## REVISION HISTORY: Import Supplier Handbook

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Introduction

The Home Depot’s (THD) Import Supplier Handbook has been developed to assist existing and potential suppliers in understanding how to do business with The Home Depot. The Home Depot constructed this document to aid the suppliers with frequently asked questions, and to provide a framework on which to build a successful relationship.

This document provides suppliers with information on the following processes:

- Supplier Buying Agreement (SBA)
- Product Line Review (PLR)
- Direct Import Supplier Compliance (DISC)
- Supplier Scorecard Metrics
- On-boarding Process (FLEX)
- Social and Environmental Responsibility (SER)
- Customs (C-TPAT)
- Supplier Quality Requirements
- Stock Keeping Unit (SKU)
- Inventory Planning and Replenishment (IPR)
- Shipping and International Logistics (IL)
- Proprietary Brand Packaging Development Process

All of these processes require the participation of the supplier and are necessary for The Home Depot to begin or continue a business relationship with the supplier.

This document has been drafted to aid the supplier in beginning their relationship with The Home Depot and does not contain all requirements of the supplier once that relationship has begun. For information on what standards and specifications The Home Depot expects from its suppliers, please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.

The topics discussed in this handbook are dynamic and respond to change in business conditions and stakeholder concerns. This constant change necessitates a commitment from THD to periodically update the Import Supplier Handbook. In response, The Home Depot expects suppliers to diligently review the updated handbook and adjust practices accordingly. Please read each section thoroughly and continue to refer back to this document as needed. If questions arise that are not addressed by this document please, do not hesitate to contact your Global Sourcing contact(s).
Section 1: Supplier Buying Agreement (SBA) Forms

1.1 Overview

The Supplier Buying Agreement (SBA) forms as mentioned in this document apply to the required forms which must be completed by the supplier in order to initiate a business relationship. The complete Supplier Buying Agreement is made available to all suppliers via The Home Depot Supplier Portal.

All Home Depot purchase orders are subject to the terms and conditions of the SBA. All suppliers entering into a relationship with The Home Depot must complete the SBA forms. The documents must be completed prior to a supplier entering the import on-boarding process.

The SBA forms available under Supplier Setup for import suppliers are: *Note: These forms can only be accessed behind login.*

- Insurance Certificate of Approval
- Insurance Approval Request
- Import Corporate
- Import Contact
- Environmental Wood Data
- Ozone-Depleting Chemical Certificate
- Supplier Factory Certification
- Electronic Data Interchange
- Open Account
- Return To Vendor

The SBA forms address the following key areas:

- Payment terms and method (Open Account)
- Contact information (corporate, bank, purchase order, etc.)
- Factory certification
- Shipment terms
- Returned Goods Terms Worksheet (BEAR RTV)
- Electronic Data Interchange (EDI)
- Product information
- Lead time
- Indemnification and Product Liability Insurance
- Warranties and guarantees
- Other business terms

1.2 Supplier Responsibilities

- Ensure that all required information is entered in the SBA, and that documents are submitted in accordance with the agreed timeline.
- Communicate with Home Depot Product Development Merchant and/or Global Operations Manager for any questions regarding the SBA.
- All suppliers are required to be setup as Open Account. The supplier should start developing a relationship with an Open Account approved bank to expedite the setup process. Approved banks include: Bank of America, Citigroup, HSBC, and JP Morgan Chase.
1.3 Product Liability Insurance

This is the most common source of difficulty to begin the relationship between The Home Depot and new suppliers. The Home Depot requires a level of liability insurance based on the type of product being purchased. The Home Depot also has specific requirements of this insurance.

Please ensure the following details are included on insurance policies provided for product purchased by The Home Depot:

- All insurance must be written by a U.S. insurance company which is rated in the most recent edition of Best's Key Rating Guide (Property-Casualty).
- Supplier must provide a current Certificate of Insurance with the agent's signature.
- The insured's name and address must be the same as the company executing the Supplier Buying Agreement (SBA).
- The policy must cover general liability insurance on an occurrence basis with a general aggregate limit of not less than the US dollar amounts specified on the Home Depot Insurance Requirements chart – Found on the SBA Form.
- A products-completed operations aggregate limit of not less than the US dollar amount specified on the attached Subclass.
- The policy must cover a per occurrence limit of no less than the amounts specified on the Home Depot Insurance Requirements chart.
- Supplier's insurance must be primary coverage.
- The Certificate must reflect a 30 day notice of cancellation.

The following statements must be included on the policy:

- This insurance policy provides for filing of claims in the United States and for payment of claims in U.S. currency.
- This insurance permits legal service of process in the U.S. and U.S. law must apply to claims.
- The Home Depot must be an additional insured under a broad form suppliers endorsement (ISO form number CG 20 15 11 88).

All of these requirements will be verified by an insurance verification service before being accepted by The Home Depot. Any questions regarding The Home Depot's requirements or clarification of deficiency notices should be referred to The Home Depot at (951)-766-2210.

1.4 Vendor Terms

Today our SBA allows our Merchandise representative to select from the following terms:

- 30 days SIGHT
- 60 days SIGHT
When the terms are SIGHT, the clock for the vendor only begins when they have presented clean documents to the bank. Clean documents means that there are not discrepancies. Please make sure that when you are presenting documents to the bank that if there is a difference between what the PO states and what you are presenting that you secure an authorization of the difference from the Merchant. This letter will need to be presented to the International Payables department prior to presentment. For more information on Accounts Payables please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.

1.4.1. Why it is important that the vendor submits documents immediately

The Home Depot needs to ensure that all components of the costs associated with imported goods have been received and paid prior to calculating the final cost to THD. In addition, it will avoid your payments being delayed.

1.5 Electronic Data Interchange (EDI)

The Home Depot uses an expanding range of electronic business interfaces to support business and supply chain initiatives with the supplier community. These consist of web-based and message-exchange based application interfaces. For more information please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.

1.5.1. Required / Mandatory Transaction Sets

The Home Depot expects all suppliers, at their expense, to maintain the appropriate systems and software to facilitate the electronic exchange of information pertinent to the receipt and acknowledgement of import purchase orders.

The Home Depot expects all suppliers to be fully engaged and compliant with the requirements of the Business to Business (B2B) electronic exchange program within 90 days of becoming a supplier to The Home Depot.

Suppliers are required to refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login, for full details on the following requirements:

- Suppliers are expected to review the requirements, and ensure compliance in all aspects, of the EDI Programming Guide for the electronic program specific to their business relationship with The Home Depot.
- Suppliers are required to setup and maintain an environment to facilitate electronic exchanges based on the appropriate governing standards body as specified in the EDI Programming Guide
- Suppliers are required to maintain a transmission schedule to support the business as specified in the respective EDI Programming Guide
- Upon receipt of an electronic document from The Home Depot, suppliers are required to transmit an electronic acknowledgement within the set time to support the business, as specified in the
respective Implementation Guide(s). The electronic acknowledgement will certify and establish evidence that the electronic document has been properly received.

- Suppliers are required to monitor the receipt of acknowledgements from The Home Depot for electronic documents sent by the supplier and take prompt action to resolve issues relating to unacknowledged electronic transmissions.
- Suppliers are required to maintain electronic document version numbers, which are compatible with The Home Depot's implementation.
- The Home Depot will only support the use of Electronic Data Interchange (EDI) documents or Sterling Web Form.
- Electronic exchange of the following document types is required for each vendor:
  - 850 Purchase Order, Version 4040
  - 860 Purchase Order Change, Version 4040
  - 864 Text Message, Version 3040
  - 997 Functional Acknowledgement, Version 3040
- Sterling Web Form is an internet based program that allows your company to exchange information electronically with The Home Depot. For Regular Merchandise Suppliers who are not EDI capable, this program is required.

As stated in the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login. Any new supplier not electronically capable of receiving purchase orders within 90 days of becoming a supplier or an existing supplier not in compliance by November 15, 2008, The Home Depot will assess a fee of $100 USD for each paper purchase order (fax or email).

1.6 EDI On-Boarding Form

As The Home Depot executes its plans for long-term growth and expansion, it is essential that we take advantage of available technology to reduce cost and improve efficiency. Due to the importance of purchase orders being received and acknowledged in a timely manner, The Home Depot is moving away from the transmission of import purchase orders via fax or email.

Such purchase orders will be electronically transmitted by The Home Depot and electronically received and acknowledged by suppliers. The Home Depot will only support the use of Electronic Data Interchange (EDI) documents or Sterling Web Form. Details on these programs please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.
Electronic exchange of the following document types is required for each vendor:

- 850 Purchase Order, Version 4040
- 860 Purchase Order Change, Version 4040
- 864 Text Message, Version 3040
- 997 Functional Acknowledgement, Version 3040
Complete this information and return with your SBA documents. Once this information is received and The Supplier Services Department is prepared to start enrolling partners in an electronic program, an 'invitation' to participate will be sent to the email address(es) provided above for The Home Depot’s self-testing system. A link will be included in the email. This site is designed to support the testing of the electronic exchange of business transactions between The Home Depot, its affiliates, and our business partners.

1.7 EDI and Sterling WebForm Contact Information

- **EDI:** For more information contact b2b_testing@homedepot.com or 770-433-8211 Extension 10036.
- **Sterling WebForm:** Customer_Support@stercomm.com or Webforms_Support@stercomm.com or 1-888-432-7382
Section 2: Product Line Review

2.1 Overview

Product line reviews are a standard step in the Home Depot process to select both supplier and products for every day stocking items. These reviews give suppliers an opportunity to present to The Home Depot the unique aspects of their products, introduce innovative items, refresh displays and packaging, and explain the manner in which they would like to display their products in stores.

In a typical line review a supplier will set a bay in the product line review site, similar to how they would recommend the display look in a store. The size of the display will be dependent on the amount of space The Home Depot intends to give that product grouping in its stores. The dimensions of that space can be provided by Merchant/Product Development Merchant or the Global Operations Manager prior to the Product Line Review. Typically a supplier should set their space at the Product Line Review prior to the event. Your Global Operations Manager or PDM can put you in contact with the correct people at the Product Line Review as the scheduled date approaches.

All suppliers should be prepared to have and discuss the following items during the review:

- Market Size/Overview/Trends
- Competitive Landscape
- Branding Strategy
- Product Mix
- Product Cost (shown net/net)
- Product packaging samples
- Product Merchandising (needs to be set in PLR for review)
- Capacity Capabilities
- Service Capabilities
- Distribution Capabilities
- Quality Control
- Transition Plan proposal
- RTV policy
- Competitive Shop (Major big box and other competitors)

All suppliers who are invited to participate in a Product Line Review should expect to see the following Home Depot associates present, and plan their presentation to address the each of their areas of responsibility:

- Category Merchant
- Global Operations Manager
- Product Development Merchant
- Visual Merchant
- Marketing Planner
- Finance Manager
- Assortment Planner
- IPR
The makeup of the supplier team which presents to the Merchant is at your discretion. The only requirement is that you have a key decision maker present. Things you may want to consider when preparing your team:

The timing of a Product Line Review can vary. The total Product Line Review usually lasts 2-3 days with each supplier presenting for a specific amount of time. No supplier is given greater amount of time than the others. The majority of our product line reviews take place at The Home Depot Innovation Center in Atlanta. If you are invited to participate in one of these reviews you will be given the address at that time. It is also possible however for a Merchant to wish to move a Product Line Review to a 3rd party site. Suppliers must accommodate these requests. Suppliers must notify either Product Development Merchant or Global Operations Managers of their planned method of removal for samples used at the event. If the samples are left, The Home Depot can destroy the samples or donate them to charity. If the samples are to be recovered by the supplier then it is the supplier’s responsibility to arrange for collection and shipping of the samples.

2.2 Tips for a successful product line review:

- English translation – All presentations should be delivered in English.
- Travel visas – All members of your team will need the appropriate travel documentation.
- Be Prepared. It is critical that as a supplier you have a solid understanding of what you would like to present to the HD merchandising team.
- Each supplier has a limited amount of time to present, so it is important you get your message across quickly.
- Numbered Power Point slides are a useful tool in these presentations.
- Practice your presentation before hand to ensure that you can cover all materials in the given time.
- Understand your audience. It is important to realize that the team you are presenting to represents The Home Depot.
- You should not only focus on product aspects, but the impact you think your product will have to The Home Depot.
- Be on time. Do not be late for your scheduled presentation time. You will not receive more time and it will not be well perceived.
- Prepare product and display to the standards of a home depot store
2.3 Example of a Bay during a PLR

- In-Bay POP
- In-Bay Product Displays
- Movable Steel Beam
- Hang Tag Signage
- Peg Board/ Hooks
- Channel
- Sellable Merchandise
- In-Bay POP
- Product Displays
- Movable Steel Beam
- Hang Tag Signage
- Peg Board/ Hooks
- Channel
Section 3: Direct Import Supplier Compliance Program (DISC)

3.1 Overview

Product availability is one of the five key priorities for success set by The Home Depot (THD). The Home Depot is committed to ensuring product availability every day and actively measures the customer buying experience and in-stock position.

The Direct Import Supplier Compliance (DISC) program is intended to increase product availability, support in-stocks and reduce variability in the international supply chain. In order to reach this goal, it is critical for our import supplier partners to deliver high quality products on time, follow the laws and regulations of the country of origin and ensure the highest ethical business practices.

3.2 Scope

All direct import programs for The Home Depot USA including subsidiaries, Canada and Mexico will be subject to the Direct Import Supplier Compliance Program (DISC).

The primary focus of DISC is on origin operations to guarantee early execution, quality products, and timely release of accurate documentation. The following key requirements are the foundation of this program:

- Timely and accurate purchase order booking – adherence to the Standard Operating Procedures (SOP) provided by the Origin Cargo Managers (OCM) which allows proper vessel or truck allocation
- On Time Cargo Delivery – timely delivery of product to the Consolidated Freight Stations (CFS), origin port or factory drop following the Origin Cargo Managers (OCM) instructions
- Timely and accurate submission of shipping documents – provide required documents to the Origin Cargo Managers (OCM) within stated guidelines to avoid shipment delays

Adhering to these principles allows an efficient and steady flow of goods that benefits store service, customer satisfaction and sales. In the event of failure to comply with these business rules, expense offsets will be assessed.

3.2.1 Initial Purchase Order Commitment

Any purchase order issued to your company by THD is a contract that must be fulfilled. Once a PO has been issued, THD will allow 2 business days for the supplier to request any changes only if an error occurred from containerization to order creation. This includes any PO amendments needed, such as but not limited to: SKUs, quantities, Ship Windows, etc.
Note: that if THD does not receive any information back, THD will consider the order accepted as is. Any communication on this matter must be conducted via email through your Inventory Planning and Replenishment (IPR) Contact.

### 3.2.2. Rules and Requirements

After a purchase order is accepted, your company will be required to meet all supplier obligations. Failure to comply with THD business requirements and standards will result in the assessment of the expense offsets defined below. These expenses are to mitigate the cost incurred by THD when suppliers do not comply with our Standard Operating Procedures.

<table>
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<tr>
<th>Compliance Type</th>
<th>Metric</th>
<th>Rule Applied</th>
<th>Expense Offsets (USD)</th>
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<tr>
<td>Cargo Booking</td>
<td>Late Booking</td>
<td>All Origins (excluding Mexico): • PO booked less than 14 days in advance to the Early Ship Date OR • Any Booking revised less than 14 calendar days in advance to the Early Ship Date Mexico Origins: • PO Booked less than 7 calendar days in advance to the Early Ship Date OR • Any booking revised less than 7 calendar days in advance to the Early Ship Date</td>
<td>$250 per Purchase Order</td>
</tr>
<tr>
<td>Cargo Delivery</td>
<td>Late Delivery</td>
<td>For FCA (Free Carrier) • PO not delivered to the container terminal (CY) or Consolidation (CFS) by the PO ship Date and/or failing to follow the vessel cut-off as instructed by OCM OR • Request an extension of the shipping date to The Home Depot IPR team. For EXW (Ex. Works) • PO failing to follow the container/trailer loading schedule instructed by OCM OR • Request an extension of the Early Ship Date to The Home Depot IPR team</td>
<td>$500 per Purchase Order</td>
</tr>
<tr>
<td>Document Submission</td>
<td>Late Document Submission</td>
<td>All Origins • Documents not submitted to OCM within 3 business days of vessel departure *Specific exception for: Mexico: Submit documents 1 business day after trailer departure</td>
<td>$300 per Purchase Order</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incomplete Documents</td>
<td>Any incomplete sets of documents that delay clearance</td>
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</tbody>
</table>
3.2.3 Exceptions to the Direct Import Supplier Compliance Program

The following table shows the exceptions where the expense offsets may not be applied. Note that these considerations will be reviewed by THD on a case-by-case basis.

<table>
<thead>
<tr>
<th>Compliance Type</th>
<th>Metric</th>
<th>Exceptions to Compliance Rules</th>
</tr>
</thead>
</table>
| Cargo Booking         | Late Booking | • Anytime the OCM System is down and the supplier is unable to process a booking  
|                       |              | • When the PO is cut less than 21 calendar days from the Early Ship Date  
|                       |              | • When THD initiates a PO revision within 14 days of the Early Ship Date which will require a supplier booking revision |
| Cargo Delivery        | Late Delivery| • When the delay is due to logistics issues, including: equipment shortage, carrier vessel space etc.  
|                       |              | • Force Majeure including: Act of God, political unrest, etc.                                                                                                     |
| Document Submission   | Late Documents| • No Exceptions for late document submissions                                                                                                                     |

3.2.4 Responsible Parties

Responsible parties involved in the management of DISC are defined below:

Origin Cargo Managers (OCM)

OCMs are The Home Depot’s appointed global logistics service providers and are responsible for PO, Supplier Transportation and Document management services at all origin sourcing countries. DISC will be executed by THD’s OCMs with oversight from THD Store Support Center (SSC) in Atlanta, GA, USA.

All shipments must be arranged through THD’s appointed OCM as follows:

- **Damco**: China (excluding Taiwan)
- **Unyson Logistics**: Mexico
- **Expeditors International**: Australia, Europe, Middle East, South America and Asia (excluding China)

The Home Depot Inventory Planning and Replenishment contact

This team is responsible for issuing Purchase Orders and communicating with our company on any changes needed. Please make sure you identify your IPR single point of contact as he/she is a key operational person to manage your demand and provides key information that will be used for the DISC Program.
The Home Depot Global Sourcing Team

This team can assist suppliers in case of questions regarding the DISC Program. Local contacts are in Asia, Latin America, Europe, and SSC. Refer to sections 3.2.5 for email contacts.

THD SSC Office in Atlanta will maintain control over the program. The program scope covers THD USA and THD Canada.

3.2.5 Expense Offset Assessment and Issue Resolution

Damco, Unyson Logistics and Expeditors International will be responsible for keeping a record of each Purchase Order, assessing the expense offsets and resolving any discrepancies with your company prior to issuing the Forwarder’s Cargo Receipt (FCR). Offsets will be detailed on the FCRs as applicable. Offsets will be deducted at the time of suppliers’ FCR presentment at the local bank. OCMs will not be responsible for collecting any offsets.

If you are faced with a situation where you believe the resolution of a disputed charge was not accurate, you may contact our Fulfillment Team listed below. This team will investigate each case and ensure fair application of our business rules. All requests must come through this channel. The merchandise team will not be able to provide a response on this matter.

For Asia: ASO_fulfillment@homedepot.com
For All Other Origins: SSC_fulfillment@homedepot.com
Section 4: Supplier Scorecard

4.1 Overview

The Direct Import Supplier Performance Scorecard program establishes THD’s supplier performance expectations. The main goal of this process is to increase product availability, reduce variability within the Supply Chain and maintain an optimum level of store service. The scorecards define “best in class” performance and tracks supplier performance on a quarterly basis. The program consists of seven (7) metrics, three (3) of which are part of THD’s “Direct Import Supplier Compliance” Program released in April 2008.

The scorecard program will be facilitated by a global cross-functional team that will be jointly led by the Global Operations Manager and the Merchant for each respective line of business by department(s). Suppliers are required to complete a corrective action plan (CAPA) for all metrics not achieving best-in-class status. THD’s global sourcing offices are required to help facilitate the execution of CAPA’s with supplier factories. Performance results will also be considered during product line and business reviews.

Please ensure your organization is familiar with the metrics. In case you have any questions on how this program operates, please contact your respective Global Operations Manager.

Adhering to this program allows an efficient and steady flow of goods that benefits store service, customer satisfaction and sales.

4.2 Supplier Performance Metric Table:

<table>
<thead>
<tr>
<th>Metric</th>
<th>IMO</th>
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<th>IMO</th>
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<th>IPQ</th>
<th>Logistics</th>
<th>Quality</th>
<th>Fulfillment</th>
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<td>On Boarding Data Submission</td>
<td>On Boarding Approval</td>
<td>Sample Submission Cycle</td>
<td>PPT Approval</td>
<td>Containerization Submittal</td>
<td>On Time Booking</td>
<td>PSI Yield</td>
<td>On Time Delivery</td>
<td>On Time Documents</td>
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<td>THD Expectation</td>
<td>&lt;= 7 days from PQOB email notification</td>
<td>&lt;= 49 days from PQOB email notification</td>
<td>&lt;= 14 days from PQOB kick-off email</td>
<td>&lt;= 14 days from Sample</td>
<td>&lt;= 4 days from IPQ request</td>
<td>&gt;= 14 days in advance to ESD</td>
<td>100% First time pass</td>
<td>100% On Time</td>
<td>&lt;= 3 days after ETD</td>
</tr>
<tr>
<td>Business Roles</td>
<td>Calendar days</td>
<td>NA</td>
<td>Calendar days</td>
<td>Business days</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit of Measurement</td>
<td>SKU</td>
<td>SKU</td>
<td>SKU</td>
<td>SKU</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defect</td>
<td>On boarding data submitted or revised after 30 days from PQOB email notification</td>
<td>On boarding completion after 30 days from PQOB email notification</td>
<td>Sample submission after 14 days from PQOB kick-off email</td>
<td>Testing completion after 14 days from sample submission</td>
<td>Containerization submission more than 4 days from IPQ request</td>
<td>Booking done or revised with less than 14 days to the first day of the shipping window (Earliest Ship Date)</td>
<td>Any sku within a PO not complying with THD Pre-Audit inspection (PSI) during first audit</td>
<td>Any of the following conditions: - Shipping window change requested due to M/Supplier delay - Delivery done after the necessary delivery date instructed by the 3PL Documents submitted after 3 days from Estimated Time of Departure (ETD)</td>
<td></td>
</tr>
<tr>
<td>Calculation</td>
<td>Average Skus on boarding day</td>
<td>Average Skus on boarding cycle in days</td>
<td>Average Skus on sample submission days</td>
<td>Average Skus testing completion days</td>
<td>Average containerization submission time in days</td>
<td>% of POs booked on time</td>
<td>% of POs that passed PSI on the first attempt</td>
<td>% of POs shipped on time</td>
<td>% of POs with documents on time</td>
</tr>
<tr>
<td>Criteria</td>
<td>1: &gt;15 days</td>
<td>&gt; 80 days</td>
<td>&gt; 20 days</td>
<td>&gt; 31 days</td>
<td>&gt; 16 days</td>
<td>&lt; 70%</td>
<td>&lt; 85%</td>
<td>&lt; 85%</td>
<td>&lt; 70%</td>
</tr>
<tr>
<td></td>
<td>2: 13 - 15 days</td>
<td>71 - 80 days</td>
<td>22 - 25 days</td>
<td>26 - 30 days</td>
<td>13 - 16 days</td>
<td>70 to 79%</td>
<td>85 to 89%</td>
<td>85 to 89%</td>
<td>70 to 79%</td>
</tr>
<tr>
<td></td>
<td>3: 10 - 12 days</td>
<td>61 - 70 days</td>
<td>18 - 21 days</td>
<td>21 - 25 days</td>
<td>9 - 12 days</td>
<td>80 to 89%</td>
<td>90 to 94%</td>
<td>90 to 94%</td>
<td>80 to 89%</td>
</tr>
<tr>
<td></td>
<td>4: 8 - 9 days</td>
<td>50 - 60 days</td>
<td>15 - 17 days</td>
<td>15 - 20 days</td>
<td>5 - 8 days</td>
<td>90 to 99%</td>
<td>95 to 99%</td>
<td>95 to 99%</td>
<td>90 to 99%</td>
</tr>
<tr>
<td></td>
<td>5: 1 - 7 days</td>
<td>&lt;= 40 days</td>
<td>&lt;= 14 days</td>
<td>&lt;= 14 days</td>
<td>1 - 4 days</td>
<td>100% On time</td>
<td>100% First pass</td>
<td>100% On time</td>
<td>100% On time</td>
</tr>
</tbody>
</table>
Section 5: On-Boarding - Process

5.1 Overview

The FlexPLM system is web based and therefore accessible anywhere in the world. Please make sure you are using Internet Explorer 8 when accessing FlexPLM. Detailed training on how to use the system is located on the website. All suppliers are strongly encouraged to review the training to make sure they understand how to navigate the system. In order to access FlexPLM you must login through your HDLink portal account and select the FlexPLM application.

5.2 FlexPLM Access

Step 1

Go to HDLink (https://homedepotlink.homedepot.com) and login using your existing username and password. If you currently do not have an account, your Guardian can create one for you. If your company does not have an HD Link profile, send an email to FlexPLM_busadmin@homedepot.com with:

- Supplier name
- Your first and last name
- Your title
- Your email address
- Your phone number
- Home Depot contact

Your profile cannot be created without all of this information. You will receive an email when you have been granted access to the system. Wait for the email to continue with the training materials.

Step 2

On the HDLink website, click on Applications. If you do not have Applications skip to Addendum: Flex Access for non-Guardian users (after step 7)

Step 3

After selecting Applications, your screen will look something like this. Select Go.
Step 4

A new window will open that looks something like this:

Click on Application/Report View.

Step 5

On the new screen that opens up, select FlexPLM. Then scroll to the bottom and select Manage Users.

Step 6

In the new window, scroll to the bottom and select Add User Access.

Step 7

A new screen will appear that looks like this:

Enter the information that you know about the user you want to grant access.

Check the box to the left of the names that you want to grant access. You can grant access for multiple users at the same time. Then click Select at the bottom of the screen.
A confirmation screen will appear and click **Yes**.

Once you click **Yes**, an email will be sent to the FlexPLM team to request access for the user. **THIS REQUEST TAKES UP TO 24 HOURS TO PROCESS.** You will receive an email when your setup has been complete that includes your user name and password as well as training materials on how to use FlexPLM.

**Addendum: Flex Access for non-Guardian users**

This section is only if you do not have **Applications** on the HDLink website.

Click **My Account** at the top of the screen.

You should see the Associated Guardians at the bottom of the screen similar to this.

Contact the person that is your associated guardian to grant you access to FlexPLM. The guardian will need to follow Steps 1-7 above to grant access. If you cannot contact your guardian, please contact the HDLink help desk here (you may need to copy and paste the link into your browser):

https://homedepotlink.homedepot.com/en-us/hdlink/support/contactus/Pages/default.aspx

Use the user account issue and include the text “I need to be the guardian of our account in order to grant access to applications”. Once that has been resolved, continue the training material above.
5.3 Data Collection

FlexPLM collects essential supplier, factory and product information. The information will have to be completed for each product being offered by the supplier. Once all the information required is filled in, the data will be locked, by the Import Operations team, and the on-boarding process will begin.

Once the on-boarding process has begun, the vendor will be assigned a service provider for SER, QSA, and CTPAT audits as well as for PPT Testing. The vendor will have to give an estimated time for the product sample to be sent to the testing facility. This step is highly important for the timely completion of the process.

The quick completion of this information is essential to begin the on-boarding process. The steps within the process can be performed simultaneously; however, all information must be entered before the process can begin. The steps in the process include: Social and Environmental Responsibility (SER), Quality System Assessment (QSA), Security Audit (CTPAT), Pre-Purchase Testing (PPT), Logistics, Customs, Art Graphics (Packaging), Legal, and a Pro-Forma (Financial) reviews. Purchase orders (POs) will not be issued without the completion of all these steps of the on-boarding process.

5.4 Supplier Responsibilities

- Review the training material available on the FlexPLM website.
- Ensure that all required information is entered in the FlexPLM system, and that samples are submitted to the testing provider according to the timeline provided.
- Communicate with Home Depot PDM and/or Import Merchandising Operations representatives for any questions regarding the on-boarding process.

5.5 Training

Most questions can be answered from the training material provided on the FlexPLM website. If your question cannot be answered by this material please notify your designated contact within The Home Depot.

To access training:
Go to your FlexPLM homepage and select ‘Libraries’

Then select ‘Document’
Then, scroll to the bottom and select ‘Training’

Then select ‘Search’

Then select ‘Show All’ to view all the trainings.

5.6 Questions & Answers

Q: I’m not using Internet Explorer 8, will I have any issues?

A: You must be using an Internet Explorer browser to have full functionality within FlexPLM. If you are using a new version of Internet Explorer, attempt to downgrade to Internet Explorer 8. If you are unable to downgrade, you can try using the compatibility button after navigating to the FlexPLM website.

It may look like this:
Or you may have to add the Flex website to your compatibility option in the tools drop down:

Q: Why does it say “Ajax Search Disabled” when typing in certain text boxes?

A: You cannot access certain information by typing it in the field box. You must click the field name (e.g. “Program:*”) and then search the relevant field in the new window that opens.

Q: Why can’t I find the port/material/etc. that I’m searching for?

A: When searching fields in FlexPLM, use wildcards (*) before and after your search and limit what you search for. For example, instead of searching for the material ‘Calcium Carbonate’, you could search for ‘*Carb*’ and all results containing ‘Carb’ will appear.

Q: What if a material is not available in Flex?

A: You must list the raw materials used to develop the product in Flex. For example, you could not enter ‘electronic components’, but instead would need to list ‘copper’, ‘nickel’, etc. Also, ‘other’ is not an acceptable entry. If you have tried using wildcards (*) and are still unable to find a raw material, please contact flexplm_busadmin@homedepot.com.

Q: Why does my HDLink password not work for my FlexPLM login?

A: For now, there is no single sign on for FlexPLM so the user needs to input the username and password a second time. To limit confusion, the username for HDLink and FlexPLM is the same; however, the password for FlexPLM is different than HDLink.

Q: When is product information submitted?
A: The product information should be submitted once the supplier has been notified by The Home Depot system that a program was created for that product in FlexPLM. The supplier should then complete the product information within 3 days after receiving the notification.

Q: Can I use an old program to onboard a new product?

A: No, after a program is finalized, a new program will have to be created for any new products.

Q: Why is the information locked in the system? Can I make changes to product info after on-boarding?

A: The information is locked for accuracy of The Home Depot records. Changes can be made to the product after on-boarding by the Import Operations Team, please notify your Import Operations contact if you need to make changes to your product after on-boarding has been kicked off. For dimension updates after a failed PPT test, the user that created the product will get an email notification that includes instructions on how to update the dimensional data only. No changes can be made after the product has been finalized, to make these types of changes the supplier has to utilize the ECN process.
Section 6: Corporate Policies

6.1 Social and Environmental Responsibility Standards

The Home Depot, its affiliates, divisions, and subsidiaries strive to conduct business in a responsible manner. As we expand our business activities and work with suppliers domestically and globally to meet customers’ needs, it is important to preserve our collective commitment to human rights and safety in the workplace.

The Home Depot expects that all suppliers will abide by all applicable international and local laws, rules and regulations in the manufacture and distribution of merchandise or services provided to The Home Depot. All suppliers are strongly encouraged to exceed The Home Depot’s guidelines and promote continuous improvement throughout their operations.

All suppliers must be able to demonstrate compliance with these requirements at the request of The Home Depot.

These guidelines provide an introduction to the minimum requirements that all Suppliers must meet in order to conduct business with The Home Depot. These requirements are part of all new and/or renewed commercial agreements with The Home Depot.

For more detailed guidance on the Social and Environmental Responsibility expectations of The Home Depot, you may download the “SER Supplier Manual” on HomeDepotLink here:


6.1.1 Laws and Regulations

Suppliers must operate in full compliance with all applicable laws and regulations of the countries in which they operate.

6.1.2 Child Labor

Suppliers must not employ workers younger than the greater of 15 years of age -- or 14 where the local law allows such exception consistent with International Labor Organization guidelines -- or the age for completing compulsory education or the minimum age established by law in the country of manufacture.

In addition, Suppliers must comply with all local legal requirements for the work of authorized young workers, particularly those pertaining to hours of work, wages, and working conditions.

6.1.3 Forced Labor

Suppliers will not use of any form of involuntary labor including forced, prison, indentured, bonded, slave, or human trafficked labor.

6.1.4 Harassment and Abuse

Suppliers must treat all workers with respect and dignity. No worker shall be subject to corporal punishment, physical, sexual, psychological or verbal harassment or abuse. In addition, Suppliers will not use monetary fines as a disciplinary practice.

6.1.5 Compensation
Suppliers must comply with all wage and compensation requirements as defined under applicable labor laws and regulations for regular work, overtime work, production rates and other elements of compensation and employee benefits.

6.1.6 Hours of Work

Suppliers must ensure that, except in extraordinary business circumstances, on a regularly scheduled basis, workers shall not be required to work more than the lesser of (a) sixty (60) hours per week, including overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture. In addition, except in extraordinary business circumstances, all workers shall be entitled to at least one day off in every consecutive seven day period.

6.1.7 Non Discrimination

While The Home Depot recognizes and respects cultural differences, Suppliers will ensure employment – including hiring, salary, benefits, advancement, discipline, termination and retirement -- should be based solely on the person’s ability to perform the job requirements and not personal characteristics.

6.1.8 Freedom of Association and Collective Bargaining

Suppliers must recognize and respect the rights of workers to exercise lawful rights of free association, including joining or not joining any association. Suppliers must also respect the legal right of workers to bargain collectively.

6.1.9 Health and Safety

Suppliers must provide a safe and healthy working environment in accordance with applicable laws and regulations.

6.1.10 Environment

Suppliers must comply with all local environmental laws and regulations applicable to the workplace. Factories must conduct business in a manner which minimizes their impact on the environment.

6.1.11 Subcontracting

Suppliers must not use subcontractors in the manufacture of products or product components for The Home Depot without disclosing such information to The Home Depot, and only after the subcontractor has adequately demonstrated compliance with these Social and Environmental Responsibility Standards.

6.1.12 Communication

Suppliers must communicate the provisions of The Home Depot Social and Environmental Responsibility Standards to all workers and supervisors.

6.1.13 Business Ethics

Suppliers will conduct business with The Home Depot consistent with honesty and integrity and demonstrate the highest standards of business ethics. Suppliers will take no actions directed at improperly impacting the results of any audit including presentation of falsified records or coaching of employees. Consistent with The Home Depot Gift and Entertainment policy, Suppliers will not offer any incentives to the company’s associates or audit firm representatives.

6.1.14 Monitoring and Compliance
The Home Depot will undertake affirmative measures, such as announced and unannounced on-site audits of production factories, to monitor compliance with these Social and Environmental Responsibility Standards. Suppliers must maintain on-site all documentation necessary to demonstrate compliance with the Social and Environmental Responsibility Standards, and Suppliers must allow representatives from The Home Depot full access to production facilities, worker records, production records and workers for confidential interviews in connection with monitoring visits.

Suppliers are expected to take necessary corrective actions to promptly remediate any noncompliance. Suppliers are expected to actively engage in remediation – including timely preparation and presentation of a Corrective Action Preventative Action (CAPA) plan. The Home Depot reserves the right to terminate its business relationship with any Supplier who is unwilling to comply with these Social and Environmental Responsibility Standards.

6.2 Corporate Compliance and Ethical Standards

The Home Depot, its affiliates, divisions, and subsidiaries have a strong commitment to ethics and integrity and we are committed to conducting business in a responsible manner. Ethics and integrity form the foundation of our supplier relationships and The Home Depot expects that suppliers will abide by all applicable laws, rules and regulations in the manufacture and distribution of merchandise or services provided to The Home Depot. All suppliers are strongly encouraged to meet or exceed The Home Depot’s Corporate Compliance and Ethical Standards. The guidelines below provide an introduction to the minimum requirements that all suppliers must meet in order to conduct business with The Home Depot. These requirements are part of all new and/or renewed commercial agreements with The Home Depot.

6.2.1 Gifts and Entertainment

The Company has a zero tolerance policy for receiving gifts and entertainment when there is any chance that the purpose is to: improperly influence the recipient; violate the Company’s Policies; or violate the law. This policy does not change during traditional gift-giving seasons or during Company sponsored events. Gifts and entertainment apply to anything received as a result of an actual or potential business relationship and for which the recipient does not pay face value. In the event that the recipient is willing to pay face value for a ticket or other gifts and entertainment, when in fact the market value is significantly higher than the face value (e.g. Super Bowl or Masters Tournament tickets), the associate must still have the item approved in advance in accordance with this policy. Examples of gifts and entertainment include: meals, travel and travel accommodations for business or vacation purposes, tickets to sporting or cultural events, discounts not available to the general public, gift certificates, vendor product samples for personal use, wine or alcohol and any other merchandise or services.

Before making any attempt to provide gifts or entertainment, suppliers are advised to discuss such plans with a senior level contact at The Home Depot.

For the purposes of this policy, financial or in-kind donations made directly to The Home Depot Foundation, including participation fees to attend events benefiting The Home Depot Foundation are not considered gifts and entertainment and may be accepted within reason.

6.2.2 Conflicts of Interest

The Home Depot’s Business Code of Conduct and Ethics Policy instruct The Home Depot associates to avoid conflicts of interest.
A conflict of interest occurs when an individual’s private interest interferes (or appears to interfere) in any way with the interests of The Home Depot. As conflicting loyalties impair an associate’s ability to make objective decisions, conflicts of interest must be avoided.

A conflict of interest can result from, but is not limited to, certain relationships between an associate and a customer, supplier, competitor, family member, or friend.

A conflict exists when the parties to the relationship give or receive (or appear to give or receive) unfair advantages or preferential treatment. Conflicts of interest also arise when an associate or a member of his or her family receives improper personal benefits as a result of his or her position with the Company. Having such a conflict arouses suspicion about an associate’s integrity and can cause damage to the reputation of The Home Depot.

The Home Depot expects all suppliers to be aware of this policy and to avoid contributing to a conflict of interest or the appearance of a conflict of interest. Any involvement by a supplier in any conflict may be grounds for a termination of business.

6.2.3 Foreign Corrupt Practices Act Policy

The U.S. Foreign Corrupt Practices Act (the “FCPA”) is a criminal statute which prohibits the corrupt payment of money or giving of things of value, i.e., “bribes,” to foreign officials in order to obtain or retain business. The Home Depot’s commitment to the highest ethical standards and to open and fair business conducted worldwide clearly encompasses compliance with applicable U.S. and international laws, including the FCPA.

The Home Depot’s employees and agents should understand that any actions taken by them on behalf of the Company in violation of the FCPA create criminal exposure for themselves, the Company and, in certain circumstances, its foreign subsidiaries. The Home Depot trusts in the integrity of its employees and expects each to comply willingly and completely with the FCPA and this Policy.

6.2.3.1 Policy

Suppliers may not offer or give anything of value to a foreign official, a foreign political party official, a foreign political party or a candidate for foreign political office that might be considered a bribe.

To the extent permitted by applicable local law and regulation, suppliers may make certain permissible payments under the FCPA – expediting or facilitating payments, gifts and entertainment, political contributions and charitable contributions – only with the prior approval of The Home Depot Legal Department at legal_question@homedepot.com. Suppliers may not enter into any agreement with a foreign attorney, foreign accountant, foreign consultant, foreign subcontractor or other third party without obtaining the prior written approval of The Home Depot Legal Department at legal_question@homedepot.com. Suppliers must make accurate and complete entries in their records and follow generally accepted accounting procedures as required by local law. Suppliers may not make any false or misleading entries on their books and records.

6.2.3.2 Sanctions

Criminal sanctions for violations of the FCPA for individuals include fines of US$250,000.00 or more (which cannot be reimbursed by the employer/principal) and six years imprisonment. Criminal sanctions for violations of the FCPA for corporations include fines of US$2,000,000.00 or more.

6.2.3.3 Adequate Records; Adequate Controls

The FCPA also imposes a statutory duty on public reporting companies such as The Home Depot to maintain accurate books and records and an adequate system of internal accounting controls. This duty also extends to ensuring that the subsidiaries, domestic and foreign, of public companies such as The Home Depot also comply with these records and controls requirements.

6.2.4 Former Associates’ Relationships with Suppliers
The Home Depot will not conduct business with a former associate who is working for a vendor supplying product or services to The Home Depot for a period of one (1) year after the associate's separation ("cooling period") from The Home Depot. During the cooling period, the former associate will not have any access to The Home Depot facilities for business purposes. The former associate will not be allowed to participate in any meetings with current The Home Depot associates while the former associate is working for the supplier/new employer. In addition, former associates have an independent obligation not to use or disclose The Home Depot confidential information.

The purpose of this policy is to:

- Eliminate any risk that the former associate will use his/her relationship with current The Home Depot associates to improperly influence the parties’ business dealings; and
- Safeguard The Home Depot proprietary and confidential information that the former associate acquired during the course of employment that would inevitably be compromised.

This prohibition is not applicable if the former associate's termination was the result of a reduction in force.

6.2.4.1 Exceptions

For salaried store associates, the Regional Vice President responsible for the former associate’s region may authorize an exception to the current policy. For hourly associates, the District Manager responsible for the former associate’s district may authorize an exception to the current policy. For non-store associates, the Executive Vice President responsible for the former associate’s previous department may authorize an exception to current policy or may designate a Senior Vice President to review and approve an exception.

All exceptions must be approved in advance and must be submitted to the Corporate Compliance department at SER@homedepot.com.

6.2.5 Supplier Alertline Information

The Home Depot makes our expectations and compliance standards clear and encourages suppliers to contact us if an associate ever asks you to do anything that infringes upon these standards. The Home Depot provides the Supplier Alertline for the exclusive use of suppliers to report violations of company policy pertaining to receiving or soliciting gifts, bribes or kickbacks, disclosure of confidential information or a conflict of interest.

If you are aware of a situation where you think there may be a violation of company policy pertaining to receiving or soliciting gifts, bribes or kickbacks, disclosure of confidential information or a conflict of interest, immediately notify The Home Depot's Merchandising Leadership Team.

If you are uncomfortable taking the issue to the Leadership Team or if you wish to remain anonymous, contact the Supplier Alertline at https://www.integrity-helpline.com/hdsupplier.jsp or by using the following toll-free numbers:

- United States and Canada: 1-800-435-3152
- Mexico: 001-888-765-8153
- China: 10-800-711-0714 or 10-800-110-0654
Section 7: Customs-Trade Partnership Against Terrorism (C-TPAT)

7.1 Supplier and Factory Security Requirements

The Home Depot (THD) is a validated member of Customs-Trade Partnership Against Terrorism (C-TPAT). We are committed to expanding the reach of this initiative and we are taking measures to better secure our supply chain. As a requirement of C-TPAT membership, THD must work with our direct import Suppliers and Factories to ensure appropriate security controls exist at the foreign factory based on C-TPAT guidelines. THD is also required by the U.S. Government to ensure that all business partners develop or enhance security programs to better secure their supply chains.

These minimum security criteria are designed to be the building blocks for foreign manufacturers to institute effective security practices, to optimize supply chain performance, and to mitigate the risk of loss, theft, and contraband smuggling that could potentially introduce acts of terrorism or terrorists into the global supply chain. The determination and scope of criminal elements targeting world commerce through internal conspiracies requires companies, and in particular, foreign manufacturers to elevate their security practices.

Where a foreign manufacturer out-sources or contracts elements of their supply chain, such as another foreign facility, warehouse, or other elements, the foreign manufacturer must work with these business partners to ensure that pertinent security measures are in place and are adhered to throughout their supply chain.

All International Suppliers shall have and comply with processes and procedures to keep unauthorized items or persons from being placed into shipments destined for Home Depot. For more information about C-TPAT please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.

7.2 Business Partners

Foreign manufacturers must have written and verifiable processes for the selection of business partners including, carriers, other manufacturers, product suppliers, and vendors (parts and raw material suppliers, etc.)

Foreign manufacturers must ensure that business partners develop security procedures consistent with the C-TPAT security criteria to enhance the integrity of the shipment at point of origin. Periodic review of business partners’ processes and facilities should be conducted based on risk, and should maintain the security standards required by the foreign manufacturer.

As foreign manufacturer is responsible for loading trailers and containers, they should work with the carrier to provide reassurance that there are effective security procedures and controls implemented at the point-of-stuffing.
7.3 Point Inspections Requirements

HIGH SECURITY BOLT SEALS THAT MEET ISO/PAS 17712:2013 STANDARDS ARE **REQUIRED**.

THE FOLLOWING 7-POINT INSPECTION IS **REQUIRED** FOR CONTAINERS.

5. Front Wall

6. Ceiling/ Roof

7. Floor (Inside)

THE FOLLOWING 17-POINT INSPECTION IS **RECOMMENDED** FOR ALL TRAILERS.

1. Outside/ Undercarriage

2. Inside/Outside Doors

3. Right Side
7.4 Container Inspection Form

(Click HERE for a copy of the Container Inspection Form)

NOTE: The factory must complete a container inspection report like the one above for all shipments to The Home Depot, and keep the reports on file for at least one year.

7.5 Physical Access Controls

Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.

Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety. Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

Building must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair. All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.

Alarm systems and video surveillance cameras should be used to monitor premises and prevent unauthorized access to cargo handling and storage areas. Suppliers must have communications systems in place to contact internal security personnel as well as local police where security problems or illegal activities are suspected or detected.
7.6 Personnel Security

Application information, such as employment history and references must be verified prior to employment. Consistent with local regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and reinvestigations should be performed based on cause.

An employee identification system must be in place for positive identification and access control purposes. Employees should only be given access to those secure areas needed for the performance of their duties. Companies must have procedures in place to remove identification, facility, and system access for terminated employees.

Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors. Visitors must present photo identification for documentation purposes upon arrival. Drivers delivering or receiving cargo must be positively identified before cargo is received or released.

Company management or security personnel must adequately control the issuance and removal of employee, visitor and vendor identification badges. Procedures for the issuance, removal, and changing of access devices (e.g. keys, key cards, etc.) must be documented.

7.7 Information Controls

Documentation control must include safeguarding computer access and information. Automated systems must use individually assigned accounts that require a periodic change of password. IT security policies, procedures, and standards must be in place and provided to employees in the form of training.

A system must be in place to identify the abuse of IT including improper access, tampering or the altering of business data. All system violators must be subject to appropriate disciplinary actions for abuse.

7.8 Annual Factory Security Self-Assessments are REQUIRED

THD must collect detailed information of the Factories from which we are sourcing. We must ensure that the security program is fully integrated between business partners in order to eliminate problems before they occur.

At a minimum, on a yearly basis, or as circumstances dictate such as during periods of heightened alert or security breach, foreign manufacturers must conduct a comprehensive assessment of their international supply chains based upon the following C-TPAT security criteria.

Factories provide security self-assessments to THD by answering an online survey. If your factory has not already submitted this survey, please go to this website and complete the questionnaire. [http://www.formrouter.net/forms@THDIL/ctpat.html](http://www.formrouter.net/forms@THDIL/ctpat.html)
7.9 Security Awareness is REQUIRED

Every person at the factory that may handle THD cargo needs to be aware of the risks and steps required.

A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists and contraband smugglers at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail. Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.

7.10 Security Plan is REQUIRED

Suppliers should have a written security procedure plan that addresses, at the very least, the standards listed in the Supplier Reference Manual.

The Home Depot reserves the right to review the Supplier's security plan at each factory/warehouse from which merchandise is shipped. Suppliers will jeopardize their relationship with The Home Depot if they have inadequate security measures at these facilities.

7.11 Accurate Contact Information is REQUIRED

The Home Depot must be able to communicate with the suppliers and factories. Keep supplier email, and factory email, contact, and location information current. Be diligent about maintaining updates to any contact information.

7.12 Next Steps

- Determine the supplier contact that will be responsible for oversight of factory security.
- Review the Supply Chain Security section BE 2.5 of the Supplier Reference Manual.
- Review the C-TPAT standards, which form a basis for the Home Depot minimum standards, which can be found at [http://www.cbp.gov/](http://www.cbp.gov/).
- Review the standards with all appropriate factory personnel.
- Take the necessary steps to implement programs to comply with the standards.

7.13 Contact Information

If you have any questions about Supply Chain Security or need assistance in developing or improving a security program, please contact The Home Depot Global Trade Services team at [Global_Risk@homedepot.com](mailto:Global_Risk@homedepot.com)
Section 8: Supplier Quality Requirements

8.1 Introduction

The Home Depot (THD) Supplier Quality Requirement is designed to assist potential and existing direct import suppliers and factories in better understanding The Home Depot’s quality requirements, supplier and product qualification process and quality control activities.

This section provides the potential and existing supplier with instructions on the following Items:

- THD General Quality Requirements
- Quality System Assessment (QSA)
- Pre-Purchase Testing (PPT)
- Product Changes –Engineering Change Notification (ECN)
- Lead Content Requirement
- First Article Review (FAR)
- Pre-Shipment Inspection (PSI)
- Switch Rules and Quality Certification (QC)
- Supplier PSI Certification
- During Process Inspection (DPI)
- Post Purchase Testing (PoPT)
- RTV (Return to Vendor) Analysis
- Supplier Corrective Action Request (SCAR)
- Corrective Action and Preventive Action(CAPA)
- Supplier Sub-Contracting
- Supplier Always and Never
- The Home Depot Quality Contact Info

As per with the entire handbook, all of these processes require the full participation and accountability of the potential and existing supplier and are necessary for THD to begin and/or continue a business relationship with a supplier. Quality is the foundation. In order to build this relationship and partnership with THD, suppliers need to make quality and all quality initiatives a priority for the safety and protection of our customers.

8.2 Abbreviations

THD – The Home Depot
ATL QA – THD Atlanta Quality Assurance Group
GSO – Global Sourcing Office
GSO SQE – GSO Supplier Quality Engineer
SP – Third Party Service Provider
PE – Product Engineer
THD is focused on the procurement of the highest quality products and developing quality relationships with the suppliers. THD will have access to all information and records obtained from any of the audits or inspections listed in this document in order to verify the quality of the product and production capabilities of the supplier, if performed by a THD employee or a 3rd party service provider.

Suppliers will be fully responsible and accountable for the quality, delivery and customer service performance of all factories associated with the shipment of product to THD. The responsibility will not be changed because of THD qualification, on-boarding, audit and product inspection by THD quality engineering or a 3rd party service provider. Suppliers have an absolute responsibility and are accountable for qualifying their own factories, auditing their own facilities, building quality into their products, and ensuring a continuous improvement program is in place to constantly improve and take out cost from the manufacture of its products.

8.3.1. Quality Improvement Closed Loop
Below is the THD quality improvement closed loop process for suppliers to follow.
Except in special cases and when approved by the Quality Director of THD, all quality process cost is the direct responsibility of the suppliers.

8.4 Quality System Assessment (QSA)

It is a requirement for THD to perform a Quality System Assessment (QSA) at each factory manufacturing product for THD prior to the first PO being issued. This audit will determine if the factory has the proper systems and the capability to continuously manufacture products that meet all THD requirements and to collect information on the factory organization, physical characteristics, Supply Chain risk, and other related processes.

THD reserves the right to perform a system audit at any time to validate the quality system and production capabilities of the supplier/factory. Suppliers, however, must annually perform their own system audit, a self-assessment of their own systems, and provide these results, with findings and CAPA.
back to THD. This self-assessment must be complete and detailed, and to the THD standards at a minimum. If the supplier does not provide such a self-assessment to THD on an annual basis or as required, THD reserves the right to have a third party conduct the assessment at the suppliers cost.

In all cases, the required audit (other than the self-assessment) would be performed by a THD quality engineer or an approved Service Provider (SP). If the audit is performed by the SP, then the audit will be coordinated by them directly with the supplier/factory. The supplier/factory will be responsible for all costs associated with the QSA based on the agreement between the SP and THD.

The QSA will cover the factory’s manufacturing operations, manufacturing processes and quality program. Each QSA will have Audit results indicating the factory’s ability to meet Home Depot’s expectations and requirements, covering the areas of:

- Factory general info
- Quality System Assessment
  1. Management Responsibility
  2. Continuous Improvement
  3. Quality System
  4. Purchasing
  5. Inspection & Test - Process Control
  6. Control of Test Equipment
  7. Control of Non-Conforming Products
  8. Corrective Action and Preventive Action (CAPA)
  9. Document Control
  10. Handling, Storage, Packaging, and Delivery
- Product finish control
- Natural plant products control
- Solid Wood Packaging Material (SWPM)
- Paint Compliance
- Packaging Assessment

It is a requirement that personnel for the areas mentioned above are present when the audit is performed. The auditor will use a check list to guide the audit and will cover all areas identified. The audit usually takes a minimum of 8 hours depending on the size of the factory and the findings.

A copy of The Home Depot Quality System Assessment can be found on the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login. The audit form can be found on the Supplier Reference Guide page. The suppliers should use the audit form to perform a self-assessment to determine if their quality systems are in compliance to THD standards using the grading system described below:

- The results of the QSA will result in a score and the supplier will receive a grade of A – D. A is 100 – 90; B is 89.9 – 80; C is 79.9 – 70; D is below 70.
- An “A” or “B” score means the factory is compliant with the identified critical control point questions within the QSA checklist and is ready to receive Purchase Orders.
- A “C” - means that the factory is marginally compliant with the system assessment and must begin corrective actions to raise their score. POs will not be issued until the corrective actions are closed.
- A “D” - means the factory does not have a satisfactory system, process or methodology in place for the identified critical control points on the checklist and will not receive Purchase Orders. A “D” Level factory must have a complete re-audit after the CAPA’s are completed to meet THD minimum requirements. The D-Level factory will be in a “Failed” status unless approved by the THD QA Director and Merchandising before moving ahead with the CAPA and the re-audit.

Although the result of the QSA may be acceptable (“A”, “B” or “C” status), some findings may require improvement by the factory. A CAPA report will be issued and the factory will respond in 3 working days with an improvement plan. Follow up by the GSO SQE or the SP will be conducted. Failure to complete the CAPA within 60 days of the CAPA report will place the supplier and its factory onto “Failed” until the CAPA is completed. QSA Result Table as below:

<table>
<thead>
<tr>
<th>QSA Items</th>
<th>Pass</th>
<th>Fail</th>
</tr>
</thead>
</table>
| Quality System Assessment  | >=80% + All CCPs are rated at least 3 or above  
|                            | or >=70% + All CAPAs get approved by THD                  | >=70% but <80%, or any CCPs not meet 3 and above  
|                            |                                                          | (Meet minimum requirements but CAPA completion required before release PO)  
|                            |                                                          | <70% (CAPA and full re-audit required)                             |
| SWPM Requirements          | Pass                                                      | Fail                                                                 |
| Paint Compliance           | >=65%+ All CCPs meet minimum requirement                  | <65% or any CCP not meet minimum requirement                        |
| Product Finish Control     | >=65% + All CCPS meet minimum requirement                 | <65% or any CCP not meet minimum requirement                        |
| Packaging Assessment       | >=70%                                                     | <70%                                                                 |
| Natural Plant Products Control | >=75%                                                       | <75%                                                                 |
| Result                     | All items passed  
|                            | Ready to Receive THD POs                                  | Any item failed  
|                            |                                                          | Not ready to receive THD POs, CAPA required                       |
8.5 Pre-Purchase Testing (PPT)

THD requires Pre-Purchase Testing (PPT) of all direct import products. This testing establishes minimum requirements and needs of the product. It is the supplier’s responsibility to meet all functional, performance, regulatory and safety requirements of the product. This testing is only to be performed by independent laboratories selected and assigned by THD’s Quality Assurance and Product Engineering (PE) department. These labs meet specific requirements for testing capability, and use testing and reporting criteria (test protocols) approved by THD.

PPT evaluates a product from a salability, customer acceptance and customer use perspective. PPT also serves to verify compliance with the following:

- Established safety requirements
- Appropriate regulatory requirements
- Applicable Industry Standards
- Any product certifications and listings – UL, CSA, NOM, IAPMO, etc.
- Consumer usage and application
- Performance and other claims made by the supplier as referenced on packaging and elsewhere
- Any specific THD product requirements including packaging and labeling

**Note:** Packaging and labeling specifications will include but not be limited to:

- Regulatory markings such as safety warnings and cautions
- Certification listings such as U.L. approved
- Adherence to THD brand standards if applicable
- Structural integrity of packaging to ISTA 1A requirements
- Consistency of artwork and labeling to THD requirements

8.5.1. Supplier Responsibilities

Samples for Pre-Purchase testing must be 100% identical to those that will be produced in mass production. After the samples are approved during PPT, a formal ECN must be submitted for all changes.

- Communicating with the assigned test lab to determine what needs to be submitted, including the number of samples required, testing fees, supporting documentation and related information. The supplier/factory is responsible for payment of testing fees to the test lab prior to testing. The supplier is required to track samples completely until they are received by the service provider. Lost samples are the responsibility of the supplier, so the supplier needs to take extra care in tracking shipments of samples to service providers with professional couriers or shipment companies.
- Sending required samples of the correct product and a completed The THD PPT Submittal Form with payment for testing. Without payment confirmation, the PPT report will be on-hold by the lab.
- Reviewing the PPT Protocol developed by the test lab and sending feedback in a timely manner to the responsible person. If a supplier has no comment before the PPT begins, the PPT protocol will be treated as a default agreement.
- Providing the lab a copy of product specifications, certifications, listings, and any other requested information before the test is conducted.
- Providing a product for testing that has correct retail packaging along with all instructions, manuals, and labels. The final PPT report will not be issued until this is received.
- Products intended for the U.S. market must have all Warranty information, Instructions and Caution/Warning statements in English and Neutral Spanish. Products intended for the Canadian
market must have English and French Canadian wording in equal type point size. All destination country product and package labeling laws prevail for THD products.

- All products will receive a test rating of either "Good," meaning the product fully meets or exceeds all requirements, or of "Unsatisfactory," meaning the product fails to meet one or more requirements. THD will only accept a "Good" rating. If the test result is "Unsatisfactory," the CAPA and re-test requirements will be determined.

8.5.2. Inspection Requirements

THD requires all import products to have written "Inspection Requirement" (IR) documentation to define critical attributes. Inspection items for the product includes, but are not limited to, supplier/factory information, product specification / photos, packing specification / photos, on site test, inspection level and Acceptable Quality Level(AQL), defect classification, etc.

IR, FAR and PoPT documents are prepared by the test lab upon completion of an approved PPT or Test Waiver. Samples, along with additional technical information, may be required from the supplier/factory in order to prepare the document. The draft IR will be sent to supplier/factory for review and comment. If the supplier/factory has any questions regarding the draft IR, they should contact the SP and ATL QA or GSO SQE to clarify immediately.

Once approved by THD ATL QA or GSO SQE, a final copy of the IR will be provided to the supplier and will be used by the SP during each PSI.

The IR, however, only establishes minimum requirements. The supplier must define all other requirements to ensure that the product is made correctly, and made to the needs of the consumer. IR’s cannot define every single requirement, but only defines the most critical. Other requirements need to be defined by the supplier, and the product will be held to these requirements as well.

8.5.3. Pre-Purchase Testing Contact Info

<table>
<thead>
<tr>
<th>The Home Depot SSC QA</th>
<th>Asia Sourcing Office (ASO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America Sourcing Office (LASO)</td>
<td>European Sourcing Office (ESO)</td>
</tr>
<tr>
<td>Massi Zampella (phone) 39-347-552-2878</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:Massimiliano_zampella@homedepot.com">Massimiliano_zampella@homedepot.com</a></td>
<td></td>
</tr>
<tr>
<td>India sourcing Office (ISO)</td>
<td></td>
</tr>
</tbody>
</table>

8.5.4. Pre-Purchase Testing Questions & Answers

Q: How long will the Pre-Purchase testing take?
A: It depends on the testing protocol for different products; generally the Pre-Purchase Testing takes 14 calendar days.

Q: How many samples should be sent to the Lab?
A: It depends on the testing requirement, please contact the Service Provider before the testing for details.

Q: Is a mockup sample accepted for Pre-Purchase Testing?
A: Mockup sample can be used in some of the performance checks according to the test protocol with the approval of The Home Depot. Otherwise, a formal sample is required during testing.

Q: Is it possible to receive the Pre-Purchase Testing report before the testing charge is paid?
A: No. Pre-Purchase Testing report will not be formally issued until the lab receives payment.

Q: If a supplier does not agree to some of the test protocol items, is it possible to change the protocol?
A: Yes. The supplier should reply to the test protocol with feedback for The Home Depot and Service Provider to review. The Home Depot will make the final decision.

Q: What should a supplier do after receipt of a “Failed” Pre-Purchase Testing report?
A: The supplier should review the “Failed” items and send The Home Depot and Service Provider a formatted CAPA (Corrective Action and Preventive Action). The Home Depot will make decision based on factory Corrective Actions.

Q: What should the supplier do if the product is modified after Pre-Purchase Testing is completed?
A: The supplier should submit an on-line ECN (Engineering Notification Change). The Home Depot will decide if additional testing is needed.

Q: Can Pre-Purchase testing be conducted in a factory lab instead of a Service Provider Lab?
A: Yes. The testing lab engineer can conduct Pre-Purchase testing at a factory lab that meets the lab facilities’ qualification.

8.6 Product Changes – Engineering Change Notification (ECN)

The supplier/factory must inform THD of any change to the manufacturing process, major manufacturing equipment, manufacturing location, product changes (i.e. engineering change), production schedule adjustment, etc. and obtain written approval from THD ATL QA or PE prior to implementation.

If any such change is required, an ECN must be submitted by the supplier, upon the approval of the ECN form, the supplier/factory can make the proposed changes to the product. Failure to provide THD
with an ECN request, will result in failure of the PSI, and may also be terminated the QC status and return back to lot by lot inspection.

The ECN form can be submitted via the following website:
http://www.formrouter.net/engineeringchange@THD/default2.asp

8.7 Lead Content Requirement

To ensure that the customers receive products that meet or exceed market standards for product safety and quality, THD has implemented new standards for maximum allowable lead content. The maximum allowable lead content for children's products, indoor and outdoor furniture and paint is 90ppm (.009%) for any surface coatings and 600ppm (.06%) for substrates.

These standards will be enforced on all applicable products purchased by THD after October 1, 2008. Compliance with these standards will continue to be verified by inspections of products throughout the supply chain by third-party service providers and THD associates. Each supplier /factory should take this opportunity to evaluate its internal controls in order to ensure that its processes are able to produce products that will meet or exceed the revised requirements.

Evaluation of these process controls should not be limited to surface coatings and substrates; product design and materials should be closely monitored as well to ensure continued adherence to federal, state and local laws regulations, in addition to all THD requirements.

THD follows all Federal, State and local regulations. It is the responsibility of the supplier to ensure that their products meet or exceed all these requirements in addition to all THD specifications. It is the responsibility of the supplier to monitor all regulatory changes and to inform THD of pending changes. The supplier must also submit a THD ECN for all changes to products, even if those changes are being made in order to meet regulatory changes.

8.8 First Article Review (FAR)

THD requires that a First Article Review (FAR) be conducted by the GSO SQE or SP to ensure that production product meets all specifications as documented in initial testing (PPT), critical PPT failure corrections have been implemented, PPT Waivers have been addressed, product engineering changes have been implemented correctly, or a factory that has had no inspection during previous 6 months. The FAR is not a replacement of PSI. It is the GSO SQE and SP responsibility to determine which products need FAR according to different conditions defined by THD. Any failure during PPT will require a FAR prior to the release of production.

The FAR protocol drafted by SP will be approved by THD ATL QA or GSO SQE to conduct the FAR. FAR must be conducted on the first 5% of the production run. The production line may continue production during the FAR inspection and supplier/factory accepts full responsibility for material deemed defective as a result of a FAR failure. Factories that contain multiple products will be charged an FAR fee for each product that can be differentiated by functional characteristics or color. Products that can be grouped because of similar technology, functionality and features will only be charged one FAR fee.
Product grouping will be reviewed by THD PE or SQE. FAR must be conducted independently of Switching Rule status or the Quality Certification status.

If the FAR passes, the factory will be allowed to continue production. If the FAR is unacceptable, a CAPA will be issued to the supplier/factory for immediate corrective action of the defects found. The supplier/factory is not authorized to proceed with production until the CAPA is closed by THD.

8.9 Pre-Shipment Inspections (PSI)

THD requires Pre-Shipment Inspection (PSI) for all products made by direct import supplier/factory to evaluate the product quality and compliance during and after mass production. PSI will be performed by a THD approved SP. The frequency of the PSI will depend on the THD Switching Rule program. The factory/supplier will be responsible for all costs associated with the performance of the PSI.

Supplier/factory is required to submit the PSI booking to assigned SP a minimum of 3 working days prior to the necessary PSI date. Any PSI cancellation due to supplier reason is required to submit no less than 1 working day or an additional charge will be incurred and which will be paid by supplier/factory. The inspection address of the factory must be consistent with the address description on the accepted QSA report. A consignment must be 100% produced and 100% packed upon the inspector’s arrival at the factory/warehouse. Otherwise, it will be treated as an abortive inspection and an additional charge will occurred which will be paid by supplier/factory.

The inspector will perform the PSI utilizing the IR and THD general PSI requirements. These will include (but not be limited to form, function, fit and reliability testing/inspection (may need to be updated based on enhanced PSI process). After the completion of the PSI, the inspector will provide the factory with the inspection result via the Inspection Release Notification (IRN). It is the inspector’s responsibility to review their findings with the factory while they are on site. If the supplier or factory has any concerns regarding the finding or the inspection result, they should contact the THD ATL QA or GSO SQE to clarify. THD reserves the right to make final disposition on PSI result.

If any product engineering changes in design, construction, component materials, coating, packaging etc. are found during the inspection which has not been approved by a THD ECN and is not reflected in the IR, it will be considered as an unauthorized change and an immediate PSI failure.

The supplier/factory is not allowed to ship product that has not passed a PSI (unless shipped from a Quality Certified supplier/factory). If product is shipped without a passed IRN, the supplier will not be paid for the product and the supplier will be responsible for all costs associated with the shipping, rework, inspections, and/or return shipping of the product. A warning letter will also be sent to the factory and the inspection level will be returned back to Lot by Lot inspection and the factory placed on Quality Alert.

THD requires re-inspection for any failed PSI. Before the re-inspection, the supplier/factory must conduct and complete a CAPA. It will be reviewed by SP and submitted and approved by THD ATL QA or GSO SQE. THD reserves the right to waive any PSI or PSI result, based on the nature of the issue and the data presented. A formal waiver will be issued if that is the result.
8.10 Switching Rules and Quality Certification (QC)

THD PSI Switching Rules are used to determine the sampling level by Product Insurance Level, QSA result and PSI historical results. Any factory conducting business with THD is required to achieve Quality Certification (QC), which is determined by a combination of the QSA score and the Product Liability Level of the product being produced by the factory.

Once the factory completes the Switching Rule path to the step ‘Ready for QC’, the factory may request a final Quality System audit and will be granted QC status only if earning a score equal or above 95% or with all CAPA approved to meet THD minimum requirement for QC factories (if a factory already has a score equal or above 95% during the last QSA, no additional audit is required).

After being qualified, THD will send the formal announcement letter to the supplier /factory to initiate the QC status and no PSI is required.

Every factory in QC status will be audited every month for the first quarter and every quarter after that for business review on both quality system and product validation. The business review will be conducted by either GSO SQE or SP at supplier/factory cost. The failure of business review will result in an immediate PSI by SP and the failure of PSI will terminate the QC status of the factory and return it back to Lot by Lot inspection. A termination notification letter will be sent to the factory by THD ATL QA or GSO SQE.

8.11 Supplier Pre-Shipment Inspection (PSI) Certification

The purpose of the Supplier PSI Certification is to assess the sub-contract management, quality management and internal Quality Control team capability at a Supplier Level as compared to THD’s
minimum requirements. These reviews are conducted prior to THD qualifying the supplier to conduct PSI’s under their own direction. This program includes (but is not limited to):

8.11.1. Document Review

Ensure the supplier’s document management system can meet the minimum requirement as a qualified supplier for THD. The document review provides an initial evaluation on a supplier’s internal subcontractor factory approval system, subcontractor factory management, internal quality team management, training, daily work scope, communication channel, factory review criteria, and factory performance measurement compared with the Home Depot’s minimum requirements.

8.11.2. Supplier Site Audit

Pre-qualify the capabilities of supplier’s internal QC team. The supplier site audit will be conducted based on the internal THD QSA process.

8.11.3. Product Inspection and Testing

The supplier will be required to have a system in place to perform PSI and PPT on all products. The process must be equal to or better than the THD process. The supplier is expected to control the production of all factories and supply that information to THD for review.

8.11.4. Post-Certification Expediting

Establish the regular reporting line between supplier and GSO SQE. It includes supplier PSI plan/summary, CAPA log, process audit plan/summary, supplier score card, review, THD factory audits, etc.

8.11.5. GSO Routing Site Audit

Monitor the supplier’s actual performance after it is certified. It will be conducted by GSO SQE according to the PSI and QSA SOP.

This program is an award for those suppliers with exceptional performance and those that are partners with THD. THD reserve the authority to stop this program if any product quality issue is detected in the market or if there are negative process findings from the site audits.

8.12 During Process Inspection (DPI)

The purpose of During Process Inspection (DPI) is to develop the supplier/factory by working with them to improve their quality system. This is done to ensure that the products provided to THD meet all specifications, standards or any other requirements noted by THD. The DPI may be required in the situation where the factory has a substandard quality system score, poor inspection history, critical
customer complaints or a recall. The DPI will be mandatory if the supplier/factory cannot complete the CAPA in the required time frame established by The Home Depot. The DPI will be conducted by the THD GSO SQE team or by an approved service provider.

DPI performance includes, but is not limited to:

- Validation of the critical project requirements and product characteristics based on the risk level of the product assigned by THD
- A supplier’s poor quality performance: frequent PSI failure; poor RTV/Recall record; Serious customer complaints, etc
- Poor delivery performance or poor performance on any other THD requirement

DPI consists of both process audit and product inspection. The THD or 3rd party SP will be in the manufacturing facility during the manufacturing of product for THD to monitor the production and ensure the quality of the product.

The supplier / factory will enter into the agreement with the SP to perform the DPI at the request of The Home Depot. The cost of the DPI will be the responsibility of the supplier. The DPI will be performed until all issues are resolved and validated by THD Quality Associates. THD will then release the requirement for DPI and the supplier / factory will begin the normal QA process for THD.

During the DPI process, the supplier, THD Quality Associates and the outside party will work to develop the systems and controls to ensure quality products are manufactured and shipped.

8.13 Post-Purchase Testing (PoPT)

To detect product changes which affect the safety and regulatory status or performance of a product after the approval during PPT, all products which are retailed or licensed for retail by THD are eligible for inclusion in the Post Purchasing Testing (PoPT) program. For Quality Certified suppliers or factories, PoPT testing will be commissioned by THD ATL QA. Normally all factories must have no less than one post purchase test performed on product from each product type (product type is the equivalent of the class level) every six months. The test plan will be determined by THD ATL QA or GSO SQE and documented by the SP during the PPT process.

Prior to performing a PoPT, a test protocol will be drafted by the SP testing lab, review and approved by THD ATL QA or GSO SQE. The SP will inform the supplier prior to the inspection that a random sample will be retrieved, identified and sent to the lab during the inspection. The supplier/factory should prepare enough products to cover the inspection samples in order to avoid any shipping delays due to short cargo. The PoPT samples will not be returned to the factory. PoPT has no bearing on the results of the PSI being performed.

A Passed PoPT will count as one passed PSI in the switching rules calculations. For the purposes of switching rules, a failed PoPT will be treated as a failed PSI. If the failure is a regulatory failure, these will be treated on an individual basis, depending on the nature of the failure. Each PoPT failure will be reviewed by THD individually. The remedy action (i.e. CAPA, Re-test, etc...) will be decided by THD depending on its severity per each occurrence.
The Supplier will be responsible for the cost of the PoPT testing and any shipping costs of the product to the lab for testing. PoPT samples that require lab testing will not be returned to production due to the destructive nature of the test.

8.14 RTV (Return to Vendor) Analysis SCAR Process

THD evaluates the data concerning the number of products returned to the stores by consumers. This information will be provided to the suppliers/ factories as determined by THD QA. The suppliers / factories will be responsible for implementing permanent Corrective Actions and Preventive Actions to reduce the return of their products to THD stores. In the case of a specific SKU with a high return rate, THD may trigger SCAR process and require the supplier/factory to have the returned product analyzed internally or by a 3rd party SP to gather additional data and insight into the nature of the returns. In addition, the factory PSI inspection level may be increased due to a high return rate. All costs for the analysis will be the responsibility of the supplier/factory.

The THD QA and GSO teams will work with the suppliers and factories to monitor the improvement and effectiveness of the corrective actions. (SCAR process may need to be added) below is the SCAR process flow chart.
8.15 Corrective Action and Preventive Action

For all findings during QSA, failed PSI, failed FAR, failed point in PPT or failed point in POPT, etc., THD will require the supplier or factory to complete a formal THD Corrective Action and Preventive Action (CAPA) document which includes findings, Root Causes, Corrective Actions plan, Preventive Action plan, Responsible People and Due Date. The CAPA will be reviewed with SP and THD ATL QA or GSO SQE. THD will make the final disposition on retest / re-audit / re-inspection, rejection of the product or release with waiver.

The CAPA will be verified and will not be closed until all findings have been corrected and verified to be in place. The CAPA will also be monitored to be effective.

Corrective actions are required to be submitted to the 3rd party service provider or The Home Depot as directed. The 3rd party service providers act as an agent for THD and have the same authority to request a corrective action. Late corrective actions will be reflected in the supplier scorecard and used to during future business decisions.

8.16 Supplier Sub-Contracting

All suppliers/manufacturing facilities (factories) must be approved and must complete THD’s product On-Boarding Process prior to manufacturing product for THD.

Once THD approves a supplier’s manufacturing facility, any significant changes to the product design, manufacturing process, raw material (Metal Grade, Paint etc.), facility operations, infrastructure, equipment and administration must be communicated in writing to THD for evaluation.

The manufacturing location (or the manufacturer) of THD products must not be changed and/or relocated from approved facilities without prior written approval of THD. If the address of the factory is changed for any reason other than a physical location change, the address correction/address change will be submitted to THD for approval via the following web site and use the Factory Change Notice (FCN) form: http://www.formrouter.net/engineeringchange@THD/default2.asp

If the physical location of the factory is changed or is different, the new location will be required to go through the THD On-boarding process of factory verification.

If the factory location is discovered to have changed without approval by THD, the supplier and factory will be immediately be placed on Quality Alert and all shipments and PO's placed on HOLD. THD will evaluate the severity of the issue and determine appropriate actions to be taken, which could include the immediate termination of business.

8.17 Product Safety and Regulatory Requirements

It is required that all products are designed with the utmost regard for customer safety while maintaining safety through applicable use and foreseeable misuse of the products. Product innovation, design
improvements and generational increments shall include appropriate levels of design and manufacturing review specifically for product safety.

A supplier shall notify THD and the U.S. Consumer Product Safety Commission immediately when you determine that any product offered for sale contains a potential product safety hazard or present a risk of regulatory violation.

THD follows all federal, state and municipal regulations. It is the responsibility of each supplier to have knowledge of and ensure that their products meet or exceed all these requirements in addition to all THD requirements. It is the responsibility of each supplier to monitor all regulatory changes and to inform THD of pending changes. The supplier must submit an Engineering Change Notice for any change to products, even if a change is being made in order to meet regulatory requirements/changes.

8.18 Supplier Always and Never

✔ Always perfect execution in meeting THD’s quality requirements.
✔ Always inform THD of design, manufacturing process, manufacturing location, or sub-tier supplier changes in advance and gain THD acceptance prior to initiating changes.
✔ Always be customer concentric and be quick in response to customer’s requests (CAPA, Quality Accident, RTV, Recalls etc.).
✔ Always protect the Intellectual Properties of both parties.
✔ Always drive continuous process improvement by collecting process capability data on CTQ’s; understand process CTQ’s and utilize process capability and SPC tool.
✔ Always understand your quality performance and be proactive in communicating improvement plans.
✔ Always qualify and control sub-tier suppliers in accordance with THD’s requirements.
✔ Always flow down THD’s specification requirements and updates to sub-tier suppliers/factories.
✔ Always allocate adequate resources for qualification and subsequent production.

✖ Never ship non-conforming products unless approved by THD in writing.
✖ Never presume yours changes are minor and not important to THD.
✖ Never make promises but do nothing.
✖ Never disclose THD’s proprietary information to any 3rd party without THD’s permission.
### 8.19 The Home Depot Quality Contact Info:

<table>
<thead>
<tr>
<th>The Home Depot SSC QA</th>
<th>The Home Depot Asia Sourcing Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vic Mahajan (Phone) 1-770-3844275 x14275</td>
<td>Hunter He (Phone) 86-21-61648098</td>
</tr>
<tr>
<td><a href="mailto:Vic_Mahajan@homedepot.com">Vic_Mahajan@homedepot.com</a></td>
<td><a href="mailto:Hunter_He@homedepot.com">Hunter_He@homedepot.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Home Depot Latin America Sourcing office</th>
<th>The Home Depot European Sourcing Office</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Massi Zampella (Phone) 39-347-552-2878</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Massimiliano_zampella@homedepot.com">Massimiliano_zampella@homedepot.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Home Depot India Sourcing Office</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sandeep Sharma</strong> (Phone) 91 124 4514500 * 202</td>
</tr>
<tr>
<td><a href="mailto:sandeep_sharma2@homedepot.com">sandeep_sharma2@homedepot.com</a></td>
</tr>
</tbody>
</table>
Section 9: Stock Keeping Unit (SKU)

9.1 Overview

For a SKU to be setup in the Home Depot systems, it must pass thru the on boarding process. For the on boarding process to begin, all information regarding that SKU must be entered into the Flex PLM system. Please see section 5 of this document for more information on PLM.

The SKU information requested provides a description of, and other pertinent information on the products to be purchased. All products must be submitted in the PLM system. The information must be completed prior to a supplier entering the import on-boarding process.

The main information requested of the SKU is:

- Product information i.e. description, dimension, material breakdown
- Cost
- Brand
- Packaging
- Shipping point
- Container information
- Customs compliance/Import product profile
- Supplier and product manufacturing factory contact information
- Special Duty
- Trademark and Patent information
- GSP claim form

Before a supplier is required to enter SKU information, a login invitation will be provided, where a special ID and Password will be assigned to the vendor. To get more details about THD SKUs, please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.
Section 10: Private Brand Packaging Development Process (2009)

10.1 Overview

All packaging and display SKUs that are branded with a Home Depot Private Brand must be reviewed by the designated Review Agency (See list of brands and Review agencies at the end of this section). Each item in which only the dimensions change must be submitted to the Review agency to ensure accuracy and compliance. Discounted rates apply to similar (Clone) items. The Review agency will obtain final approval from The Home Depot Packaging Manager and Merchant on behalf of the merchant vendor. Once final approval is secured, the artwork can be released to print and the SKUs will be approved in PLM. See section 5 of this Handbook.

10.2 Process

- Vendors are allowed to create their own packaging and can download brand guidelines, including manuals, leader SKUs and cheat sheets. These items are in PDF format and are located at www.marketingsupportonline.com. Each brand has a unique login and password that can be obtained from the Global Sourcing Team, the Packaging Team or the designated Review Agency.
- Workable art (.ai) files can be made available on the Review agency’s FTP site by request. If a vendor is unable to gain access to the FTP site and download the proper items, the agency will send the files on CD at the vendor’s cost.
- Vendors are responsible for the purchase of all fonts needed to complete artwork.
- All items must be bilingual per The Home Depot Bilingual Standards. Vendors MUST use The Home Depot Approved Translation Agencies. MSI and The Home Depot may request that Vendors provide proof that translations are done through the approved translation agencies. (Contact information listed at the end of this section).
- Items (SKUs) for review are only accepted if they are sent in Low Resolution PDFs via email and are 3MB or smaller (each). If files are posted to an FTP site, additional charges will apply. Files over 3MB will be rejected.
- Please be sure to review all standards and leader SKUs before submitting for review. Files submitted that are too far from the standards will not be reviewed. Files with 5 or more errors may send back for adjustments before they can be reviewed for Round 1 and routed to The Home Depot.
- An estimate will be provided once the Review Agency receives the art file(s). No work will be completed until the estimate is approved. Vendors are responsible for the cost of the review. THD review rates are standard for all THD vendors within each agency.
- If three rounds of internal reviews have transpired and the changes have not been made to fit within the brand standards, the Review Agency is then obligated to pull through the artwork to final production according to The Home Depot. Cost for pulling through to final production will be based on standard cost for production, in addition to the review charges already incurred.
- If a vendor does not have the resources to create packaging graphics, the designated Review Agency can provide their services at the standard negotiated The Home Depot rates.

10.3 Timing

10.3.1 Graphics Review
Once the Review Agency has received a review request, an estimate will be provided within 24 hours. The agency will perform an internal review within 48 hours. Please note that these 48 hours is not guaranteed if there are issues with dyelines, if the art is highly complex or if five (5) or more items were submitted to review simultaneously. This 48 hour window applies to EACH internal round; therefore three internal rounds may take up to six (6) business days or more if complications arise. Final approval from The Home Depot may take up to 2 weeks.

NOTE: All reviews are conducted in the USA in either Central or Eastern Standard Time between 9am and 5pm. International communication may add approximately 1 to 4 additional days in time difference delays.

10.3.2 Graphics Development

When the packaging agency develops graphics for vendors, the timeline will be dependent upon several factors. New brands or categories will take longer to develop until packaging standards are established and approved.

Existing brands and categories are developed more quickly, but are highly dependent on vendors to provide requested inputs to the agency. Workable dyelines with accurate dimensions and print quality photography must be provided. When dimensions do not match, file formats are not to size, image is not large enough, or the dyeline incomplete etc. will cause delays. After 3 rejections, the agency will create a workable dyeline for an additional fee.

Before any graphics development will commence, a cost estimate must be approved. Once all dyelines, photography and copy elements are provided, development takes approximately 1-2 weeks. Routing for approval to the Home Depot is included in the development cost. Approval may take up to 2 weeks as with reviews, due to merchant availability.

10.4 Important Considerations

To ensure smooth execution of all programs, vendors should cover these areas with The Home Depot:

- If you are Onboarding in PLM, please obtain the index number for each SKU and add this number to all artwork slugs or include in email correspondence for easier tracking.
- Please contact the THD Visual Merchant for to determine how SKUs will be merchandised in the bay. It is key to determine which panel is the face panel and how the SKU is oriented in the plan-o-gram. THD prefers face panels to be the short end and the top panel to be split top with the split going left to right so that tape does not interrupt the front panel.
- Is this SKU promotional (temporary) or for a test? You must inform packaging review agencies and the THD Packaging Manager of any unique circumstances that may require exceptions to established brand standards.
- Identify if packaging needs to correlate with signage to ensure consistency at shelf.
- Communicate actual print deadlines (the date pre-flighted files are due to the printer). Review agencies make every effort to expedite approvals, but due to the volume of urgent SKUs, your assistance is required in helping prioritize.
Identify where your product will be distributed. Please indicate if the same item is being sold in multiple countries so the appropriate language standards are implemented.

### 10.5 Differences between US and Canada SKUs

1. The French copy must be the same size as the English copy
2. The French copy must be the same color as the English copy
3. The legal copy must read as follows:

<table>
<thead>
<tr>
<th>For the US:</th>
<th>For Canada:</th>
</tr>
</thead>
<tbody>
<tr>
<td>MADE IN (COUNTRY NAME)</td>
<td>MADE IN (COUNTRY NAME)</td>
</tr>
<tr>
<td>HECHO EN (COUNTRY NAME)</td>
<td>FABRIQUÉ AU (COUNTRY NAME)</td>
</tr>
<tr>
<td>DISTRIBUTED BY HOME DEPOT U.S.A., INC.</td>
<td>IMPORTÉ PAR/</td>
</tr>
<tr>
<td>2455 PACES FERRY RD., N.W.</td>
<td>HOME DEPOT OF CANADA INC.</td>
</tr>
<tr>
<td>ATLANTA, GA 30339</td>
<td>900-1 CONCORDE GATE</td>
</tr>
<tr>
<td></td>
<td>TORONTO, ONTARIO M3C 4H9</td>
</tr>
<tr>
<td></td>
<td>ALL RIGHTS RESERVED</td>
</tr>
<tr>
<td></td>
<td>TOUS DROITS RÉSERVÉS</td>
</tr>
</tbody>
</table>

4. There is no Initial Capping in French. There is only sentence capping. ALL CAPS IS ACCEPTABLE.
5. Example of sentence capping: The sign is orange.
6. Example of initial capping: The Sign is Orange.
7. Unless it is ® or ™ it must be translated.

8. Metric dimensions must be used with Spanish copy. Use a comma to separate digits. Eg: 10,33 cm.
   Metric dimensions must be used with French copy. Use a decimal to separate digits. Eg: 10.33 cm.

This standard applies within the US, Canada and Mexico.

Order of languages for trilingual packaging are: English, French then Spanish.
9. Canadian SKUs need to have their own UPC and SKU number.

10.6 Differences between US and Mexico SKUs

1. The Spanish copy must appear first in order before the English copy
2. The Spanish copy must be the same in size as the English copy
3. The legal copy must read as follows:

<table>
<thead>
<tr>
<th>For the US:</th>
<th>For Mexico:</th>
</tr>
</thead>
<tbody>
<tr>
<td>MADE IN (COUNTRY NAME)</td>
<td>HECHO EN (COUNTRY NAME)</td>
</tr>
<tr>
<td>HECHO EN (COUNTRY NAME)</td>
<td>MADE IN (COUNTRY NAME)</td>
</tr>
<tr>
<td>DISTRIBUTED BY</td>
<td>IMPORTADOR</td>
</tr>
<tr>
<td>HOME DEPOT U.S.A., INC.</td>
<td>SERVICIOS HOME DEPOT, S.A. DE C.V.</td>
</tr>
<tr>
<td>2455 PACES FERRY RD., N.W.</td>
<td>RICARDO MARGAIN ZOZAYA #555 ED. A</td>
</tr>
<tr>
<td>ATLANTA, GA 30339</td>
<td>FRACC. PARQUE CORP. SANTA ENGRACIA</td>
</tr>
<tr>
<td></td>
<td>SAN PEDRO GARZA GARCÍA, N.L., C.P. 66267</td>
</tr>
<tr>
<td></td>
<td>MEXICO TEL. 81 8155 700</td>
</tr>
</tbody>
</table>

4. Unless it is ® or ™ it must be translated.
5. Metric dimensions must be used with Spanish copy. Use a comma to separate digits. Eg: 10,33 cm
   Metric dimensions must be used with French copy. Use a decimal to separate digits. Eg: 10.33 cm
   This standard applies within the US, Canada and Mexico.
   Order of languages for trilingual packaging are: English, French then Spanish.
6. Mexico SKUs need to have their own UPC and SKU number.
7. All Mexico packaging must be approved by NOM after a formal review has been conducted by the approved Review Agency. Additional information regarding Mexico labeling requirements can be found at www.economia.gob.mx
   • NOM-030-SCFI-1993
10.7 Translations

All vendors must obtain translations through the approved Home Depot translations agency - Professional Translating Services, Inc. (PTS). For quality assurance, a Confirmation Code is now required for all translations. This code will allow The Home Depot to verify that translations were completed. Upon delivery of the completed translation project, PTS will provide a unique confirmation code for each item and will keep a record of these codes and their corresponding projects per vendor. PTS will provide reports to The Home Depot to ensure compliance. Please submit Confirmation Codes in the legends/slugs of all artwork.

For any previously translated projects with minor changes OR for copy translated by a non-approved THD translation agency, PTS will provide a review service at a pre-established rate. If the document is ok “as is”, they will provide a Review Confirmation Code. If the document needs re-work, they will provide you with a written quote. If the quote is accepted, they will perform the work and then issue a Confirmation Code. They will not issue a Review Confirmation Code if they have to translate revisions. All Review Confirmation Codes will begin with “R”.

Professional Translating Services, Inc.

Flavie Lochet
44 West Flagler Street, Suite 1800
Miami, FL 33130
305-371-7887
Flochet@protranslating.com

10.8 Packaging Reviews by Brand

There are two packaging review agencies assigned to The Home Depot's proprietary brands - Marketing Support Inc. (MSI - Chicago) and BrandBiz (Atlanta). Below is a list of brands and contact email addresses for each. If you are working on a brand that isn’t listed below, please contact Marc Yarbrough, packaging manager.

In the subject line for your reviews, please include vendor name and product name(s) being reviewed. Please submit like SKUs, families/collections at one time in order to improve efficiency and reduce charges. Both agencies are available for production work if vendors do not have design resources.

Agency: Big Red Rooster, (BRR)
On-site at THD contact person: James Luedecke
Phone number: 770-433-8211 ext 83791
pbadmin@bigredrooster.com
To download Brand Standards (PDFs) point your browser to www.marketingsupportonline.com and type the login listed below. The pass code is brandman9 for all brands.

<table>
<thead>
<tr>
<th>THD Brand</th>
<th>Login</th>
<th>Reviews Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Electric</td>
<td>thdCommElectric</td>
<td><a href="mailto:CommercialElectric@msinet.com">CommercialElectric@msinet.com</a></td>
</tr>
<tr>
<td>EcoSmart</td>
<td>thdecosmart</td>
<td><a href="mailto:nmoran@msinet.com">nmoran@msinet.com</a></td>
</tr>
<tr>
<td>Everbilt</td>
<td>thdEverbilt</td>
<td><a href="mailto:brandbiz@comcast.net">brandbiz@comcast.net</a></td>
</tr>
<tr>
<td>Hampton Bay</td>
<td>thdHamptonBay</td>
<td><a href="mailto:HamptonBay@msinet.com">HamptonBay@msinet.com</a></td>
</tr>
<tr>
<td>Home Accents Holiday</td>
<td>thdhah</td>
<td><a href="mailto:thdholidayreviews@msinet.com">thdholidayreviews@msinet.com</a></td>
</tr>
<tr>
<td>Husky</td>
<td>thdhusky</td>
<td><a href="mailto:HuskyTools@msinet.com">HuskyTools@msinet.com</a></td>
</tr>
<tr>
<td>Perfect Home</td>
<td>thdPerfecthome</td>
<td><a href="mailto:Perfecthome@msinet.com">Perfecthome@msinet.com</a></td>
</tr>
<tr>
<td>Vigoro</td>
<td>thdVigoro</td>
<td><a href="mailto:Vigoro@msinet.com">Vigoro@msinet.com</a></td>
</tr>
<tr>
<td>Workforce</td>
<td>thdWorkforce</td>
<td><a href="mailto:brandbiz@comcast.net">brandbiz@comcast.net</a></td>
</tr>
<tr>
<td>TrafficMaster</td>
<td>thdtrafficmaste</td>
<td><a href="mailto:Trafficmaster@msinet.com">Trafficmaster@msinet.com</a></td>
</tr>
<tr>
<td>Unbranded (brown/tan)</td>
<td>thdUnbranded</td>
<td><a href="mailto:thdunbranded@msinet.com">thdunbranded@msinet.com</a></td>
</tr>
<tr>
<td>Martha Stewart Living</td>
<td>thdMSL</td>
<td><a href="mailto:thdmsl@msinet.com">thdmsl@msinet.com</a></td>
</tr>
</tbody>
</table>

10.9 Photography

General photography – for silhouette product photos and simple scene compositions, please contact the photographer below for estimates and timing:

The Alderman Company  
Attn: Matt Leonard  
325 Model Farm Road  
High Point, NC 27263  
(336) 889-6121

For large programs with complex scene compositions, THD may recommend other studios.
Section 11: Barcoding – UPC & i2of5s

11.1 Overview

All THD and subsidiaries/businesses products are required to have a unique, scannable barcode according to the Uniform Code Council's specifications for product identification. For more information, please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login or www.uc-council.org. In addition, all barcodes must have human readable characters that include a number system character and a check digit.

The Home Depot accepts the following UPC/EAN point of sale barcode versions: UPC-A, UPC-E, EAN-8, and EAN-13.

In order for your company to print UPC barcode symbols, your company will need to become a member of GS1 US Partner Connections. For more information, visit www.uc-council.org. Once your company is a GS1 member, your company will be assigned a company prefix identification number for your company's use. You will use this number to create unique UPC barcodes. For more information, please refer to the Supplier Reference Guide located under Supplier Setup. Note: This file can only be accessed behind login.

<table>
<thead>
<tr>
<th>EAN/UPC</th>
<th></th>
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<tbody>
<tr>
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<td><strong>UPC-A Version</strong></td>
</tr>
<tr>
<td></td>
<td>12 Numeric</td>
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<tr>
<td></td>
<td>GTIN-12 and Select</td>
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<tr>
<td></td>
<td>Applications</td>
</tr>
<tr>
<td></td>
<td>for Point-of-Sale</td>
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<tr>
<td></td>
<td><strong>EAN-13 Version</strong></td>
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<td>GTIN-13 and Select</td>
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<td></td>
<td>Applications</td>
</tr>
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<td></td>
<td>for Point-of-Sale</td>
</tr>
<tr>
<td></td>
<td><strong>UPC-E Version</strong></td>
</tr>
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<td>12 Numeric, zeros suppress</td>
</tr>
<tr>
<td></td>
<td>according to rules</td>
</tr>
<tr>
<td></td>
<td>GTIN-12 with lead &quot;0&quot; and</td>
</tr>
<tr>
<td></td>
<td>Select Applications</td>
</tr>
<tr>
<td></td>
<td>for Point-of-Sale</td>
</tr>
</tbody>
</table>
- EAN-8 Version
- 8 Numeric
- GTIN-8 and Select Applications
- for Point-of-Sale