::P55_TYPE,P55_LANG,P55_DOCUMENT,P55_NODE:KEY,en,ILOC,/Document ; <https://sdgs.un.org/goals>

³ <https://justcapital.com/reports/across-political-divides-americans-agree-companies-should-prioritize-workers-economic-security-driving-competitive-advantage/>

⁴ <https://www.dataforprogress.org/blog/2023/5/24/725-isnt-cutting-it-in-this-economy-voters-support-raising-the-minimum-wage-to-20-per-hour>

CEOs of leading U.S. companies identified their employees as a priority stakeholder and voiced their commitment to fair compensation and benefits in the Business Roundtable's 2019 Statement on the Purpose of a Corporation, and publicly support increasing the federal minimum wage.⁵

The Gap between the Minimum Wage and a Living Wage

The U.S. federal minimum wage has remained stagnant at \$7.25 an hour since 2009. Given cost of living increases, a worker earning the federal minimum wage today has effectively received a 28% pay cut.⁶

Addressing the issue of living wages is even more necessary today after the highest period of inflation in four decades caused a substantial reduction in real wages for American workers.⁷ Despite claims that rising wages are a main cause of inflation, wages can continue to grow while inflation declines.⁸

Estimates show that in 2022, 51% of all the workers at Russell 1000 companies, who in total made up about 15% of the employed population in the U.S. in 2021, are not earning a family-sustaining living wage.⁹ MIT's Living Wage Calculator estimates that "a single mother with two children earning the federal minimum wage of \$7.25 per hour needs to work 252 hours per week, the equivalent of almost six full-time minimum-wage jobs, to make a living wage."¹⁰ Even in the 30 states where minimum wages are above the federal minimum wage,¹¹ ranging between \$8.75 per hour in West Virginia to \$15.74 per hour in Washington, these state minimum wages are still not living wages. 90% of Americans live in a place where the living wage is \$20/hr or more.¹²

Direct employees and contract workers in traditionally low-wage retail, restaurant, hospitality, and gig sectors are most likely to earn below the living wage.¹³ According to EPI, 21 million workers make less than \$15 per hour.¹⁴ Shift reports that "56% of hourly service sector workers make less than \$15 per hour and 25% make less than \$12 per hour across 66 large companies."¹⁵ While workers at these companies earn sub-living wages, the CEOs take home extremely high pay, averaging \$24.5 million in 2021, further

⁵ https://system.businessroundtable.org/app/uploads/sites/5/2023/02/WSJ_BRT_POC_Ad.pdf | Excerpt: "INVESTING IN OUR EMPLOYEES. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect."; <https://www.businessroundtable.org/policy-perspectives/building-americas-tomorrow-ready-workforce/federal-minimum-wage-policy-2>

⁶ <https://justcapital.com/news/3-charts-show-why-companies-should-regularly-raise-wages-to-match-inflation/>

⁷ https://fred.stlouisfed.org/graph/?g=Qzbt&utm_source=newsletter&utm_medium=email&utm_campaign=newletter_axiosmarkets&stream=business

⁸ <https://fortune.com/2022/12/01/americans-wages-inflation-price-spiral-myth-matthew-nestler/>

⁹ <https://justcapital.com/news/just-capital-and-new-data-partner-revelio-labs-find-about-half-of-russell-1000-employees-do-not-make-family-sustaining-wage-in-2022/>

¹⁰ <https://livingwage.mit.edu/articles/103-new-data-posted-2023-living-wage-calculator>

¹¹ <https://www.dol.gov/agencies/whd/mw-consolidated>

¹² <https://www.fastcompany.com/90872566/fight-for-15-hour-not-living-wage-time-20#:~:text=By%20this%20yardstick%2C%2090%25%20of,short%20of%20the%20%2420%20threshold.>

¹³ <https://www.kff.org/report-section/double-jeopardy-low-wage-workers-at-risk-for-health-and-financial-implications-of-covid-19-issue-brief/>

¹⁴ <https://www.epi.org/blog/workers-are-46-more-likely-to-make-below-15-an-hour-in-states-paying-only-the-federal-minimum-wage/>

¹⁵ <https://shift.hks.harvard.edu/the-company-wage-tracker/>

exacerbating wage disparities.¹⁶ The AFL-CIO's Executive PayWatch analysis of 2022 executive pay at S&P 500 companies found an average CEO-to-median worker pay ratio of 272-to-1.¹⁷ Studies also point to the rise of stock buybacks as a contributor to income inequality, as buybacks benefit top executives and shareholders at the expense of investments in the workforce and innovation.¹⁸

By contrast, in the United Kingdom, significant progress has been made in raising the minimum wage closer to a real Living Wage rate (as determined by the UK Living Wage Foundation). A major factor in driving this change has been the adoption of the voluntary real Living Wage rate by businesses and the public sector, demonstrating the feasibility of implementing a higher base rate of pay. There is currently a gap of £1.58 between the UK Government's "National Living Wage" for all workers over 23 years old (£10.42 across UK), and the "Real Living Wage" as determined by the UK Living Wage Foundation (£12 across UK), and the gap is wider for London.¹⁹

The Business Case for Paying a Living Wage

From a business perspective, companies have a lot to gain from ensuring a living wage for their employees. While the assumption that paying a living wage will hurt a firm's bottom line prevails, research suggests that paying a living wage is a long-term investment that can yield significant business benefits. Productivity increases when employees are motivated and incentivized. In *The Case for Good Jobs*, Zeynep Ton finds that making meaningful investments in the workforce as part of a "Good Jobs Strategy" benefits companies, their shareholders, and customers, while "paying workers low wages is actually very expensive for companies."²⁰

- London employers who implemented a living wage experienced improved worker morale, motivation, and productivity, better recruitment and retention, and reputational benefits beyond their workforces.²¹
- When comparing employer/employee performance in living wage and non-living wage workplaces in Canada, living wage workers are more loyal to their employers, more engaged at work, and have lower turnover.²²
- In the U.S., despite raising the wages of its hourly and entry-level employees and dramatically lowering their healthcare costs, PayPal's profits grew 28%.²³

¹⁶ https://shift.hks.harvard.edu/wp-content/uploads/2022/04/Company_Wage_Tracker_4_16.pdf | See table on page 3 of the Research Brief

¹⁷ <https://aflcio.org/paywatch/company-pay-ratios>

¹⁸ <https://corpgov.law.harvard.edu/2020/10/23/the-dangers-of-buybacks-mitigating-common-pitfalls/>

¹⁹ <https://www.livingwage.org.uk/what-real-living-wage> | Note: The UK *minimum* wage, applicable to workers between 18-23 years old, is lower than the "National Living Wage", so there would be a larger gap between the minimum wage and the real living wage for younger workers.

²⁰ <https://justcapital.com/news/zeynep-ton-case-for-good-jobs-worker-investments-higher-returns-2023/#:~:text=But%20the%20reality%20is%2C%20human,actually%20very%20expensive%20for%20companies>

²¹ https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/mayor-economic-unit-docs-living-wage-benefits-summary.pdf

²² <https://www.randstad.ca/employers/workplace-insights/talent-management/the-benefits-of-paying-your-employees-well/#:~:text=higher%20wages%20mean%20staff%20turnover%20decreases&text=Employees%20are%20now%20forced%20to,to%20stay%20with%20their%20employers.>

²³ <https://www.inc.com/minda-zetlin/paypal-wages-ndi-profits-growth-dan-schulman.html>

- Lower turnover following wage increases can also lead to cost savings; an increase in wages at the San Francisco airport led to a turnover decline of 34%, or a savings of \$6.6 million per year.²⁴

On the other hand, failing to create workplaces where all workers are engaged and their basic needs are met may expose companies to significant reputational and financial risk. This includes operational disruptions and costs incurred from high turnover, employee unrest, and labor shortages; reputational erosion and loss of consumer confidence and trust; worsening product and/or service quality; and even litigation and regulatory action.

How Living Wages Address Systemic Inequality

The social and economic benefits of living wages are consequential, and those benefits reverberate throughout society, the economy and by extension, diversified portfolios. Living wages reduce working poverty, which in turn helps tackle systemic inequality. These benefits are well-documented:

- “Closing the living wage gap worldwide could generate an additional \$4.56 trillion every year through increased productivity and spending,” increasing annual GDP by more than 4%.²⁵
- Income inequality slows U.S. economic growth by reducing demand by 2 to 4%.²⁶
- A 1% increase in inequality leads to a 1.1% per capita GDP loss over a 5-year period.²⁷
- Gender and racial gaps created \$2.6 trillion in losses to U.S. GDP in 2019.²⁸ Eliminating racial disparity would add \$5 trillion to the U.S. economy over five years.²⁹

Particularly within the U.S. context, where deeply ingrained inequalities based on race and gender continue to persist, living wages are a practical solution to issues of systemic inequality. For low-wage sector workers, raising wages can create a more level playing field and improve the livelihoods of women and people of color, who make up the majority of this workforce.³⁰ Some studies also suggest a correlation between wage increases for low-income workers and improved health outcomes for workers and their families.³¹ For companies that make commitments to racial justice, gender equity, and human rights, following through on these pledges requires investment in the wages of workers.

Steps for Companies

To generate the benefits outlined above and demonstrate a commitment to ensuring that direct employees and other workers who participate in the company's business operations are paid living wages in accordance with international human rights standards, we implore each company to work constructively with all workers as well as labor unions, and franchisee, and subcontracted operations, to

²⁴ <https://laborcenter.berkeley.edu/living-wages-and-economic-performance-the-san-francisco-airport-model/#:~:text=Following%20implementation%20of%20the%20QSP,of%2010%20percent%20or%20more>

²⁵ <https://tacklinginequality.org/files/introduction.pdf> ; <https://www.statista.com/statistics/268750/global-gross-domestic-product-gdp/>

²⁶ <https://www.epi.org/publication/secular-stagnation/>

²⁷ <https://www.pionline.com/sponsored-content/facing-hard-truths-material-risk-rising-inequality>

²⁸ <https://www.frbsf.org/our-district/about/commitment-to-equity/#:~:text=Racial%20and%20ethnic%20inequities%20cost,inequity%20will%20continue%20to%20grow>

²⁹ <http://citi.us/3olxWHO>

³⁰ <https://www.oxfamamerica.org/explore/countries/united-states/poverty-in-the-us/low-wage-map-2022/>

³¹ <https://www.urban.org/sites/default/files/2022-07/How%20the%20Minimum%20Wage%20Affects%20Low-Wage%20Workers%20and%20Their%20Families%20v2.pdf>

increase wages to a living wage. We also encourage individual companies to prioritize the following short- and long-term steps to increase investors' understanding of company wage practices and progress toward paying living wages to their direct employees and contract workers:

1. Adopt and disclose a policy and strategy that makes clear the company's commitment to take steps towards paying its workers a living wage, as differentiated from a fair, market, minimum, or legally compliant wage, and inclusive of lobbying alignment. Periodically disclose progress toward meaningful implementation of the policy;
2. End the payment of subminimum wages;³²
3. Disclose wage-setting strategies and compensation metrics, including;
 - Wage gap analysis detailing the number of workers (full-time, part-time, and contract workers) below a living wage, how far these workers are below a living wage, and the living wage benchmark/methodology used to determine this and related living wage metrics.³³
 - Median employee wage, with a detailed explanation of which employees are covered.
 - Lowest starting wage and how many workers earn this amount.
 - Percent of third-party contracted workers.
 - Quantitative adjusted and unadjusted median racial and gender pay ratios across all employees including all components of compensation.
 - Benefits (e.g. healthcare, childcare, commuting subsidies) workers receive as part of their total remuneration.
 - Employee turnover data broken down by worker type.
 - Data on collective bargaining coverage.
4. Perform and disclose cost-benefit analyses of wage increases, focusing on both the short-term and long-term costs/benefits;
5. Expand the scope of the board's compensation committee to include oversight of compensation practices for all levels of employees and contract workers, not just executives, and amend the board committee charter to formalize this responsibility and disclose how the company is addressing the gap between CEO pay and median worker pay;

We understand that, given the substantial gaps between current company wages and living wages, meeting a living wage benchmark will take time. However, with earnest commitment, recognition of the long-term benefits, and leadership on the issue, companies can lead and spur change. We encourage all companies to consider these disclosure requests and expect that companies will act within a reasonable but expeditious timeframe, demonstrating their progress routinely and transparently.

³² A "subminimum wage" is a wage paid that is less than the federal or state-mandated minimum wage. Federal law allows companies to pay less than the legally mandated minimum wage to certain groups of workers.

³³ For example, Living Wage for US provides freely available living wage data by commuting zone at <https://livingwageforus.org/>

Achmea
Achmea Investment Management
Adasina Social Capital
Adrian Dominican Sisters, Portfolio Advisory Board
Æquo Shareholder Engagement Services
AFL-CIO
AJF Capital Services, Inc.
AkademikerPension
Amalgamated Bank
American Baptist Home Mission Society
American Nonsmokers' Rights Foundation
AP Pension
AP2
Aquinas associates
Arjuna Capital
As You Sow
Atkinson Foundation
Auburn Theological Seminary
Augustine Asset Management
Aviva Investors
Azzad Asset Management
Bell Asset Management
Boston Common Asset Management
Boston Impact Initiative
Cardano
CCLA Investment Management
CCOO, FP.
Change Finance, PBC
Committee on Mission Responsibility Through Investment of the Presbyterian Church (U.S.A.)
Communications Workers of America
Community Capital Management
Congregation of Divine Providence, Melbourne, KY
Congregation of Sisters of St. Agnes
Congregation of St. Joseph
CorpGov.net
Province of Saint Joseph of the Capuchin Order - Corporate Responsibility Office
Dana Investment Advisors
Daughters of Charity of Province of St. Louise
Domini Impact Investments LLC
Dominican Sisters of Grand Rapids
DPAM
Ethos Engagement Pool International
Ethos Foundation
Etica Funds – Responsible Investments
Everence and the Praxis Mutual Funds
Figure 8 Investment Strategies
Folksam
Fondo de Pensiones Empleados de Telefonica
Fondo Scuola Espero
Franciscan Sisters of Allegany NY
Franciscan Sisters of Perpetual Adoration
Friends Fiduciary Corporation
Future Super
Green America
Heartland Initiative

Hill-Snowdon Foundation	PIRC Ltd
Horizons Sustainable Financial Services	Promethos Capital
Impax Asset Management	Raiffeisen Schweiz
Investor Advocates for Social Justice	Region VI Coalition for Responsible Investment
Jesuit Committee on Investment Responsibility	Responsible Alpha, Inc.
JLens	Robert F. Kennedy Human Rights
Lady Lawyer Foundation	Sarasin & Partners LLP
Legal & General Investment Management	School Sisters of Notre Dame Cooperative Investment Fund
LGPS Central	School Sisters of Notre Dame, Central Pacific JPIC Office
Marguerite Casey Foundation	School Sisters of St. Francis
Maryknoll Fathers and Brothers	SDG Invest
Maryknoll Sisters	Service Employees International Union
Mercy Investment Services, Inc.	Seva Foundation
Miller/Howard Investments, Inc.	Seventh Generation Interfaith Coalition for Responsible Investment
Mirova	SHARE
Missionary Oblates/OIP TRUST	ShareAction
MN	SharePower Responsible Investing
Nathan Cummings Foundation	Sisters of Bon Secours USA
Natural Investments	Sisters of Charity of Nazareth Congregational Leadership
NEI Investments	Sisters of Charity of Nazareth Western Province Leadership
Nest (National Employment Savings Trust)	Sisters of Charity of New York
Nomura Asset Management Co., Ltd.	Sisters of Charity of Saint Elizabeth
NorthStar Asset Management, Inc.	Sisters of Charity of the Blessed Virgin Mary
Northwest Coalition for Responsible Investment	Sisters of Mary Reparatrix
Öhman Fonder	Sisters of St. Dominic - Socially Responsible Investment Committee
Oxfam America	
P+, Pension Fund for Academics	
Pension Fund of the Christian Church (Disciples of Christ)	

Sisters of St. Dominic of Blauvelt, New York
Sisters of St. Francis of Dubuque, IA
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph of Springfield, MA
Sisters of the Holy Cross
Sisters of the Holy Names of Jesus and Mary,
General Administration
Sisters of the Humility of Mary
SOC Investment Group
Social Justice Committee of the UU
Congregation at Shelter Rock
Socially Responsible Investment Coalition
Sonen Capital
Stardust
Storebrand Asset Management
Sustainable Advisors Alliance, LLC
The Shareholder Commons
The Sustainability Group of Loring, Wolcott &
Coolidge
Trillium Asset Management
Tulipshare, Sustainable Investment Fund
U Ethical Investors
Unitarian Universalist Association
United Church Funds
United for Respect Education Fund
Ursuline Sisters
Vancity Investment Management
Veris Wealth Partners
William Caspar Graustein Memorial Fund
Zevin Asset Management