

[HD – Home Depot: Rule 14a-8 Proposal, November 20, 2020]

[This line and any line above it – *Not* for publication.]

ITEM 4* – Advertising Policies and Social Media

Home Depot spent \$1.2 billion on advertising in 2019,¹ with large budgets for social media platforms. The company was Facebook's biggest 2019 advertiser, spending \$179 million,² plus \$40 million in the first half of 2020.³

There is widespread concern that platforms like Google and Facebook may be failing to protect civil and human rights by supporting government censorship,⁴ facilitating white supremacist activity,⁵ and enabling voter suppression.⁶ Facebook itself noted, "One of the biggest issues social networks face is that, when left unchecked, people will engage disproportionately with more sensationalist and provocative content."⁷ In June 2020, a Home Depot spokeswoman said: "Like others, we're disgusted by hate speech and discriminatory content we see on social media."⁸

Home Depot faces reputational and business risk if it is perceived as contributing to the spread of racism, hate speech, and disinformation by facilitating advertising on social media platforms. Potential inadvertent promotion of harmful viral content by advertisers threatens user safety and brand value. Seventy percent of millennials and Gen Xers "will not like, recommend, or purchase from a brand whose ads appear next to offensive, hateful, or derogatory content."⁹

In 2018, after CNN found YouTube ran ads from major brands on extremist channels, one analyst said, "If brands want to make sure this stops, the only way for that to happen is for them to stop spending [on YouTube] until it's fixed." Advertisers are not passive bystanders when they inadvertently finance harm. Their spending influences what content appears online. For instance, Omnicom found some advertisers excluding content like "News and Current Events" from ad buys;¹⁰ journalism groups have asked that advertisers not block ads from financing credible journalism.¹¹

According to House Speaker Nancy Pelosi, advertisers "have power to discourage platforms from amplifying dangerous and even life-threatening disinformation." However, steps taken to date are insufficient. For instance, the Global Alliance for Responsible Media announced shared recommendations between social media platforms and advertisers, including common definitions for hate speech. Critics question its efficacy. The president of Color Of Change called the recommendations, "another reminder that the incentives are broken and government regulation is still needed." WIRED magazine observed: "It's fair to wonder whether a consortium that includes Facebook and Google—the two dominant digital advertising companies—will produce any meaningful change to the status quo."¹²

Resolved: Shareholders request the Board commission an independent third-party report, at reasonable cost and omitting proprietary information, assessing how and whether Home Depot ensures its advertising policies are not contributing to violations of civil or human rights. The report should consider whether the

¹ https://ir.homedepot.com/~media/Files/H/HomeDepot-IR/2020/2019_THD_AnnualReport_vf.pdf

² <https://fortune.com/2020/06/29/facebook-ad-boycott-top-advertisers-silent-which-companies/>

³ <https://www.marketingcharts.com/digital/social-media-114732>

⁴ <https://impactpolicies.org/en/news/30>

⁵ <https://www.techtransparencyproject.org/sites/default/files/Facebook-White-Supremacy-Report.pdf>

⁶ <https://int.nyt.com/data/documenthelper/533-read-report-internet-research-agency/7871ea6d5b7bedafbf19/optimized/full.pdf#page=1>

⁷ <https://www.facebook.com/notes/mark-zuckerberg/a-blueprint-for-content-governance-and-enforcement/10156443129621634/>

⁸ <https://fortune.com/2020/06/29/facebook-ad-boycott-top-advertisers-silent-which-companies/>

⁹ <https://venturebeat.com/2018/07/25/adcolony-brands-are-worried-about-unsafe-content-and-fake-news-on-facebook-social-media/>

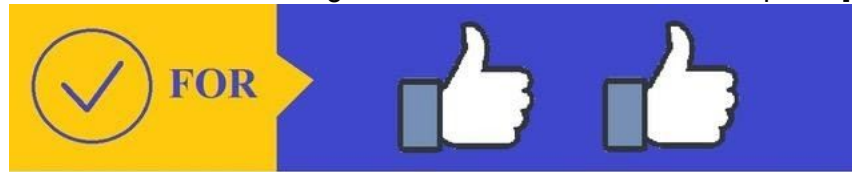
¹⁰ https://www.omnicommediagroup.com/wp-content/uploads/2020/05/OMG_COVID-19_SocialMediaPricingPOV_22April20.pdf

¹¹ <https://gfmd.info/emergency-appeal-for-journalism-and-media-support-2/>

¹² <https://www.wired.com/story/she-helped-wreck-the-news-business-heres-her-plan-to-fix-it/>

policies contribute to the spread of hate speech, disinformation, white supremacist activity, or voter suppression efforts, and whether policies undermine efforts to defend civil and human rights, such as through the demonetization of content that seeks to advance and promote such rights.

Please vote for: Advertising Policies and Social Media – Proposal [4*]



[This line and any below are *not* for publication]
Number 4* to be assigned by the Company

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss the in unison elimination of both shareholder graphic and management graphic in the proxy in regard to specific proposals.

Reference SEC Staff Legal Bulletin No. 14I (CF)

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005)

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email [olmsted7p (at) earthlink.net].