CSR Case Study:
The Home Depot
Giving back to communities

Prepared for:
Interdepartmental Working Group on Corporate Social Responsibility (CSR)
1 Corporate Overview

Home Depot was founded in 1978, and has grown to become the world’s largest home improvement retailer and the second largest retail chain in the USA with total sales of $53.6 billion in 2001. The company employs a workforce of more than 250 000 “associates” in 1436 retail locations of which there are 18 000 associates and 83 locations in Canada. It plans to open 600 new stores in the next three years. Home Depot also operates in Mexico.

Home Depot specializes in building materials, home improvement supplies and lawn and garden products. The company has been recognized as an innovator in the home improvement retail industry for combining the economies of scale of a warehouse format with the high-level of customer service of smaller retailers. Home Depot stores are large—typically, 114 000 square feet—and offer between 40 000 and 50 000 different products.

Home Depot also wholly owns: EXPO Design Center, a one-stop design and decorating retailer;; Maintenance Warehouse (“Commerce Direct in Canada a supplier of building repair and replacement products to owners of multi-family housing and commercial properties; Georgia Lighting, a distributor and retailer of in specialty lighting; Apex Supply Company, a wholesale distributor of plumbing; Your “Other” Warehouse, a premier plumbing distributor with a focus on special orders; and, Home Depot Landscape Supply, serving landscape professionals and garden enthusiasts.

2 Business Context

The retail industry is one of the largest sectors of the North America economy. In Canada, it represents about 6.5 percent of total gross domestic product or value-added in the economy and provides 12 percent of all jobs. The majority (72 percent) of retail firms are small, owner-managed businesses with less than five employees. However, certain segments of the sector such as clothing and general merchandising are dominated by large retail chains, with multi-million dollar sales figures. These chains include Wal-Mart, Home Depot, Ikea and the large department stores.

The retail industry is characterized by strong competition in a marketplace with a high number of failures, many new entrants, and constant innovation by large and small firms. As a major employer, the industry is an important access-route for new job-market entrants. It is also a key employer of part-time labour and employees who have traditionally been drawn from the youth segment of the labour force. Technology is becoming increasingly important for retail success. With the advent of low-cost computing, large and small retailers are becoming more dependent on information technologies to assist them in decision making and management, and in keeping inventories low. They are also using the internet to build partnerships with their vendors to help drive down costs and improve environmental performance in their supply chains. Online sales of
products over the internet offer retailers a low-cost platform for reaching consumers, but such transactions still represent a small, but nevertheless growing portion of their total sales. Most industry analysts believe that the online marketplace is where the next wave of activity will be concentrated. In general, the transition to online retailing has been easier for the large well-established chains.

Over the last few decades consumer interest in the environmental consequences of the products they use has grown, which has led to the growth of a large industry to provide environmentally preferable products. For the retail industry, one of the first environmental issues it faced was the origins of the wood-using products it sold and their effect on old-growth forests. There are on the market today a large variety of product labelling schemes to guide consumers in their choices. Most of these deal with environmental aspects of products such as energy-efficiency, recycled content and environmentally harmful substances. More recently, due to a number of well publicized boycotts of brand name products allegedly made in sweatshops with poor working conditions and rampant abuse of workers rights, attention has turned to social issues as well. This has accompanied a shift in global manufacturing to countries in the developing world where laws governing workers rights and working conditions are either absent or poorly enforced. Retailers are thus coming under pressure from numerous groups to screen their suppliers for human rights and labour practices. These groups include non-governmental and church-based organizations, socially responsible investors and consumers themselves. Retailers can risk losing market share or access to capital for failing to ensure their vendors operate factories with adequate labour and human rights standards. A number of consumer non-profit organizations have sprung up to advise consumers in these matters. One such organization is Co-Op America which offers an online information service called Responsible Shopper, which advises consumers of environmental social issues associated with a broad range of products and industries. Recently, Wal-Mart was dropped from the Domini 400 Social Index, a leading corporate social investment fund, for failing to adequately address labour issues in its supply chain.

Some large retail chains have responded to these pressures by taking initiatives themselves. A well-known example is the QUEST program established in 1996 by B&Q, the largest do-it-yourself retailer in Europe. QUEST is a 10-point code of conduct, by which vendors are rated on environmental, social and quality issues. Vendor scores in the QUEST program can determine product placement on store shelves and even a refusal to carry vendors’ products.

Retail associations are beginning to take the lead as well. The Retail Council of Canada that represents more than 8500 retailers across the country recently developed guidelines for responsible trading, which sets standards for vendors related to working conditions such as forced and child labour, harassment and abuse, discrimination, health and safety, wages and benefits, freedom of association and wages and benefits.
Consumers today are better educated, more discriminating and more attuned to price-value relationships. Being closest to consumers in the value chain, retailers are in a strong position to respond to shifting values by engaging and developing partnership with their supply chains to address key consumer issues and guide new product innovation, development, and positioning in conjunction with manufacturers. Conferences and workshops are now being held to help retailers address broader human rights questions, how to implement codes of labour practice and how to gain awareness from different perspectives e.g. NGOs, government, media, trade unions. These workshops are being offered by a diverse group of organizations such as the International Business Leaders Forum, Amnesty International, Sigma and the Ethical Trading Initiative.

3 Team Depot: Building Better Communities

Employee Volunteerism

Home Depot’s commitment to corporate social responsibility is perhaps best illustrated by its Team Depot program, through which employees give of their own time to work together on projects that benefit communities and address broader social issues such as environmental problems, at-risk youth and affordable housing. In 2001, Home Depot employees donated 6 million hours to community service.

Each Home Depot retail outlet has one Team Depot representative who is assigned 2 hours per week to initiate projects in local communities and receive special training on how to hold and run successful projects and volunteer events. Team Depot projects are decentralized, in that each store is given autonomy to select the issues or projects that are of particular importance to their communities.

In each region of operation, a community affairs manager coordinates activities to ensure consistency and alignment of activities with Home Depot’s priority areas, and is responsible for organizing larger projects that draw on volunteers from several locations. Home Depot often supports Team Depot projects with cash and in-kind donations.

What is remarkable about Team Depot is that it depends entirely on employees volunteering their own unpaid time. According to Mary-Alison Pejskar of Home Depot Canada and Cathi Cahn of Home Depot’s Atlanta office, they have almost never had any difficulty in attracting the number of volunteers they need for their community projects. While there are some incentives for employees to get involved in their projects—for example, through recognition and award programs, and credit for product knowledge courses—they attribute the success of the program to the teamwork culture that exists at Home Depot. Working on Team Depot projects helps further the team spirit among employees at Home Depot and gives individuals the opportunity to develop or demonstrate skills that might not be apparent in their regular jobs. Many of Home
Depot’s managers that have risen through the ranks have developed their leadership skills through close involvement with Team Depot projects.

The success of Team Depot has attracted the attention of a number of companies such as Bell Canada who have approached Home Depot to learn more about the program. Some of the larger, regular Team Depot programs are described below.

**Habitat for Humanity.** Home Depot has been supporting Habitat for Humanity since 1989 with donations and volunteers to build affordable housing for people in need of adequate shelter. Habitat for Humanity is an international non-profit organization that brings together volunteers, corporate and individual donations, and the future home owners themselves, to build homes. Once built, the homes are sold at no profit with no interest mortgages. Home Depot and its employees have helped build more than 150 affordable houses in its countries of operations since 1989.

**Multiple Sclerosis (MS) Society of Canada.** Team Depot helps raise money for MS research and support services for people with MS and their families by participating in the Super Cities Walk for MS, which takes place each spring in hundreds of cities across Canada. Home Depot Canada also supports the Society’s fundraising activities through contributions in cash and in kind.

**KaBOOM!** KaBOOM! is a non-profit organization that builds and refurbishes safe and accessible playgrounds in “children-rich and playground-poor markets”. Team Depot volunteers, with donations of cash and building material from Home Depot, have helped build 100 playgrounds around the world since KaBOOM! was established in 1995. Home Depot Canada recently announced that it will provide $1 million (Cdn) in cash and materials for the construction and improvement of playgrounds across Canada in 2003.

**Ice Dreams.** Home Depot Canada is proud to partner with Go for Green, a national non-profit organization encouraging outdoor physical activity and environmental stewardship to launch the rebirth of outdoor rinks in Canada through an exciting new outdoor rink initiative called Ice Dreams. It aims to ‘rip the roof off winter’ and create opportunities for unstructured play, healthy, outdoor physical activity and community-based sport on ice surfaces, such as frozen ponds and waterways or backyard, neighbourhood and community rinks. To help kick-start the season, Home Depot associates and volunteers have committed to build outdoor rinks in six communities across Canada. As an Ice Dreams partner, Home Depot will have in-store displays in all 88 stores across Canada that provide information on the program as well as recipe cards on how to build a backyard rink.
4 Home Depot’s CSR Journey

Corporate social responsibility at Home Depot has its origins in the values of its founders, Bernie Marcus and Arthur Blank, who came from modest backgrounds and whose families were very involved in local community affairs. They believed strongly that their company should give back to the community in whatever way they could. As the company grew in size and philanthropy became a formal part of doing business, its owners realized that the program had to move from an ad hoc approach to one that was more structured for greater and more lasting impact. Thus, in the mid-1980s, the company hired consultants to help it focus its grant-making activities. The consultants travelled the country speaking to community representatives and store managers to determine priority community issues that Home Depot’s corporate donations could help address. The consultants initially identified three areas of focus based on their research. Home Depot later added a fourth area (disaster preparedness), since it was an area in which they had already been active for a number of years. Home Depot’s four focus areas are: 1) affordable housing; 2) environment; 3) youth at risk; and, 4) disaster preparedness and relief.

Corporate social responsibility at Home Depot has been a process of gradual evolution. While there have been no significant “turning points”, a number of points of evolution can be identified. In 1991, realizing that many of its associates were giving their own time and resources to community projects, Home Depot set up Team Depot to coordinate and support employee volunteer work. Team Depot has since evolved into a significant component of Home Depot’s efforts to give back to the communities where it operates. As well, in the early 1990s, Home Depot began a process of aligning its internal policies and practices with its core values and priority areas. This led to the development of its Environmental Principles in 1991, and its first Social Responsibility Report in 1992.

Home Depot’s work to address the sustainability and environment performance of its operations and products and its programs for helping its customers choose and use products to reduce their environmental footprint has brought the company recognition. Among these are being named Fortune Magazine’s Most Admired Speciality Retailer award (which includes environmental criteria) for the eighth consecutive year in 2001, receiving an ‘A’ rating in the Corporate Report of the Council on Economic Priorities and the Award for Excellence in Corporate Community Service from Points of Light Foundation in 1998, and the President’s Sustainable Development Award, in 1996. Calvert Social Index, a manager of socially responsible investment funds, recognizes the company as leader in community outreach in its company profile on Home Depot.
5 Corporate Social Responsibility at Home Depot

While Home Depot recognizes that there are business benefits to being socially responsible, what ultimately motivates the company is a strong belief that it is the right thing to do. Home Depot expresses this as “Doing Good and Doing Well.”

Although Home Depot does not have a formal CSR policy or vision, it has a set of core values developed in the mid-1990s (the Home Depot Values or “Values Wheel”—see box), which spells out its commitments in important CSR areas and provides a focus for the company’s CSR-related work. New associates receive training in the Home Depot Values as part of the orientation session they take part in before starting at the company. The Home Depot Values are reflected in company policies and programs, such as its Environmental Principles and its Ethics and Corporate Compliance Policies.

Home Depot is currently in the process of examining the need for a formal CSR policy, which may in the end not differ greatly from the existing set of core values. Home Depot has for some time been collecting data to help it manage its CSR work. This includes, for example, employee satisfaction surveys, mention in performance reviews, cost/benefit analysis of giving money to seniors homes versus the dollars they in turn spend in Home Depot stores. Senior management is currently looking into establishing more indicators and metrics to help measure and manage the success of its CSR programs.

Box 1: The Home Depot Values

Excellent Customer Service: Along with our quality products, service, price and selection, we must go the extra mile to give customers knowledgeable advice about merchandise and to help them use those products to their maximum benefit.

Entrepreneurial Spirit: Home Depot associates are encouraged to initiate creative and innovative ways of serving our customers and improving the business, as well as to adopt good ideas from others.

Respect for All People: In order to remain successful, our associates must work in an environment of mutual respect, free of discrimination and harassment. Everyone has value, regardless of gender, ethnic or education background.

Building Strong Relationships: Strong relationships are built on trust, honesty and integrity. We should listen and respond to the needs of customers, associates, communities and vendors, treating them as partners.

Doing the Right Thing: We exercise good judgement by “doing the right thing” instead of just “doing things right.” We strive to understand the impact of our decisions, and we accept responsibility for our actions.

Giving Back: An important part of the fabric of The Home Depot is giving part of our time, talent, energy and treasure to needs in our community and society.

Creating Shareholder Value: The investors who provide the capital necessary to allow our Company to exist need and expect a return on their investment. We are committed to providing it.
Home Depot does not sign on to any external CSR-related codes of conduct, but is involved with a number of CSR-related organizations such as Business for Social Responsibility (BSR)\(^1\), and Points of Light Foundation\(^2\) (POLF) which helps the company put its employee volunteers in touch with community and non-profit groups that are working to address social issues. BSR is a non-profit organization that provide tools, training, advisory services and collaborative opportunities to its member companies to improve their triple-bottom line performance. Membership in BSR is large, representing about $2 trillion in annual sales and employing 6 million people around the world. BSR helps Home Depot stay abreast of issues, trends and best practice in CSR. POLF was set up by former US President George Bush to bring together and coordinate volunteer resources from across the country to address serious social problems. Its association with POLF is one way that Home Depot is able to ensure that the 6 million hours of volunteer time Home Depot employees donate each year are used effectively.

In 2002, Home Depot’s CEO, along with 17 other Fortune 500 companies, participated in the launch of Business Strengthening America\(^3\) in response to President George W. Bush’s call for increased volunteerism to strengthen US society. BSA is a self-directed, multiyear, peer-to-peer effort to engage thousands of America’s business leaders—from Fortune 500 corporations to small, locally owned businesses—in a campaign to encourage civic engagement and service. As part of its commitment to BSA, Home Depot has set itself a target of increasing employee volunteerism to 7 million hours in 2002.

6   CSR Program Areas at Home Depot

6.1   Community and Broader Society

Home Depot is committed to making a difference by giving back to the communities where its employees and customers live. It has a large corporate donations program to fund projects that align with its four priority areas. Corporate donations are often supported with volunteer hours from Team Depot. As a large employer, Home Depot works to ensure that, to the extent possible, its stores hire from the communities in which they operate, thereby promoting diversity and contributing to the economic well-being of these communities.

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\(^1\) Business for Social Responsibility: [www.bsr.org](http://www.bsr.org)

\(^2\) Points of Light Foundation and Volunteer Center National Network: [www.pointsoflight.org](http://www.pointsoflight.org)

\(^3\) For more information on this initiative visit: [www.freedomcorps.gov/for_organizations/businesses/index.asp](http://www.freedomcorps.gov/for_organizations/businesses/index.asp)
Corporate Donations

Since its establishment in 1978, Home Depot has donated more than $150 million to community causes. In 2001 alone, the company invested more than $25 million in support of community programs that “encourage the development and rehabilitation of affordable housing, support programs that meet the needs of at-risk youth, support environmental programs particularly those related to building and home improvement, and help communities prepare and respond to disasters” (See Box). Criteria and application forms are available online and through brochures available at its stores. Home Depot receives more than 100,000 applications each year. Those that are approved may receive support in the form of cash, materials or employees volunteer hours, or a combination.

In addition to its contributions to individual projects in these four areas, Home Depot donates annually to United Way, which redistributes this money to non-profit organizations addressing community and social issues across North America. Home Depot also contributes through its Associate Gift Matching Program, where it will match the personal contributions of its employees to non-profit organizations. In Canada, Home Depot donates unsold merchandise to Habitat for Humanity.

Box 2: Home Depot’s Four Priority Areas

Affordable Housing
Building and repairing houses for low-income families and helping people realize the dream of homeownership goes hand-in-hand with our business. Our commitment to developing and rehabilitating affordable housing is supported primarily through:
- Neighbourhood housing service organizations.
- Community development corporations.
- Neighbourhood revitalization groups.
- Other organizations directly involved with the creation or rehabilitation of low-income housing.

At-Risk Youth
Programs that provide children with a safe place to engage in learning activities and acquire meaningful life skills are supported, including:
- Organizations that work with young adults to teach construction techniques and the importance of working and solving problems together.
- Programs that help to develop self esteem and leadership qualities.
- Partnerships that bring young people together to participate in community service events.

Environment
Assistance is provided to non-profit organizations that direct efforts toward protecting our natural systems. Our grants program focuses on the following areas:
- Forestry and ecology.
- Green building design.
- Clean-up and recycling.
- Lead poisoning prevention.

Disaster Preparedness and Response
Associates work to educate customers on how to face emergencies - before, during and after disaster strikes. Working with relief organizations, we are able to assist our communities to:
- Prepare through clinics and awareness programs by teaching customers how to be ready for an emergency.
- Respond with needed supplies and volunteers in the wake of natural disasters and severe weather.
- Rebuild and help our neighbours return to daily life.
Disaster Preparedness and Relief

Home Depot offers clinics and awareness programs that help people face emergencies, before during and after disaster strikes. Home Depot donates supplies and volunteers, and works with the American and Canadian Red Cross Societies to help families and individuals cope in the wake of natural disasters and weather-related emergencies. In 2001, Home Depot responded to hundreds of such emergencies caused by ice storms, flooding, tornadoes and wildfires across the country. Home Depot was deeply involved in emergency response efforts to the September 11th terrorist attacks on New York City and Washington, DC, donating cash and materials and helping locate and expedite materials needed by emergency crews. In January 2001, Home Depot responded to the growing energy crisis in the US Northwest by cutting back its energy use, setting up special how-to clinics for the general public on energy conservation measures and donating $75,000 to help non-profit organizations assist low-income families deal with the energy crunch.

At-Risk Youth

Home Depot’s supports the YouthBuild USA program which works with youth who have not completed high school to earn their diplomas while teaching them construction skills as they transform donated abandoned buildings into affordable housing. Participants in the program alternate weeks between working on construction sites and the YouthBuild school, where they earn credit towards completing their high school diplomas. The program has helped more than 6000 individuals receive their high school diplomas while working on more than 300 renovation projects. Some students have gone on to work for Home Depot.

Local Hire

Home Depot makes an effort to contribute to communities by hiring locally. When the company opens a new retail outlet it researches the demographics of the new location and develops the workforce through community involvement. Special efforts are made to hire people with language skills that match the local demographics. In its Toronto stores, for example, Home Depot offers how-to clinics to customers in Cantonese as well as in English. In June 2001, Home Depot Canada was awarded Innovative Retailer of the Year by the Retail Council of Canada for its innovative approaches to customer and employee relations. In the USA, Home Depot has partnered with the Department of Labor in a program to help provide training and potential employment for unemployed or underemployed persons.

6.2 Environment

Home Depot launched its environment program following Earth Day in 1990. It was the first home retailer in North America to hire a full-time employee dedicated entirely to environmental affairs. Today, the environmental affairs department has a cross-functional role with responsibility for overseeing the retailer’s operations and product-related environmental
programs. In 1992, Home Depot became a leader in its industry when it published its Environmental Principles, which were subsequently adopted by the US National Retail Hardware Association and Home Center Institute, whose membership represents over 46 000 US retail hardware stores and home centers. In 1998, Home Depot established its Executive Environmental Council with the responsibility to integrate environmental considerations into every aspect of the company’s business. The Council oversees initiatives in merchandising, store construction, real estate, logistics and waste management. The company has set targets in relation to greener building practices, in-store recycling projects, transportation trends and alternative products for customers. The Council works through a variety of task forces to ensure that past commitments are met and exceeded and that realistic targets are set. More recently, Home Depot has partnered with The Natural Step Foundation, whose consulting advice the company is using to improve its long-term sustainability. The Natural Step Foundation is a non-profit advisory organization and think tank that helps businesses and governments integrate sustainability into core strategy and operations. Among other things, it works with visionary corporate leaders to introduce company managers to The Natural Step's science-based sustainability framework, advise on its application to strategic planning and day-to-day operations, and facilitate the process of building organization-wide alignment around vision and goals.

Home Depot has been the first in its sector to introduce a number of programs that address the environmental performance of its operations and the products it sells.

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4 For more information on the Natural Step, visit: [www.thenaturalstep.org](http://www.thenaturalstep.org).
• In 1992, Home Depot was the first hardware industry retailer to partner with the US Environmental Protection Agency’s Green Lights Program, which aims to encourage governments and businesses to install energy-efficient lighting technologies in their buildings.

• In 1992, Home Depot introduced the hardware industry’s first reverse distribution program, returning packaging materials to manufacturers for their reuse and recycling. The program began with returning gypsum wallboard shipping packaging, and a goal of reducing by 10 percent the total solid waste generated.

• In 1993, Home Depot became the world’s first home improvement retailer to offer a product featuring an “environmental report card”. The report card offers comprehensive information on the environmental burdens of products over their life cycle (i.e., from “cradle to grave”).

• In 1993, Home Depot became the world’s first retailer to integrate a drive-through recycling centre at its stores.

• In 1994, Home Depot was the first home centre to offer both tropical and temperate region wood products from forests independently certified as “well-managed” under the Scientific Certification System’s Forest Conservation Program. Home Depot subsequently led the industry to switch from interior doors made from tropical woods to simulated wood.

**Operations-Related Environment Programs**

Home Depot is working to improve the environmental performance of its operations in a number of ways. Some of the company’s key initiatives in this are described below.

**Environmentally Conscious Design & Construction.** Home Depot’s Store Construction and Real Estate Task Force oversees integrating environmental considerations into new store construction and in upgrading old stores. A major goal of this program is to incorporate energy-efficiency measures into store design, through, for example energy-efficient light fixtures and state-of-the-art computerized controls, white instead of black roofs, airlock vestibules to save on heat and air conditioning and greater use of ceiling fans. The program is expanding to increase the use of recycled materials in the construction of new stores. Home Depot’s Smart Growth Program uses redevelopment as a tool to strengthen towns and cities. The program works with neighbourhood groups and civic organizations to ensure that growth addresses economic, social and cultural needs. Under the Smart Growth Program, Home Depot has redeveloped old retail and industrial sites, including those that require an environmental clean-up.

**Waste Management.** In 1994, Home Depot introduced a program to replace all wooden shipping pallets with returnable and reusable “slip sheets”. This helps to minimize waste, reduce
pressure on wood resources and decrease energy use related to transportation. Home Depot, who operates the program in partnership with CHEP USA\(^5\), estimates that in 2001 the program resulted in diverting more than 10.3 million pallets from landfills. Pallets that can no longer be reused are ground for mulch or used as boiler fuel, effectively converting what would be otherwise a waste into a resource. The task force that oversees waste management at Home Depot is currently piloting a recycling backhaul project that makes use of empty trucks that have completed store delivery to transport materials, such as pallets, cardboard packaging and shrink-wrap to recycling vendors. This helps the company reduce its transportation environmental footprint and conserves resources.

**Transportation and Logistics.** Home Depot is working with Business for Social Responsibility and other businesses and non-profit organizations to develop a vision for the industry and the supporting technologies and programs that will reduce the environmental impacts associated with transporting materials and products. Home Depot also established its Commuters Connect Program in Atlanta to reduce the transportation footprint of its workforce. The program offers incentives to employees for carpooling and riding the transit system. Such a program does not yet exist in Canada.

**Environmental Purchasing.** Home Depot has had since 1991 a policy of purchasing materials with recycled content for its store and office supplies, advertising, signage and shopping bags.

**Product-Related Environment Programs**

Home Depot recognizes on its website that “by far, the most important way to positively impact the environment is through the products [they] sell”. Since the early 1990s, Home Depot has been developing programs to address environmental problems arising from the manufacture, use and disposal of products and materials. Some of the major initiatives are described below.

**Recycling.** In addition to drive-through recycling centres at a number of its stores, Home Depot was a lead partner and sponsor in establishing Earth 911 (www.earth911.org), a non-profit organization that provides an online environmental resource for the public with tips for reducing their environmental footprint (e.g., energy conservation, composting, air and water quality) and information on where and how to recycle a variety of household wastes in their local

\(^5\) CHEP USA is a pallet and container pooling company, servicing manufacturers and distributors in the consumer goods industries. CHEP's service in the Americas' spans the US, Canada, Mexico, Chile and Brazil, supplying customers with high quality pallets and reusable containers from a comprehensive depot network. The company is part of the worldwide CHEP organization, which operates in 29 countries on six continents and controls more than 94 million pallets and containers. [www.chep.com](http://www.chep.com)
communities. Earth 911 also operates a telephone hotline (1-800-CLEANUP) for people without access to computers. The objective of the program is to broaden participation in decisions affecting the responsible use of the earth’s resources. The program was recently expanded into Canada.

**Green/Alternative Products.** Home Depot is working to increase the number and variety of environmentally friendly products that it sells as part of its Green Home program. These products include those carrying the Energy Star label, sustainable drought-tolerant landscaping, low VOC (volatile organic chemicals) paint, energy-efficient framing, insulation with recycled newspaper content, high-efficiency heating and cooling equipment, among others. Home Depot requires all manufacturers that make claims regarding the environmental benefits of their products to submit their products to Scientific Certification Systems, Inc. for independent verification of the claim.

In 1992, Home Depot introduced the Environmental Greenprint, a proprietary blueprint that provides environmental product information for homeowners. The Greenprint is available in each Home Depot store, and provides customers with a checklist of environmentally preferred products and practices that could be used or implemented in each room of the house.

**Consumer Environmental Education and Resources.** Since 1995, Home Depot has offered special environmental clinics in all its stores to help consumers make better environmental choices and to educate them in how to improve the environmental and energy-efficiency of their homes, and how to recycle or dispose of products, such as paints, solvents and batteries, properly. In 2001, Home Depot expanded its work in this area through the creation of its E+ Program to promote energy conservation among its clientele. Through a combination of signage, catalogue pages and merchandise displays, Home Depot is encouraging its customers to switch to more energy-efficient products. Home Depot’s E+ Program is also accessible via its website, where it offers tips and advice for consumers wanting to reduce the energy and environmental footprint of their homes, and, in the process, reduce their power bills. The information on the website is tailored to home owners living in the major climatic regions of the country. The website also contains a list of ten easy-to-implement steps to make energy savings improvements to homes.

**Wood Purchasing and Certification.** Recognizing that it is one of the world’s largest suppliers of wood products, Home Depot is working to make a positive impact by ensuring that the products it sells come from responsibly managed forests. In the early 1990s, Home Depot began to address this issue by offering products that came from forests that had been independently certified as originating from “well-managed” forests as determined by the Scientific Certification Program’s Forest Conservation Program. To carry the certified label, suppliers’ wood must be tracked

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6 The Energy Star label is awarded by the US Environmental Protection Agency’s and signifies its endorsement for the most energy-efficient products on the market.
from the forest, through manufacturing and distribution. In 1999, Home Depot went a step further by publishing a wood purchasing policy and taking a pledge to stop selling wood from environmentally sensitive areas by the end of 2002. Today, Home Depot has a very transparent supply chain on all of its wood purchases to regulate products from sensitive forest areas and is the largest seller of wood products that have been certified by the Forest Stewardship Council (FSC)\(^7\). All letterhead and business cards used by Home Depot are made from FSC-certified paper.

In addition to the certification and labelling schemes described above, Home Depot is working with vendors to develop alternative products to reduce pressures on the world’s forest resources. Home Depot offers special products such as fibreboard made from 100 percent recycled urban wood and has partnered with Dow Bioproducts to offer building materials manufactured from wheat straw.

**Supplier Programs.** Home Depot incorporates into its vendor buying agreements, requirements that they comply with the company’s ethical standards, which cover employment and work place conditions, and adherence to local country laws.

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\(^7\) The Forest Stewardship Council (FSC) is an international non-profit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world’s forests. Its members are from a diverse group of environmental and social groups, the timber trade and the forestry profession, indigenous people’s organizations, community forestry groups and forest product certification organizations from around the world. The Forest Stewardship Council is introducing an international labelling scheme for forest products, which provides a credible guarantee that the product comes from a well-managed forest. To date, FSC has certified more than 29 million hectares of forest lands around the world. [www.fscoax.org](http://www.fscoax.org)
6.3 Employees

Home Depot aims to be an employer of choice that provides its employees with meaningful and challenging work, creates the conditions that allow individuals to realize their potential, recognizes and rewards the contributions individuals make to the success of the company and offers an environment where people feel free to voice their concerns. These are important considerations for a company that is opening a new store every 43 hours, and according to company projections, will need to hire at least 40,000 new managers, assistant managers and department supervisors over the next three years.

Career Development. Home Depot has introduced a Job Preference Program, which provides in-store computer kiosks that allow employees to check job opportunities in their stores and the skills requirements for the positions. To help employees upgrade their skills, Home Depot offers a web-based learning program which allows employees to increase their product knowledge and eligibility for new positions. In its company profile on Home Depot, Calvert Social Index notes that the Job Preference Program is helping company eliminate discrimination and other barriers within the recruitment process. Since its roll-out in 1999, the program has reduced employee turnover by 11.4 percent and, in a single year, increased the representation of minorities and women in management positions by 32 and 35 percent, respectively. The company has introduced a new two-year training program for early- to mid-career employees who wish to advance in the company. The company has also recently launched a program to reimburse associates for tuition.

Healthcare Benefits. Home Depot offers its employee healthcare benefits package considered to be “best-in-market”, which gives employees a greater choice in healthcare providers. As well, the company is extending healthcare coverage to part-time employees, a practice not common in the industry.

Success Sharing. Home Depot is introducing a program which will offer bonuses to employees, based on annual sales and profit growth. In this way, the company hopes to increase the feeling of being part of the company and motivate overall performance. This program will be the first of its kind in the industry.

Building Better Health. Home Depot encourages employees to lead well-balanced lifestyles. Each store has a wellness representative who is allocated 2 hours per week to develop and promote wellness programs at each store. These can be in the form of seminars on healthy eating and weight loss, posting new articles or brochures on the store’s wellness board, screening for high blood pressure or diabetes, initiating “free Fridays” where employees are given free fruit, morning stretching and exercise routines, etc. Home Depot believes that when employees see that their company is committed to their health and well-being, the company is repaid in higher employee retention and morale, which translates into a more successful company.
7 Key Drivers and Benefits for Home Depot

As discussed earlier, the origins and main driver for Home Depot’s CSR programs are rooted in the belief of the company’s founders that it is the “right thing to do”. The company also recognizes that there are clear business benefits to being socially responsible. In its 2001 Social Responsibility Report, the company highlights this by quoting a study that revealed that almost 2/3 of US consumers feel that social responsibility should be standard business practice.

According to the company’s executive vice president for human resources, CSR helps the company in its goal of being:

1. The neighbour of choice;
2. The retailer of choice;
3. The investment of choice; and
4. The employer of choice.

The company’s focus on giving back to the communities in which it operates helps build its reputation for being a good neighbour. Its track record in CSR has helped the company in terms of gaining acceptance from communities and obtaining permits from municipalities to open new stores. This has obvious advantages for a company that is planning to open 600 new stores over the next three years.

Team Depot volunteers and the highly visible projects they undertake help build brand reputation. And, as consumer awareness and concern for the environment increases, the company’s offering of a variety of environmentally preferable products and programs that help people make more environmentally friendly purchasing decisions have obvious benefits in terms of competitive advantage and making Home Depot a retailer of choice. Home Depot believes it is very much a leader in the retail business these areas.

Home Depot’s employee programs, which emphasize respect for the individual, teamwork and diversity and reward performance help increase morale and the retention of good quality employees, which translate into better customer service and therefore better business. Team Depot projects reinforce the sense of belonging and camaraderie among associates.
8 Organizational Success Factors and Challenges

A number of factors have helped Home Depot successfully implement its CSR work. As in all organizations, there are also challenges. Home Depot finds that one of the biggest challenges for CSR work is that it leads to higher expectations that the company do more.

**Senior Management Commitment.** Since giving back to communities is part of the founding vision of the company, commitment from senior management has always been strong. As well, senior management understands that CSR benefits business, and that in the future it will increasingly be linked to competitive advantage. Commitment to CSR as communicated through newsletters, annual reports, letters from the president and CEO send a strong message to employees of the value of CSR to the company. Getting buy-in from and commitment from store or middle managers has at times been a challenge, since their performance is based predominantly on a profitable bottom line. If they are not already convinced of the value of CSR, then it is sometimes difficult to prove the business case to them.

**Team Depot.** In addition to reinforcing the teamwork culture at Home Depot, Team Depot helps embed corporate values throughout the company and Home Depot’s commitment to giving back to the community.

**Recognition Programs.** Home Depot has a number of recognition programs for employees who do an exceptional job at organizing volunteer effort or environmental project within a store. The Marcus Award is one example where stores who complete a great project in the community submit their project to a company-wide contest. The winner is awarded $10 000 for the non-profit organization it was working with. Individual volunteers who go above and beyond the call of duty are recognized through a Volunteer Superstar Patch programs, and some are recognized in posters in the stores.

**A Common Set of Clearly Articulated Values.** New employees are given training in the Home Depot values as part of their orientation session. The company values are also highly visible, reminding employees that they are there to guide them in their work.

9 Role of Government

Home Depot identifies a number of ways in which the government could act to support CSR activities in business:

- The Canadian government might want to consider setting up a program similar to President George W. Bush’s initiative *Business Strengthening America.* This program brings together
business leaders from corporations, large and small, to encourage civic engagement and service among peers.

- The government could promote CSR by developing case studies and current best practices. This would help increase awareness among businesses, and help them with implementing their own programs.

- The government could sponsor work on demonstrating the business case of CSR, which would promote the uptake of CSR more broadly.