

## HD Supply Corporate Disclosure in adherence to California Transparency in Supply Chains Act

The California Transparency in Supply Chains Act of 2010 (SB 657) (the "Act") is effective in the State of California as of January 1, 2012. The general purpose of the Act is the elimination of slavery and human trafficking in product supply chains and providing transparency to consumers so that they may make educated purchasing decisions. The Act requires companies to disclose their efforts in ensuring that their supply chains are free of slavery and human trafficking. HD Supply fully supports these efforts and seeks to ensure that throughout our supply chain, high standards of safety, quality and human rights are upheld. We continuously look at ways to enhance our processes and address such global concerns.

HD Supply's core principals are an important part of our corporate responsibility framework. Our underlying principles provide guidelines and standards for our business partners engaged in the manufacturing, assembly, and distribution operations of our products. We intend to work only with reputable suppliers and manufacturers who will lawfully produce our goods through fair and honest dealing, in decent working conditions without exploitation and with regard to the environment. HD Supply is committed to managing a consistent, effective and comprehensive monitoring system that allows us to measure the progress and achievements of our supplier compliance policies and programs.

### Supplier Verification and Certification:

HD Supply enters into supplier buyer agreements or purchase order terms and conditions with each of our direct suppliers. Such agreements require our suppliers to comply with all applicable laws and regulations, as well as adhere to certain supplier guiding principles, including prohibitions on forced or child labor, slavery and human trafficking. Our supplier guiding principles also require our direct suppliers to certify that the materials incorporated into our products comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

HD Supply works closely with its suppliers through a continuous process improvement approach to enhance our supply chain business model as well as address any potential issues within the supply chain. This process includes on-boarding supplier assessments and audit protocols.

### Audits:

Suppliers and their factories producing HD Supply's private label and direct import products are selected for a supplier compliance audit. These audits are performed or evaluated by an independent third party to verify compliance with HD Supply supplier compliance policies and programs. All of our private label and direct import product suppliers are expected to meet our requirements as a condition of doing business with HD Supply.

The audits are conducted within an announced "audit window" by an approved third party audit firm. The third party auditors are required to maintain certain levels of experience and corresponding credentials to ensure that compliance issues are detected and immediately communicated. HD Supply has remediation and continuous improvement processes in place in the event of findings that are not consistent with our standards and principles. In the event of less than satisfactory findings, HD Supply works closely with the applicable supplier to implement a Corrective Action Plan (CAP). The corrections of the detected findings are validated during a re-audit, which is typically conducted within six to twelve months depending on the audit grading. HD Supply has a zero tolerance policy for the presence of forced labor and child labor as well as other critical principles. In the event any zero tolerance finding is uncovered, we suspend all business activity with the supplier and require immediate corrective actions by the supplier or instant termination if supplier fails to act.

### Accountability:

All of HD Supply's associates and suppliers are expected to conduct business ethically and in accordance with all applicable laws and regulations. HD Supply's associates are further required to comply with HD Supply's Code of Ethical Behavior and failure to act accordingly will result in corrective action, including the possibility of termination of employment. Any HD Supply supplier that fails to comply with applicable laws or ethical business practices may be subject to immediate business suspension or termination.

### Training:

HD Supply continuously develops and enhances our training programs for our associates. We provide regional training to our associates and our associates are required to acknowledge and adhere to our Code of Ethical Behavior, which includes compliance with all applicable laws where HD Supply conducts business.