

WHEREAS: Nature and biodiversity are systemically important to climate, livelihoods, Indigenous Peoples' rights, and thriving economies. The World Economic Forum ranks biodiversity loss and ecosystem collapse among the four most severe global risks,¹ and the World Bank estimates the collapse of ecosystem services could result in an annual global GDP decline of \$2.7 trillion.² While the World Economic Forum estimates that over half of the world's GDP is moderately or highly dependent on nature and its services, all of the world's GDP is dependent on nature to some extent.³

Home Depot is the world's largest home improvement retailer, and its business is exposed to biodiversity and nature risks. Its global sourcing operations, in particular its wood and timber sourcing, may be linked to illegal logging,⁴ and contribute to deforestation, degradation and conversion of forests, or negative impacts on Indigenous Peoples or environmental human rights defenders. Retail products such as gardening, cleaning chemicals, and paints, and their associated plastic packaging and waste, create risks of land use change or water and air pollution that can contribute to biodiversity loss. Meanwhile, Home Depot faces an important opportunity to promote sustainable consumption and reduce consumers' negative impacts on nature, which it acknowledges to some degree.⁵ Improving the sustainability of products may result in higher sales margins,⁶ and demonstrate responsiveness to increasing consumer demands.

In 2022, the Kunming-Montreal Global Biodiversity Framework was adopted to halt and reverse nature loss by 2030. Along with other climate and nature commitments, it will prompt further governmental action and heightened expectations for corporate disclosures on nature.⁷ The Taskforce on Nature-related Financial Disclosures (TNFD), created with investor and company input, provides a framework to assess and report on nature-related impacts, dependencies, risks, and opportunities.⁸

While Home Depot has initiatives on circularity, responsible sourcing, and consumer engagement,⁹ it lacks an overarching biodiversity strategy or assessment process. A biodiversity assessment to evaluate the biodiversity impacts, dependencies, risks, and opportunities of upstream and downstream business, would help Home Depot to prioritize efforts and identify strategic opportunities. It could also inform work to leverage the climate and nature nexus, focus engagement with suppliers, and deploy differentiated consumer engagement strategies to halt and reverse nature loss. This would help establish long-term business resilience, mitigate supply chain disruption and volatility, and support sustainable consumer practices. In the absence of such information, investors are unable to evaluate the magnitude of its exposure to systemic biodiversity risk or whether its management systems are sufficient.

¹ https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

² <https://www.worldbank.org/en/news/press-release/2021/07/01/protecting-nature-could-avert-global-economic-losses-of-usd2-7-trillion-per-year>

³ <https://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report/>

⁴ https://us.eia.org/wp-content/uploads/2023/11/EIA_US_Dictators_Door.pdf

⁵ <https://ecoactions.homedepot.com/our-commitment/>

⁶ <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-triple-play-growth-profit-and-sustainability>

⁷ https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en; <https://www.state.gov/highlighting-u-s-efforts-to-combat-the-biodiversity-crisis/>

⁸ <https://tnfd.global/recommendations-of-the-tnfd/#risk-impact-management>

⁹ https://corporate.homedepot.com/sites/default/files/2023-07/2023%20Home%20Depot%20ESG%20Report_vF.4_7.25.23%20%28compressed%29.pdf

RESOLVED: Shareholders request that Home Depot conduct and disclose a biodiversity impact and dependency assessment, including the full value chain and use of sold products, to inform its strategy to prevent negative impacts on biodiversity.

SUPPORTING STATEMENT: Shareholders recommend, at Board discretion, that the report is aligned with standards, such as the Taskforce on Nature-related Financial Disclosure framework, and includes information on governance, strategy, risk and impact management, and metrics and targets.