



**BE IT RESOLVED:** The shareholders of Home Depot urge the Compensation Committee of the Board of Directors to adopt a policy, applicable to future grants and awards of equity compensation, requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs for a significant period of time following the termination of their employment (through retirement or otherwise). The policy shall apply to future grants and awards of equity compensation.

**SUPPORTING STATEMENT:** Requiring senior executives to hold a significant portion of shares obtained through compensation plans after the termination of employment is an evolving best practice. For example, CalPERS recently updated its Governance and Sustainability Principles to include language suggesting that equity compensation earned by executives should be held for a minimum of two years after they retire or separate from the company.

Such a policy would help focus the attention of Home Depot executives on long term success and better align executive interests with those of Home Depot's shareholders. One reason boards provide incentives with stock is to create such long-term alignment. Awards that fail to include sufficient holding requirements instead allow executives to cash out options near or at the top of the market

A CEO's stake in a company should grow larger with time. In 2018, yet Home Depot Chair, President and CEO Craig exercised 231,014 option shares realizing value of over \$35.6 million dollars. In 2017 he exercised 231,033 options realizing value over \$29 million dollars. Menear did not invest a significant portion of this \$60 million into company stock: his beneficial ownership increased only slightly over this time period.

In addition, The [Washington Post](#) identified Menear as one of more than 50 executives who sold during company buyback programs. According to the Post, "[i]n a 27-day period that included the dates Menear and Tome sold, as Home Depot later reported to the SEC, it purchased \$96.2 million of its stock, adding to demand for the stock. Public filings do not show — and companies are not obliged to tell — whether the company was buying on the exact days its executives sold."

Shareholders believe it is important for the company to promote long-term and sustainable value creation that can withstand predictable long-term risks.

We view a more rigorous retention requirement as superior to the current stock ownership guidelines.

We urge shareholders to vote for this proposal