

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Kohl's Corporation (Kohl's) was organized in 1988 and is a Wisconsin corporation. Kohl's operates over 1,100 Kohl's department stores, a website (www.Kohls.com), and 12 FILA outlets. Kohl's stores and website sell moderately priced proprietary and national brand apparel, footwear, accessories, beauty and home products. Kohl's stores generally carry a consistent merchandise assortment with some differences attributable to local preferences. Kohl's website includes merchandise that is available in stores, as well as merchandise that is available only online.

Kohl's merchandise mix includes both national brands and proprietary brands that are available only at Kohl's. Kohl's proprietary portfolio includes well-known established private brands such as Apt. 9, Croft & Barrow, Jumping Beans, SO and Sonoma Goods for Life and exclusive brands that are developed and marketed through agreements with nationally recognized brands such as Food Network, LC Lauren Conrad, Jumping Beans and Simply Vera Vera Wang. National brands generally have higher selling prices, but lower gross margins, than proprietary brands. The following is a breakdown of merchandise sold by Kohl's in 2020: Women's (25%), Accessories (11%), Men's (18%), Home (23%), Footwear (9%), and Children's (14%).

In terms of corporate governance, major C-suite officers for Kohl's that sit on the Risk Reduction Committee include the Chief Financial Officer (CFO), Chief Technology Officer (CTO), General Counsel (GC) and Chief People Officer (CPO). The Chief Risk & Compliance Officer (CRCO) is the chair of the Risk Reduction Committee and reports directly to the Chief Executive Officer (CEO) (a board member).

In 2015, Kohl's demonstrated our support for action on climate change and for The Paris Agreement by signing the American Business Act Pledge on Climate Change. Building on this commitment, Kohl's set sustainability goals in 2019, including quantitative targets focused on three key areas: climate action, waste and recycling and sustainable sourcing. In July 2021, we strengthened our climate leadership by joining the Science Based Targets initiative (SBTi). Through SBTi, we have committed to align our GHG reduction targets with climate science and the core commitment of the Paris Agreement. Since 2007, we have set emission goals through our CDP reporting and, in 2019, we announced our goals publicly. Over the next two years, we will work with SBTi to set our new science-based emission reduction targets.

ESG stewardship is a key component of the company's strategy and vision to be the most trusted retailer of choice for the active and casual lifestyle, and these efforts guide how the business works with its partners, considers the environment, and impacts the lives of its associates, customers, and the community. We are committed to monitoring and reporting our ESG performance and progress, both on our website and in our annual reporting. After a decade of CSR reporting, we are transitioning to an ESG reporting framework and proudly released our 2020 ESG Report, providing comprehensive updates on achievements and progress in key areas including energy and carbon, workplace, diversity and inclusion, philanthropy, supply chain, and business continuity.

Kohl's inclusion on DJSI North America (2018, 2019, 2020), Barron's Top 100 Most Sustainable U.S. companies (2019, 2020), S&P Global's Sustainability Yearbook for the first time in 2021, and the Ethisphere Institute World's Most Ethical Companies (2019, 2020) demonstrate and bolster Kohl's commitment to sustainability initiatives.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	Our Risk Reduction Committee (RRC) owns our robust Enterprise Risk Management (ERM) program. The ERM is designed to prioritize/monitor progress in managing potential impacts of regulatory, operational, financial, and reputational risks across the organization & encompasses climate-related risks. For example, we consider how rising non-discretionary spending, such as rising fuel or energy costs, impacts our ability to attract customers. The RRC provides the Board an update on risk profiles/activities related to the ERM. All risks are addressed at least annually, but key risks (e.g. climate-related) receive periodic reviews & updates based on priority & impact. Further, our CEO-part of the Board-works w/ the RRC and our individual members to address and mitigate risks. Finally, at the direction of the CEO, Kohl's formally changed its Board Nominating and Governance Committee to the Nominating and ESG Committee in 2021. The Nominating and ESG Committee is responsible for direct oversight, input, and governance over climate-related issues and reviews such progress on a quarterly basis. The RRC's input on climate-related issues provides key support to the Board, ensuring that climate risks are incorporated into our larger business strategy/operations, w/ needed flexibility to react quickly to address/manage current/emerging risks. At the direction of the CEO, Kohl's debuted the company's 2020 Environmental, Social, and Governance (ESG) report, providing comprehensive updates on achievements and progress in key areas including energy and carbon, workplace, diversity and inclusion, philanthropy, supply chain, and business continuity.
Board-level committee	Board oversight of our climate-related is essential to sustain the long-term interests of all stakeholders. In 2021, Kohl's updated our Nominating and Governance Committee to address the board's oversight responsibilities related to the management and performance of climate-related issues. In addition to changing the committee's name to Nominating and ESG Committee, corresponding updates to the committee charter were also made. The Nominating and ESG Committee reviews progress on addressing climate-related issues on a quarterly basis, and the full Board of Directors reviews our progress on addressing climate-related risks at least annually.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Nominating and ESG Committee provides quarterly Board oversight of climate-related issues. To address the Board's oversight responsibilities related to climate-related issues, Kohl's changed our Nominating and Governance Committee to the Nominating and ESG Committee and updated the committee charter in 2021. The Nominating and ESG Committee reviews progress on climate-related issues on a quarterly basis, and the full Board reviews our progress on climate-related risks at least annually. RRC also supports the full Board (that oversees our larger business strategy/operations) and allows them to address/manage key current/emerging risks, e.g. climate-related. RRC consists of senior leadership including the CFO, CTO, CPO, GC, CRCO, and reports regularly to the CEO (a Board member). Annually, the RRC reports to the full Board with key/priority risks discussed more frequently w/ the Audit Committee & Board. This enables all members of the Board to understand Kohl's overall risk profile & efforts being made to reduce/mitigate/eliminate each risk. To ensure communication lines on pertinent environmental risks, the CRCO's role reports directly to the CEO. The ERM is used to identify current/emerging risks via cross collaboration & used to connect with leaders to manage actions & report on risk status. The ERM has two tiers of priority. climate-related & other environmental risks fall under Tier 1 risks (e.g. current and highest risk). The ERM covers all types & sources of impact and was designed to monitor Kohl's ongoing progress in managing the potential impact of risks in the near & long-term horizons. Kohl's ERM uses materiality assessments to identify key issues for Kohl's long-term value creation of at least ten years into the future. Elaborated further in C1.2. RRC/managers/risks owners have compiled a comprehensive list of enterprise risks identified through this process. These risks are then prioritized based upon the potential financial & reputational damage associated with each risk. Kohl's leverages a number of different means to monitor/manage risks, strategies & target progress. For example, Kohl's has implemented a robust Environmental Management System (EMS). We also utilize Engie to record & maintain our energy use & GHG emissions that feeds into the ENERGY STAR Portfolio Manager, to reduce human error associated with calculations, & streamline audit & subsequent ESG reporting processes. Data analytics is continuously evolving for Kohl's. For example, relevant teams use an energy management system diagnostic tool, a proprietary web-based portal, to assist with analytics. Data provided by the ENERGY STAR Portfolio Manager allows Kohl's to easily identify energy saving opportunities. The team is alerted when a store's score is negatively trending & an investigation begins to determine the specific reason for the change in score. Once an issue is found, the team reviews to determine if & how the issue can be resolved.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Risks Officer (CRO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Identified risks are within the overall purview and responsibility of our Chief Risk & Compliance Officer (CRCO) who is Kohl's dedicated operational risks management personnel. Kohl's CRCO is part of the RRC and reports directly to the CEO. While the CRCO/RRC maintain and manage the ERM, individual risks owners who report to the CRCO/RRC and lead relevant departments have overall day-to-day responsibility of managing and tracking their respective risks. The CRCO's knowledge of Kohl's operational risks alongside the reporting structure (direct to CEO), regular meetings within the RRC and with risk owners, makes this individual ideally placed to manage the ERM and oversee Kohl's climate-related issues.

The ERM establishes a procedure and protocol for any financially material risks that Kohl's may encounter. The ERM both prioritizes risks based on type of causal issues (e.g. operational efficiencies, customer traffic) and provides a separate assessment of the potential cost of the impact (magnitude). Kohl's minimum threshold for financial materiality is an impact that affects earnings per share (EPS) by 1 cent.

Risks are identified through Kohl's Executives' insight/knowledge, known industry specific risks, monitoring the regulatory environment, macro considerations, and brand and reputation considerations. We also utilize 3rd-party consultancies (Engie/Arcadis) for technical expertise. Kohl's risks are generally prioritized using a two-tiered system, with Tier 1 considered customer traffic and operational excellence. Operational excellence is comprised of many topics—including 1) building performance (e.g. GHG & energy) and 2) supply chain/business continuity—that are two key aspects impacting Kohl's.

This comprehensive list of enterprise risks is compiled & then prioritized based on potential financial and reputational damage posed by each risk. For each risk, action plans to mitigate or eliminate the specific risk are developed and deployed through risk owners, who meet with the RRC/CRCO to update them on progress, monitoring KPIs (key & secondary metrics) & measurement of impacts. Risk owners are also responsible for identifying potential barriers and obstacles that could inhibit progress and have the overall day-to-day responsibility over their risks.

For environmental and sustainability related risks, including those that are climate-related, the Environmental Sustainability & Compliance (ESC) Team & Senior Manager for ESC have oversight & daily responsibility, including Kohl's sustainability strategy and proactive efforts to reduce energy, carbon & waste. Energy-related risks are also overseen by the Energy Team that works closely with ESC, Property Development, and Facilities teams to tackle regulatory compliance, sustainability strategy and implementation, reductions, renewable energy opportunities & other environmental topics. Related to climate issues, these teams work together to develop energy use & GHG reduction targets, alignments & means to achieve targets with our Facilities Team.

Risks deemed most material, such as climate-related risks, are discussed w/in the RRC on a quarterly basis. For other risks, reporting may be requested for any reason by the committee; this allows the RRC members to understand identification, management & mitigation strategies & allows the RRC to provide regular feedback & general direction to management. Following each of these updates, the RRC may generate reports to the full Board via either designated committee reports or as requested/needed. The ERM program is used to identify current & emerging risks through cross department collaborative risk reduction quarterly committee meetings, connect with leaders to develop actions & report on risk status. The ERM program is integrated with our business strategy, allowing Kohl's to proactively address risks & opportunities. The Nominating and ESG Board Committee then provides climate-related issues on a quarterly oversight.

Kohl's leverages a number of different means to monitor & manage our environmental footprint, risks, strategies & target progress. For example, Kohl's has implemented a robust EMS. We also use Engie to record & maintain our energy use & GHG emissions that feeds into the ENERGY STAR Portfolio Manager. We use this approach to reduce human error associated with calculations & streamline the records and receipts process for audit and environmental reporting purposes. Data analytics is continuously evolving for Kohl's. For example, relevant teams use an energy management system diagnostic tool, a proprietary web-based portal, to assist with analytics. Data provided by the ENERGY STAR Portfolio Manager allows Kohl's to easily identify energy saving opportunities. The team is alerted when a store's score is negatively trending & an investigation begins to determine the specific reason for the change in score. Once an issue is found, the team reviews to determine if & how the issue can be resolved.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Board/Executive board	Monetary reward	Emissions reduction project Emissions reduction target	Kohl's Annual Incentive Plan is to provide eligible executives, including the NEOs, with a financial incentive that encourages them to perform in a manner which will enable Kohl's to meet or exceed our financial plans each fiscal year. The Compensation Committee directly ties the amount of such awards to various financial performance levels, providing incentives to our executives to maximize long-term shareholder value; however, amounts awarded are also linked to driving environmental efficiencies and social sustainability initiatives that help mitigate risks. This committee considers the top tier risks a significant and meaningful challenge to the management team to increase Kohl's earnings. Our executive's salary, short-term (annual) and long-term incentives are evaluated for performance, which includes driving revenues and operational efficiencies—which take the form of energy reduction activities and projects.
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction project Energy reduction target	If we are not successful in managing and mitigating these risks (including regulations, energy and other environmental costs, consumer spending, etc.), they could have a negative impact on our sales, gross margin, expenses, and/or operating results. These risks are described in our 10-K (http://corporate.kohls.com/investors/financial-information), and indicate links to our sales, gross margin, expenses and operating results. Our Annual Incentive Plan provides eligible executives, including the CEO, with a financial incentive that encourages them to perform in a manner which enables our organization to meet or exceed our financial plans each fiscal year through increasing revenues (increasing foot traffic) and reducing costs (operational efficiencies). These incentives include a short-term incentive (annual incentive), and a long-term incentive, which are evaluated on various performance criteria, including managerial aspects that extend into operational efficiencies such as programs to reduce energy consumption and energy cost efficiency. For example, in 2020, we implemented efficiency measures including LED lighting retrofits and upgrades to HVAC systems. These projects reduced our Scope 1 + 2 emissions by 4,818 MT CO ₂ e and improved operational performance at these facilities. This performance was assessed as part of our CEO's annual incentive plan. When conducting performance evaluations, the Compensation Committee directly ties the amount of such awards to various financial performance levels, providing incentives to our executives to maximize long-term shareholder value; however, the amount awarded is also linked to each individual's success in driving environmental efficiencies and social sustainability initiatives, which work to help mitigate risks. The Committee considers the top tier risks a significant and meaningful challenge to the management team to increase our earnings. For example, a reduction in operational energy use is linked to our operational performance and cost reduction efforts.
Business unit manager	Monetary reward	Emissions reduction project Energy reduction target	Kohl's has incentives such as a "team" bonus program, in which all levels of management participate, based on overall company financial performance which includes but is not limited to operational efficiencies; e.g. reduced energy costs, an increase of solar, wind, recycling and other operational and material controls that result in resource conservation and footprint reduction while at the same time enhance shareholder value. For example, in 2020, we implemented efficiency measures including LED lighting retrofits and upgrades to HVAC systems. These projects reduced our Scope 1 + 2 emissions by 4,818 MT CO ₂ e and improved operational performance at these facilities.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	
Medium-term	2	5	
Long-term	5	20	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Any activity that may impact earnings per share (EPS) by more than one cent USD

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term
Long-term

Description of process

Risks and opportunities are identified via Executives' knowledge & regulatory/market/industry/brand/reputation considerations and centralized through our ERM. ERM gives a procedure/protocol for any financial material risk/opp that we may encounter over the current to long-term (10 years) & prioritizes them by type of causal issues and a separate assessment of potential cost of impact/magnitude as well as increased foot-traffic/earnings. Our minimum threshold for financial materiality as an impact that affects EPS by 1 cent. We prioritize risks via a 2-tiered system: Tier 1 is Customer Traffic & Operational Excellence. Operational Excellence includes building performance (e.g. GHG & energy) & supply chain/business continuity, both linked to climate. Action plans to mitigate risks are developed & deployed via risk owners & report to CRCO. CRCO is a part of the RRC & there are quarterly progress discussions, monitoring KPIs & measurement of impacts. RRC reports to the full Board at least annually to ensure that climate-related risks are addressed in business strategy/operations. In general, Kohl's risk assessment process has identified more substantive non-US climate-related physical risks; however, a greater proportion of the enterprise is located in the US. Kohl's ERM program strives to balance the intensity of a risk vs the scope of impact when determining the significance and magnitude of impact. Kohl's considers short- (0-2 years), medium (2-5 years), and long-term (5-20 years, focused on ten-year) risks for our direct value chain. Incorporated risks reported to the RRC and discussed within on a quarterly basis. Full Board reporting occurs at least annually, but more reporting may be requested for any reason by any Board member. Risk reports are created by the appropriate risk owner to enable the full Board to understand identification, management, and mitigation strategies, and to allow them to provide regular feedback/direction of the ERM/key risks as they emerge to the RRC/CRCO/responsible owners. Our ERM is coupled with a couple tools to ensure that our direct risks are fully addressed, such as our EMS and use of the ENERGY STAR Portfolio Manager. Transitional Risk Management of energy and GHG footprint (operational efficiency) is especially relevant when it comes to transitional risks for a low-carbon economy. Our company leverages a number of different means to monitor/manage our environmental footprint, risks, strategies & target progress (e.g. Kohl's has implemented a robust EMS through 3rd-party consultancy, Arcadis). The EMS accounts for our environmental, health & safety information and monitors environmental matters including climate related issues and severe weather events at store locations. This system includes data collection methodologies and management tools to track environmental metrics, health & safety, logistics, regulatory compliance and consistency between stores. Relevant employees are trained on how to complete and measure EMS tasks/data, and records are kept of data, visual inspections & online assessments. For GHG, Kohl's uses 3rd-party consultants to help in developing and fine-tuning specific programs, such as carbon emissions and health & safety. For example, Kohl's EMS and other environmental data tracking systems helped reduce energy usage by 3% in 2019 by verifying projects that yielded the best reduction activities for the cost. In CY2018, we reached our energy reduction target of 20% by 2020 from a base year of 2008, two years early, due in part to strategic initiatives to reduce energy use (e.g. by implementing LED lighting retrofit and updating HVAC systems. We expanded these projects in CY2020 to include LED upgrades at 45 stores and HVAC upgrades at 73 stores. Kohl's lighting systems are seen as the biggest energy contributor to energy/Scope 2 emissions. Since we have achieved our energy reduction goal, an additional target of 10% energy reduction was released in 2019, which is discussed in full in the targets section. Physical Risk Kohl's also utilizes a 3rd-party consultancy, Engie, to record and maintain our energy use and resulting GHG footprint, which feeds directly into the ENERGY STAR Portfolio Manager. Kohl's chose this approach to reduce human error associated with calculations and to streamline the records and receipts process for purposes of audit as well as for subsequent ESG reporting, etc. Data provided by ENERGY STAR allows Kohl's to easily identify energy saving opportunities. The Energy Team is alerted when a store's ENERGY STAR score negatively trends, which is also how we can document increases in HDD/CDD (climate-related chronic physical risk). An investigation determines the specific reason for the change and once identified will determine how the issue can be resolved and prevented. At enterprise and asset-levels, Kohl's uses the ENERGY STAR Portfolio Manager for our energy reduction program, including yearly trends, analyzing locations that are eligible for ENERGY STAR certification, reviewing stores by performance to determine regional outliers, and determining which stores are trending lower than expected energy use. For example, in 2018, our Scope 1 footprint increased 22% in part from an increased number of CDD/HDD incidents (16 and 12% respectively). We continue to address this through improving our HVAC systems at 73 more stores. Kohl's is committed to providing healthy & engaging environments for our customers & associates. We seek sustainable solutions to minimize our environmental footprint & action on physical risks. As a retailer, we see first-hand how climate change affects our business & our communities, as we operate in our customers' neighborhoods. Climate-related risks can also cause physical damage to our properties/continuity. For physical risks, Kohl's assesses risks from both the enterprise & asset-levels. For assets, we examine our store's location or facility location, building performance. Kohl's most valuable physical assets are our stores, e-commerce fulfillment centers, distribution centers & offices, and may be harmed by adverse & irregular weather patterns & impact our business continuity on online platforms. While we can be impacted from increases in indirect costs from increased HDD, our asset level risk assessments are particularly pronounced in our business continuity assessments as any multiple store closure can have adverse effects on our operational results.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Risks and opportunities are identified via Executives' knowledge & regulatory/market/industry/brand/reputation considerations. ERM gives a procedure/protocol for any financial material risk/opp that we may encounter over the current to long-term (10 years) & prioritizes them by type of causal issues and a separate assessment of potential cost of impact/magnitude as well as increased foot-traffic/earnings. Our minimum threshold for financial materiality as an impact that affects EPS by 1 cent. We prioritize risks via a 2-tiered system: Tier 1 is Customer Traffic & Operational Excellence. Operational Excellence includes building performance (e.g. GHG & energy) & supply chain/business continuity, both linked to climate. Action plans to mitigate risks are developed & deployed via risk owners & report to CRCO. CRCO is a part of the RRC & there are quarterly progress discussions, monitoring KPIs & measurement of impacts. RRC reports to the full Board at least annually to ensure that climate-related risks are addressed in business strategy/operations. Our upstream impacts are linked mostly to our suppliers that often operate outside the US. Kohl's direct operations are limited to the US, but we purchase products, including private label brands, from suppliers and vendors globally (e.g. Asia, Europe, South America). Kohl's recognizes that climate risks may be impacted differently across different regions of the world and within the US. In general, Kohl's risk assessment process has identified more substantive non-US climate-related physical risks; however, the greater proportion of the enterprise is located in the US. Kohl's ERM program strives to balance the intensity of a risk vs the scope of impact when determining the significance and magnitude of impact. Kohl's considers short- (0-2 years), medium- (2-5 years), and long-term (5-20 years, focused on ten-year) risks for our upstream value chain. Incorporated risks reported to the RRC and discussed on a quarterly basis. Full Board reporting occurs at least annually, but more reporting may be requested for any reason by any Board member. Risk reports are created by the appropriate risk owner to enable the full Board to understand identification, management and mitigation strategies, and to allow them to provide regular feedback/direction of the ERM/key risks as they emerge to the RRC/CRCO/responsible owners. Physical Risk The bulk of our upstream risks and opportunities lies with our supply chain (Tier 1 and indirect) and related logistics, both of which are evaluated for ESG factors and issues, including climate-related risks and opportunities. Supply chain is considered a Tier 1 risk for Kohl's, which may be particularly impacted by climate-related physical risks, such as disruption of raw good availability, to interruption of business continuity to our supply chain operations in water-scarce regions, particularly in the short- to mid-term. In terms of physical risks related to our supply chain, Kohl's is diversifying its raw goods sourcing to ensure that there are reduced disruptions of raw good availability. We have assessed an opportunity with supporting environmentally-friendly raw goods and sustainable suppliers and created a series of mid-term targets. Kohl's set a goal to source 100% of our proprietary brand cotton from sustainable sources by 2025. We expect that sustainable cotton will be more resilient to physical risks, but also more appealing to the growing consumer subset aware and proactive to purchase from brands and retailers that are legitimately addressing climate-related risks. Similarly, Kohl's is also looking to improve sourcing of polyester for our proprietary brands from recycled materials (50% by 2025) which reduces our upstream environmental footprint and diversifies raw goods inputs, thereby mitigating physical impacts to raw goods/extraction. Finally, Kohl's is

requiring all approved facilities producing Kohl's private and exclusive-branded products to complete the Higg Index Environmental Module by 2025, with 80% of our suppliers completing the questionnaire as of CY2020. Use of the Higg Index has allowed Kohl's to substantially drive down water usage of its proprietary labels. Transitional Risk Kohl's has taken measures to curb environmental impacts and address potential transitional risks through participation in programs such as Clean Cargo. More than 97% of Kohl's cargo travels on a Clean Cargo ship and the consortium provides up-to-date emissions data in order to gain deeper understanding of Kohl's supply chain footprint. Clean Cargo's 2019 emissions factors report indicates carriers have reduced carbon emissions per TEU-km by 35% since 2009, which helps Kohl's in potential transitional related risks such as international legislation related to carbon tax/cap and trade that may eventually impact our supply chain logistics and related costs.

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Risks and opportunities are identified via Executives' knowledge & regulatory/market/industry/brand/reputation considerations. ERM gives a procedure/protocol for any financial material risk/opp that we may encounter over the current to long-term (10 years) & prioritizes them by type of causal issues and a separate assessment of potential cost of impact/magnitude as well as increased foot-traffic/earnings. Our minimum threshold for financial materiality as an impact that affects EPS by 1 cent. We prioritize risks via a 2-tiered system: Tier 1 is Customer Traffic & Operational Excellence. Operational Excellence includes building performance (e.g. GHG & energy) & supply chain/business continuity, both linked to climate. Action plans to mitigate risks are developed & deployed via risk owners & report to CRCO. CRCO is a part of the RRC & there are quarterly progress discussions, monitoring KPIs & measurement of impacts. RRC reports to the full Board at least annually to ensure that climate-related risks are addressed in business strategy/operations. Kohl's direct operations are limited to the US, but we purchase products, including private label brands, from suppliers and vendors globally (e.g. Asia, Europe, South America). In general, Kohl's risk assessment process has identified more substantive non-US climate-related physical risks; however, the greater proportion of the enterprise is located in the US. Kohl's ERM program strives to balance the intensity of a risk vs the scope of impact when determining the significance and magnitude of impact. Kohl's considers short- (0 -2 years), medium- (2-5 years), and long-term (5-20 years, focused on ten-year) risks. The ERM was designed to monitor Kohl's ongoing progress in managing the potential impact of key risks across the organization as they emerge in various timelines. These risks are then prioritized using a 2-tiered system based upon the potential financial and reputational damage associated with each risk, and Kohl's considers environmental and climate-related risks to be Tier 1. Incorporated risks reported to the RRC and discussed within on a quarterly basis. Full Board reporting occurs at least annually, but more reporting may be requested for any reason by any Board member. Risk reports are created by the appropriate risk owner to enable the full Board to understand identification, management and mitigation strategies, and to allow them to provide regular feedback/direction of the ERM/key risks as they emerge to the RRC/CRCO/responsible owners. Transitional risk and opportunity To address transitional risk and create an opportunity for our company, Kohl's has implemented programs to address their energy and GHG footprint via our EV charging stations and broadly addresses the transitional risks and needed infrastructure in a low-carbon future. For Kohl's currently this presents an opportunity to appeal to and address the needs of sustainable consumers, which we believe is a rapidly growing subset of consumers. Our EV program expanded in CY2020 to more than 100 store locations, offering our customers the ability to charge their vehicles while shopping at Kohl's. In 2020, over 36,500 charging sessions were provided at these stations, estimated as over 275,000 miles driven and 12,000 gallons of gas saved. Such programs help Kohl's meet dual needs of increasing foot-traffic and reducing its environmental footprint. Kohl's will continue to think strategically on opportunities and risks in the short-, mid- and long-term. Physical Risk Kohl's is committed to providing healthy & engaging environments for our customers & associates. We seek sustainable solutions to minimize our environmental footprint & action on physical risks. As a retailer, we see first hand how climate change affects our business & our communities, as we operate in our customers' neighborhoods. Climate-related risks can also cause physical damage to our properties/continuity. For physical risks, Kohl's assesses risks from both the enterprise & asset-levels. For assets, we examine our store's location or facility location, building performance. Kohl's most valuable physical assets are our stores, e-commerce fulfillment centers, distribution centers & offices, and may be harmed by adverse & irregular weather patterns & impact our business continuity on online platforms. Asset level risk assessments are particularly pronounced in our business continuity assessments as any multiple store closure can have adverse effects on our operational results. In 2020, we had stores in 16 states closed for up to 19 days from tornadoes, hurricanes, and tropical storms due to flooding and dangerous conditions. During the event we deployed our emergency SOPs to keep our staff & customers safe. Following, Kohl's supported the local communities & associates through these steps: distribution of goods, philanthropic donations for relief efforts, in-store discounts to customers & associates, & financial assistance to local associates. In 2020, we were fortunate to not face as significant climate-related physical impacts, as in 2018 where four locations in Florida were impacted by Hurricane Michael. Our Panama City location was closed to customers for nearly six months. Hurricane Michael impacted thousands of Kohl's associates & customers. During the event we deployed our emergency SOPs to keep our staff & customers safe. Following, Kohl's supported the local communities & associates through these steps: distribution of goods, philanthropic donations for relief efforts, in-store discounts to customers & associates, & financial assistance to local associates. Since 2010, we have donated more than \$6.5 million to support the American Red Cross with disaster relief efforts across the country. We continue to annually train our associates on Emergency Preparedness & have local leaders who facilitate additional coursework to help keep downstream operations (e.g. our customers) safe and impacts minimized.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Kohl's risks and opportunities are identified in the ERM, which is overseen by the RRC who monitors and assesses short/medium/long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks and opportunities are managed by several departments including Finance, Energy, and Environmental Sustainability & Compliance (ESC). Risk owners develop action plans to leverage and mitigate opportunities and risks. Climate risk is discussed with senior leadership at least quarterly. Kohl's operational footprint is limited to the United States. Carbon tax mechanisms, if imposed, are seen as a potentially financially material impact to revenue, operational costs, and competitive position; however, currently there is no federal, state or local legislation that imposes carbon taxation materially affecting Kohl's net earnings or competitive position. Kohl's notes, however, in the United States several states participate in cap-and-trade programs which may indirectly impact Kohl's (e.g. energy price increase). For example, the Regional Greenhouse Gas Initiative (RGGI), operates in nine states in the Mid-Atlantic/Northeast (ME, VT, NH, MA, CT, RI, NY, MD, DE and upcoming member VA), and California implemented its own cap-and-trade program in 2013. These cap-and-trade programs indirectly impact Kohl's purchase of electricity operations in 179 stores and 3 distribution centers, leading to increases in operational costs or increased capital expenditures required to reduce Kohl's carbon footprint. However, regionalized state programs, such as RGGI, have not thus far materially affected, and are not expected to materially affect, net earnings or competitive position. If a risk owner/RRC/CRCO determines an activity would exceed Kohl's definition of substantive financial impact, that is, any activity that may impact EPS by more than one cent USD, the risk owner would inform the CRCO who would ensure its inclusion in the enterprise-wide ERM program. The RRC would also communicate this material risk or opportunity efficiently to the Board.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	Kohl's risks and opportunities are identified in the ERM, which is overseen by the RRC who monitors and assesses short/medium/long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks and opportunities are managed by several departments including Finance, Energy, and ESC. Risk owners develop action plans to leverage and mitigate opportunities and risks. Climate risk is discussed with senior leadership at least quarterly. Kohl's operational footprint is limited to the United States. Carbon tax mechanisms, used to limit & reduce greenhouse gas emissions, are seen as a potentially financially material impact to revenue, operational costs, and competitive position and are viewed by Kohl's as potential emerging regulation risks, which it monitors through the Legal, ESC, & Investor Relations Teams; Kohl's memberships with leading trade associations (e.g. Retail Industry Leaders Associations) & various non-profit, & use of expert consultancy groups (e.g. BSR). In November 2018, the US Congress introduced a bipartisan effort on carbon tax to be imposed on utilities at a rate of \$15/mton CO2e, increasing by \$10 per each year after. Although this legislation did not pass, Kohl's enterprise-wide Scope 1 emissions were 45,866 metric tons of CO2e in 2020, which if attributed to Kohl's direct energy usage would be approximately \$687,990. Carbon tax mechanisms are considered to be a low risk in the United States due to the low probability of passage at the federal level, & if passed, are unlikely to take effect until the mid or long-term (e.g. 5 years or more, & require phased implementation). Cap/trade programs, used as a legislated tool to curb carbon emissions, are in effect in several states of the US & in 2021 RGGI will welcome VA as a new member. This emerging regulation would impact a further 31 stores & 1 distribution center if these programs are not successfully managed by the utilities in a cost-effective manner. If a risk owner/RRC/CRCO determines an activity would exceed Kohl's definition of substantive financial impact, that is, any activity that may impact EPS by more than 1 cent, the risk owner would inform the CRCO/RRC who would ensure its inclusion in the enterprise-wide ERM program. The RRC would also communicate this material risk or opportunity efficiently to the Board.
Technology	Not relevant, explanation provided	Kohl's risks and opportunities are identified in the ERM, which is overseen by the RRC/CRCO who monitor and assess enterprise-wide short, medium, and long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks and opportunities are managed by several departments including Finance, Energy, and Environmental Compliance & Sustainability. Risk owners develop action plans to leverage and mitigate opportunities and risks. Risks are communicated by the RRC to the overall Board on a regular basis. This risk is deemed not relevant to Kohl's because we do not develop or produce technology that supports a lower-carbon or more resource efficient economy. Kohl's purchases (for our own usage) and sells related technologies to customers that could be impacted by this risk; however, it is not deemed financially material, meaning it does not impact EPS by more than one cent USD.
Legal	Not relevant, included	Kohl's risks and opportunities are identified in the ERM, which is overseen by the RRC/CRCO who monitor and assess enterprise-wide short, medium, and long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks and opportunities are managed by several departments including Finance, Energy, and ESC. Risk owners develop action plans to leverage and mitigate opportunities and risks. Climate risk is discussed with senior leadership at least quarterly. This risk is not relevant to Kohl's because no legal risks associated with climate-related litigation claims have been identified. The chance of Kohl's being litigated with legal action for climate-related damages is extremely low; therefore, this is not a financially material risk, meaning it does not impact EPS by more than one cent USD.
Market	Relevant, always included	ERM, overseen by the RRC, monitors & assesses enterprise-wide short/medium/long-term risk/ops. Daily responsibility over specific risks (including climate-related risks) are delegated to individual risk owners. Risk owners develop action plans to leverage & mitigate risks/ops alongside the RRC. Driving customer traffic is key to growing/maintaining sales metrics & is one of Kohl's biggest priorities because it is a risk if we fail; Kohl's deployed an aggressive strategy on the market. When customers shop in-store they are immersed in Kohl's culture & brand and values. Climate issues may impact macroeconomic conditions e.g. consumer traffic/spending patterns. Kohl's monitors various factors, via the ERM, such as the price of merchandise, continuity of business delivery (e.g. logistics disruptions due to adverse weather conditions), raw materials (e.g. costs & availability), fuel, labor, & labor availability, both internally & along our supply chain, that could adversely affect consumer traffic & demand for the products we offer. Kohl's looks at climate issues synergistically with store/brand experience & consistency, including efforts to install lighting systems that are visually stimulating & energy/financially efficient. Finally, an example to reduce Scope 1 & 2 GHG footprints & help drive customer traffic is "rightsizing". Kohl's has integrated partnerships with organizations like Aldi & Planet Fitness to help create a one-stop shop retail experience that helps generate customer traffic. Kohl's has been operating a portion of stores differently through a standard to small initiative. While the footprint remains the same, these stores have been optimized with new interior layouts, becoming operationally efficient by balancing inventory & adjusting fixtures to enhance store profitability & improve customer experience. Today, there are 509 standard to small stores, & this strategy is key to Kohl's overall reduction of operational footprints such as energy & water consumption. If a risk owner/RRC/CRCO determines an activity would exceed the definition of substantive financial impact (activity that may impact EPS by more than one cent USD) the risk owner would inform the RRC for its inclusion in the enterprise-wide ERM program. The RRC would also communicate this material risk or opportunity efficiently to the Board.
Reputation	Relevant, always included	Kohl's risks and opportunities are identified in the ERM, which is overseen by the RRC/CRCO who monitor and assess enterprise-wide short, medium, and long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks and opportunities are managed by several departments including Finance, Energy, & ESC. Risk owners develop action plans to leverage and mitigate opportunities and risks alongside the RRC. While Kohl's operational footprint and efficiency is needed for us to remain a competitive business, Kohl's must be active in engaging an increasing number of investors, associates and customers who rely on Kohl's reputation as a good corporate citizen. Today, an increasing number of these stakeholders are asking Kohl's to do what is right environmentally. The company and brand are an essential part of the communities that Kohl's operates in, and we have taken steps to create this experience. Kohl's not only delivers affordable, quality products, but acts as a responsible corporate citizen to encourage the associates, customers & communities we serve to lead fulfilled lives. Kohl's new brand positioning, Rewarding the Everyday, strengthens the connection between our purpose - to inspire and empower families to lead fulfilled lives. Kohl's has an extensive, strategic annual internal communication plan to educate and engage our associates on the company's brand values and expectations regarding sustainability. Yearly training on topics like disposal, recycling, energy and emissions reduction, as well as topics on health and well-being and community engagement, are integral to Kohl's business strategy and operational performance. Company sustainability goals are clearly laid out and workload as well as projects are strategically communicated in order to achieve ambitious goals and initiatives, such as those to reduce energy consumption by an additional 10%. If a risk owner/RRC/CRCO determines an activity would exceed the definition of substantive financial impact, that is, any activity that may impact EPS by more than one cent USD, the risk owner would inform the CRCO/RRC who would ensure its inclusion in the enterprise-wide ERM program. The RRC would also communicate this material risk or opportunity efficiently to the Board.
Acute physical	Relevant, always included	RRC oversees the ERM that monitors/assesses short/medium/long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks/ops are managed by several departments e.g. Finance, Energy & ESC. Owners develop action plans to leverage & mitigate risk/ops, & this is discussed with senior leadership at least quarterly. Acute physical risks are relevant to Kohl's because climate-related increased severity of extreme weather may shift consumer shopping patterns, disrupt business continuity, product delivery, and have ramifications all the way up the supply chain, causing physical damage to properties & risking the safety of customers/associates. Kohl's assesses risks from an asset level standpoint related to store or facility location. Kohl's most valuable physical assets are our stores, e-commerce fulfillment centers, distribution centers & offices. These assets may be harmed by adverse & irregular weather patterns (snow/ice/rainstorms/floods/wildfires/hurricanes) may cause damage to properties. To mitigate this risk, Kohl's has a Business Continuity Team dedicated to developing emergency management plans & also maintains Emergency Standard Operation Procedures (SOP) that are part of the online annual training program for all Kohl's associates. Additionally, associates are provided information at the time of their hire & are encouraged to talk to their local leaders following the company-wide coursework. This ensures employees are equipped to respond to emergency situations appropriately including severe weather. In the event of an emergency, Kohl's notifies associates of a building evacuation, typically via text message and call. Associates are required to respond when they receive an emergency notification message to ensure Kohl's can account for all associates after an incident. This SOP system is implemented at all of Kohl's physical assets to ensure the safety of customers and employees & restore business activity once it is safe. If a risk owner/RRC/CRCO determines an activity would exceed the definition of substantive financial impact, that is, any activity that may impact EPS by more than one cent USD, the risk owner would inform the CRCO who would ensure its inclusion in the enterprise-wide ERM program. The RRC would also communicate this material risk or opportunity efficiently to the Board.
Chronic physical	Relevant, always included	Kohl's risks and opportunities are identified in the ERM, which is overseen by the RRC/CRCO who monitor and assess enterprise-wide short, medium, and long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks and opportunities are managed by several departments including Finance, Energy & ESC. Risk owners develop action plans to leverage and mitigate opportunities and risks. Climate risk is discussed with senior leadership at least quarterly. Chronic physical risks such as consistent extreme weather due to permanent changes to weather patterns are relevant to Kohl's because they can impact energy consumption. In the last year's reported data, Kohl's Scope 1 GHG increased by 7% in 2019, resulting in a slowed GHG reduction and higher energy expenditures for the year. The Scope 1 increase was attributed to greater consumption of natural gas and propane due to an increase by 12% and 16% for Heating and Cooling Degree Days (HDD/CDD), respectively, as compared to previous years. Energy consumption during 2020 was significantly lower than a typical year since COVID-19 disruptions resulted in temporary building closures and reduced occupancy for much of the year. Such trends are apparent across many of Kohl's competitors and may grow worse in the coming years, although the exact nature can be unpredictable. Kohl's is taking action to reduce these exposures, as they impact environmental and financial performances, by focusing on reduced energy use and by making modifications such as retrofits at Kohl's locations to reduce reliance on natural gas and propane to heat and cool facilities. We currently estimate that total energy spend is less than 5% of annual revenue and that what is spent both in terms of consumption of natural gas, propane and electricity, may increase without intervention. Kohl's has made efforts to reduce risks related to chronic physical incidents such as installation of more efficient HVAC. For example, last year Kohl's replaced HVAC units at 73 stores for maximum efficiency. If a risk owner/RRC/CRCO determines an activity would exceed the definition of substantive financial impact, that is, any activity that may impact EPS by more than one cent USD, the risk owner would inform the CRCO who would ensure its inclusion in the enterprise-wide ERM program. The RRC would also communicate this material risk or opportunity efficiently to the Board.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Kohl's purchases electricity from various energy suppliers in the US to support our operations at more than 1,100 locations in 49 states. An introduction of a carbon tax, which seeks to reduce the use of fossil fuels in electricity generation, could result in increased operating costs and would therefore be a potential expense risk. The US House of Representatives introduced carbon tax legislation which would impose on utilities a fee of \$15/mton CO2e and increasing by \$10/mton CO2e each year after implementation. This policy would represent a transitional risk for indirect operations by increasing the cost for utility companies who would then pass on these costs to the energy purchasers such as Kohl's. Using Kohl's 2020 Market Based Scope 2 emissions (344,107 mton CO2e), the carbon tax for Kohl's would be almost \$5.16 million, assuming the utility passes the carbon tax directly to the consumer. However, Kohl's considers the passage of the Federal carbon tax unlikely, and even, if passed would not take effect for the mid-term of at least five years and through phased implementation. States may enact legislation sooner. It is highly unlikely that this action would affect Kohl's uniquely from market competition; therefore, the potential impact is low since all businesses would be affected similarly. Additionally, these potential impacts are also mitigated by the purchase use of non-fossil fuel generated electricity and energy management programs. For example, Kohl's has solar or wind installations at 164 locations, which deliver up to 50% of those location's electricity needs. Additionally, over 90% of the Kohl's stores, including 2 additional stores, have earned a 75 or higher (out of 100) on the ENERGY STAR performance scale, indicating these buildings perform in the top 25 percent of their peers in the retail market. Furthermore, costs incurred from the potential carbon tax regulation could be passed on to the consumer through incremental increases in the prices of sold goods. As other retailers would also need to integrate the additional costs into their goods and services, the brand reputation would not be impacted.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

5161600

Explanation of financial impact figure

To understand the potential range of possible impacts, Kohl's has calculated the portion of Scope 2 GHG market-based emissions from the CY2020 to the previously proposed carbon tax (\$15/mton CO2e) for the first year of implementation. For our range, Kohl's has determined it is possible if any carbon tax was imposed, electricity utilities may or may not pass the additional cost to the customer, based on 344,107 mton CO2e Scope 2 market-based.

Cost of response to risk

0

Description of response and explanation of cost calculation

Kohl's has an Environmental Management System (EMS) that accounts for Kohl's environmental, health and safety information and monitors environmental matters including climate-related issues. This system includes data collection methodologies and data management tools to track environmental metrics, health and safety, logistics, regulatory compliance and consistency between stores. Relevant employees are trained on how to complete and measure EMS tasks/data, and records are kept of data, visual inspections, and online assessments. Where possible, trends are analyzed to develop preventative measures for recurring risks. For carbon and greenhouse gases (GHG), Kohl's notes using third-party consultants (Engie) to help in developing and fine-tuning specific programs, such as carbon emissions and health and safety, and also to utilize the ENERGY STAR Portfolio Manager that helps track and manage energy usage. Kohl's uses third-party consultants to monitor and reduce energy use and associated GHG profiles, and to track progress on targets. The cost of the EMS and energy-specific programs is integrated into enterprise-wide expenditure and is therefore not specific to the management of the specific risk in question.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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Primary potential financial impact

Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

As a retailer, Kohl's sees first hand how climate change affects our business. Frequent or unusually heavy snow, ice or rainstorms, natural disasters (e.g. earthquakes, tornadoes, floods, fires and hurricanes) may shift consumer shopping patterns, disrupting business continuity, product delivery, etc. It can also cause physical damage to properties as well as customers and associates. Kohl's assesses risks from an asset-level standpoint related to store location or facility location. Kohl's most valuable physical assets are our stores, e-commerce fulfillment centers, distribution centers and offices. These assets may be harmed by adverse and irregular weather patterns. Frequent or unusually heavy snow, ice or rainstorms, floods, wildfires and hurricanes may cause physical damage to properties. 2018 was exemplary of direct operations risks, four Kohl's locations in Florida were impacted by Hurricane Michael, and the Panama City location was closed for over half a year, which includes time and effort to repair the store after the event's damages. Hurricane Michael impacted thousands of Kohl's associates and customers. Kohl's does not publicly disclose store or state specific sales, but our internal planners do review trends before, during and after severe weather events to ensure the ability to help affected customers and associates is optimized. The cost of physical damage could reach \$6.689 billion based on the potential loss of all Kohl's property and other equipment assets in 2020. However, the acute risks from extreme weather events on an enterprise level are minimized due to the various store locations, many of which would not experience the same weather events. Therefore, Kohl's categorizes this risk as low through our enterprise-wide approach. However, from a magnitude standpoint, the business continuity planning efforts exceed the definition of substantive climate-related financial impact.

Time horizon

Short-term

Likelihood

Very unlikely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

7352000000

Explanation of financial impact figure

Kohl's based the financial impact figure on the current total asset portfolio, available in the company's SEC 10K filing, which includes Kohl's real estate, owned property, and other major equipment as the potential maximum risk value. Kohl's does not distinguish between the various types of assets that may be comprised and considers the entire value to be potentially at stake; however, this is very unlikely to occur. With optimal management, Kohl's could prevent the bulk of damages to property and other assets; however, with poor management it is possible that the entire value could be at risk. The minimum value was estimated through Kohl's technical advisors as \$200,000 dollars, for example, in the event a store would require measures such as raising road/sidewalk levels, creating rainwater retention pools/drainage or moving electrical equipment and plants from ground level to areas that are less prone to flooding.

Cost of response to risk

0

Description of response and explanation of cost calculation

To mitigate this risk, Kohl's has a Business Continuity Team dedicated to development and maintenance of emergency management plans and notifications. This team also maintains Emergency Standard Operation Procedures (SOP) that are part of Kohl's online annual training program for all Kohl's associates. SOP are updated annually. Additionally, associates are provided information at the time of their hire and are encouraged to talk to their local leaders following the companywide coursework. This ensures associates are equipped to respond to emergency situations appropriately including severe weather. In the event of an emergency, Kohl's notifies associates of a building evacuation, through a combination of text messages, emails and phone calls. Associates are required to respond when they receive an emergency notification message to ensure Kohl's can account for all associates after an incident. This SOP system is implemented at all stores, distribution centers, and offices to ensure the safety of customers and employees and restore business activity once it is safe.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
----------------	--

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Kohl's may face enterprise-wide risks due to climate-related disruptions but is particularly sensitive to acute physical risks in our supply chain, which operates outside of the US. Impacts may include interruption to logistics & transportation of goods/merchandise to distribution centers & stores, volatility of prices of natural resources & transportation, & availability & timely delivery of private label brands. Each of these has the potential to disrupt sales & costs; Kohl's SEC 10-K filing includes such risks in our business strategy. Risks are mitigated from the implementation of risk screening tools which our suppliers respond to. Also, supply chain assets frequently undergo risk screening. In 2017, Kohl's began implementing a new automated risk assessment tool to more effectively evaluate risk related to facilities located in other countries worldwide. Full implementation of this tool will support improved focus of audit resources in managing risk while minimizing audit fatigue by scheduling more frequent audits at facilities with higher risk & less frequent audits at facilities w/ lower risk. To address this risk, we require all approved facilities producing Kohl's private- and exclusive-

branded products to complete the Higg Index Environmental Module by 2025 and in CY2020, 80% of facilities have completed the Higg Index responses. Utilizing the Higg Index, Kohl's will have our suppliers drive substantial water reduction use in the production of Kohl's-owned branded products by 2025, reducing reliance on the resource in the future and becoming more resilient, particularly in water scarce regions.

Time horizon

Long-term

Likelihood

Unlikely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

15031000000

Explanation of financial impact figure

Kohl's continuously evaluates our supply chain vendors' performance for any number of risks and factors, including human rights, pricing, product availability and demand, environmental factors, etc., and as such we see the minimum cost as \$0; given enough time Kohl's could secure new suppliers for our proprietary brands. On the other hand, if climate-related risks were significant, severe and impacted the entire supply chain, it would have the potential to impact Kohl's entire net sales, which is provided as the upper end of our impact figure.

Cost of response to risk

0

Description of response and explanation of cost calculation

Kohl's top vendors must complete an annual scored sustainability assessment that is based on the Higg Index as part of Kohl's membership to the Sustainable Apparel Coalition. As part of Kohl's engagement with our vendors, Higg Index responses are collected & used to partially influence supplier selection decisions. The Higg Index requests information such as energy, waste & greenhouse gas data, & other parameters like air quality kept by Kohl's Factory Compliance Team. In 2020, 80% of our tier 1 suppliers completed the Higg Index environmental module, which helps us assess or most at-risk suppliers (performance and vulnerability) and determine appropriate strategies on sourcing. Kohl's strategy is to engage with our vendors & private brand contractors that make up 90% of receipts at Kohl's, ~300 suppliers. This sustainability score is shared with vendors as part of their monthly supply chain scorecard. Risk assessment is based on factory management's commitment to sustainability, historical audit results of vendor partner & factory, open-source information/public media reports etc. Kohl's has a formalized policy for our supply chain, or "Terms of Engagement," that all suppliers must abide by. To further identify & manage international risks, Kohl's also implemented the BSI Supply Chain Risk Exposure Evaluation Network (SCREEN), a web-based global supply chain intelligence system, in 2017 to support identification & assessment of risk & to support our audit strategy. Asia is at risk to business continuity issues resulting from potential natural disasters & extreme weather events (BSI 2019). Kohl's has Asian manufacturing suppliers in countries such as Vietnam, Indonesia & Bangladesh.

Comment

Kohl's inclusion on DJSI North America (2018, 2019, 2020), Barron's Top 100 Most Sustainable U.S. companies (2019, 2020), S&P Global's Sustainability Yearbook for the first time in 2021, and the Ethisphere Institute World's Most Ethical Companies (2019, 2020) demonstrate and bolster Kohl's commitment to sustainability throughout its supply chain.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Kohl's company and brand are an essential part of our communities, and Kohl's has taken steps to create this experience. Kohl's not only delivers affordable, quality products but acts as a responsible corporate citizen. Kohl's company purpose and values extend to our customers, associates, and the communities we serve. Kohl's new brand positioning, Rewarding the Everyday, strengthens the connection between our purpose - to inspire and empower families to lead fulfilled lives. To this end, Kohl's has the potential opportunity to meet or exceed customer expectations regarding our environmental reputation, which may positively enhance sales performance. As part of Kohl's brand value and reputational element, the company has established a sustainability program with associated KPIs and targets. Kohl's has committed to reducing our

Scope 1 & 2 GHG emissions by 50% by 2025 from a base year of 2014. This represents a yearly reduction of ~4.55%, which more ambitious than with SBTi's 1.5DC target. These values align with an increasing number of investors and customers, who seek to invest and align with like-minded companies. The enhanced competitive position to reflect the shifting consumer preference will result in increased revenues, which based on the total revenue in 2020, could be \$16 billion. Kohl's has a wide variety of opportunities to exceed our customer expectations including installation of electric vehicle charging stations, renewable energy purchasing, and application of energy efficiency programs. For example, Kohl's was selected as a 2019 and 2020 ENERGY STAR Partner of the Year - Sustained Excellence award winner. Budget for this long-term opportunity will be made available from Kohl's marketing budget, which was approximately \$788 million in 2020.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

15955000000

Explanation of financial impact figure

It is difficult to ascertain the exact financial impacts of these initiatives. Kohl's assumes that with poor sustainability programs or an inability to connect with consumers, the company has the potential to not gain additional revenue. However, if Kohl's climate-related image is seen as both credible and progressive, the company has the opportunity to increase revenues, which we have arbitrarily doubled for the purposes of this exercise and other climate-related assessments. In addition, Kohl's inclusion on DJSI North America (2018, 2019, 2020), Barron's Top 100 Most Sustainable U.S. companies (2019, 2020), S&P Global's Sustainability Yearbook for the first time in 2021, and the Ethisphere Institute World's Most Ethical Companies (2019, 2020) demonstrate our commitment to climate issues to our customers and bolsters our environmental reputation. As a company, we strive to continue to participate and rank in these indices as a demonstration of our environmental performance.

Cost to realize opportunity

500000

Strategy to realize opportunity and explanation of cost calculation

Kohl's must conduct a variety of efforts to technically achieve success on climate-related opportunities while creating awareness on our journey and progress. To this end, Kohl's first monitors and manages environmental data, which requires in-house staff and the use of consultant groups. Kohl's estimates its total annual cost to be approximately \$500,000.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient modes of transport

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Kohl's relies on international shipping from overseas suppliers. Marine fuels/diesel are understood to be highly polluting, and it is possible to reduce Scope 3 carbon emissions through more efficient partners and routes. Kohl's is committed to working on the reduction of our Scope 3 logistics footprint through our membership in the Business for Social Responsibility (BSR) costing approximately \$10,000 for participation in this specific program. More than 97% of Kohl's cargo travels on a BSR ship, and Clean Cargo provides up-to-date emissions data in order to gain deeper understanding of Kohl's supply chain footprint. Clean Cargo's annual emissions factors report indicates carriers have reduced CO2 emissions per TEU-km by 35 percent since 2009. Kohl's carriers belong to environmental programs that benchmark sustainability goals. Kohl's is proud to partner with carrier brands that actively promote sustainability efforts and voluntarily choose to be members in associations whose missions reflect the care we have toward the environment. For example, Kohl's partners with the following organizations: (1) Expeditors: Expeditors are a group of carriers who share a concern for transparency, freight transportation efficiency and the mitigation of harmful greenhouse gases from Kohl's business. This group belongs to SmartWay, Transporte, Limpio, Clean Cargo Working Group and Washington Business for Climate Action. (2) Orient Overseas Container Line (OOCL): OOCL provides an online carbon calculator to assist Kohl's in measuring carbon dioxide emissions. New vessels on this line have the distinction of being 45% less than the International Maritime Bureau baseline for the Energy Efficiency Design Index and operate 20% more fuel efficiently than similar size vessels. OOCL maintains membership in World Wildlife Fund, Climate Change Business Forum, and Clean Cargo Working Group, which were all voluntarily joined. They also hold Qualship 21 certification from the U.S. Coast Guard, the most rigid safety and environmental standards in the world for non-U.S. flagged vessels. Kohl's sees opportunity through increasingly fuel and time-efficient routes. Kohl's will be able to save money through increasingly cost competitive vendors and also reduce our Scope 3 footprint related to supply chain logistics.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Kohl's financial impact for supply chain logistics and climate-related opportunities is at this time minimal, and therefore accounted as 0. Kohl's does not anticipate savings that our logistics vendors would then pass to their customers; however, it is difficult at this time to ascertain an estimated amount. At this time, Kohl's sees this financial benefit as more of a null financial figure and improvement in reputation and on-time delivery of products.

Cost to realize opportunity

10000

Strategy to realize opportunity and explanation of cost calculation

Kohl's strategy to realize this opportunity is by working with logistics partners who seek to operationally improve and by reporting on environmental/sustainability and climate-related goals and progress against these goals. Kohl's Ocean Carriers are engaged through membership in the Business for Social Responsibility (BSR) Clean Cargo Working Group, which has helped improve the overall global shipping industry. Kohl's financial figure is estimated on membership fees which include participation in a program such as the Clean Cargo Working Group.

Comment**Identifier**

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Move to more efficient buildings

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Kohl's is committed to sustainable solutions for a healthy future by seeking to reduce our carbon footprint that helps manage our operating costs. At the center of Kohl's operational strategy is the goal of reducing our energy use. Our target is to reduce an additional 10% of our energy consumption at Kohl's facilities by 2025, building off of the company's previous 20% reduction against 2008 baseline. Kohl's progress on this target is regularly reported to investors via Kohl's annual ESG report and other sustainability press releases throughout the year. The primary drivers for this goal are the recognition of the risks posed to Kohl's by increasing energy costs and the belief that increased efficiency and reduced carbon footprint will generate value for the company, investors and customers. Kohl's continually assesses opportunities to improve energy efficiency through projects that typically have a 2 - 5 year payback on investment, such as lighting retrofits in stores, upgrades to lighting fixtures at distribution centers, and outdoor lighting.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

55000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Kohl's financial impact figure is based on measured reductions on energy and money savings for our LED lighting upgrades at 45 stores from 2020. These savings are expected annually.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Kohl's continually assesses opportunities to improve energy efficiency through projects that typically have no more than 2 to 5 year payback on investment, such as lighting retrofits in stores, upgrades to lighting fixtures at distribution centers, and outdoor lighting. For example, Kohl's replaced aging parking lot lights and poles with outdoor LED lighting which reduced both maintenance and energy costs associated with maintaining exterior pole lighting. Replacing exterior lighting to LED provides additional energy and maintenance cost savings for Kohl's. That being said, Kohl's strategy to realize this opportunity has been opportunistic, employing upgrades for lighting systems that already need to be replaced which is why the cost to realize the opportunity is considered negligible.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
2DS	In 2019, Kohl's released a new GHG reduction target, 50% reduction in Scope 1 & 2 GHG by 2025 from a baseline of 2014, which is more ambitious than a 1.5DS target approved by SBTi. For our scenario analysis, we selected the 2DS using data input (trends, historic performance, modeling) on Scope 1+2 (location-based) and Scope 3 data where it is available and reliable; Kohl's also utilize additional data input which we record in our EMS such as waste, or other asset programs (e.g. onsite solar). We also make assumptions, in line with others in our industry, on economic growth, consumer behavioral shifts, technological advancements, and potential regulations that may impact us. Kohl's looks at mid (5-15 years) long-term (15+) potential impacts with respect to these assumptions. This year we released a new energy target with a mid-term time horizon (2025, 5 years), but still examine long-term periods (15+ years) for our targets and goals to better align with CDP's prescribed time horizons, as well as align better with the assumptions of low-carbon transition impacts. Based on an examination of our Scope 3 footprints, we see our three key categories as: employee commuting, upstream transportation and distribution, and end-of-life treatment of sold products, which we will examine in our strategy refresh for potential reduction opportunities. In terms of our Scope 1+2 absolute performance (100% of emissions for location-based), we examined the IPCC AR5 RCP2.6 scenario and compared it against our own performance. IPCC states that the minimum reduction requirement is 49% reduction by 2050 from a baseline of 2010, or a 1.23% year-on-year reduction. Based on an analysis of our own Scope 1+2 performance, we seek a yearly reduction of 4.55% for our Scope 1+2 emissions. Last year, we reached a Scope 1+2 (market-based) reduction of 42%, or 37% when examining combined location-based Kohl's ERM program address our key risks such as customer foot traffic and operational efficiencies, both of which will be impacted by climate-related issues, particularly in the 2DS. The outcomes of our analysis are integrated into our business strategy where we see synergies between this analysis and our business strategy in areas like operational efficiencies, supply chain and natural disaster response and coordination; for example, our aggressive energy reduction targets has generated cost savings, and thus appeal to many of our customers. A case study that demonstrates how Kohl's integrates climate-related scenario analysis into our business strategy is our HVAC and LED upgrades done in combination with our ESC, Energy, Asset and Design teams. Since we began rolling out these programs, we have reduced our grid energy used and GHG emissions, moreover the cost savings attracted the attention of our finance department. This led to a greater integration of the Finance and Energy teams in 2012 which has increased internal efficiency and lead to increased momentum for our operational efficiency initiatives. In 2020, we converted 45 more stores to LED, saving approximately 10,000,000 kWh in grid power.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	We see our company and corporate brand as being an essential part of our communities, and we deliver to our customers the products and services that meet their needs and resonate with them. We not only deliver affordable, quality products but act as a responsible corporate citizen. These are both important parts of our company's values and brand. Our new brand positioning, Rewarding the Everyday, strengthens the connection between our purpose—to inspire and empower families to lead fulfilled lives, the pillars of our business strategy. Not only do we provide corporate branded sustainability merchandise such as Kohl's Cares, but we participate in larger community aspects through volunteering hours and philanthropic donations to hospitals, non-profits focused on family mental health and well-being, and disaster relief to help rebuild the communities in a state of emergency. Finally, we see responsibility in our products, through the delivery of affordable and ethical supply chain, electric vehicle charging for customers, and promotion of our sustainable product lines. While these efforts currently present a small impact on the overall business, we are monitoring new initiatives of increased complexity that may be required to meet growing consumer preference for sustainable brands and could likely raise total impact on business operations. At this time we consider the impact of this risk to be medium, important.
Supply chain and/or value chain	Yes	We purchase merchandise from numerous domestic and foreign suppliers. We seek to work with vendors that align with our values and expectations, including those on climate change and in Kohl's Terms of Engagement. We provide training to vendors and regularly collaborate on our Policy/expectations. Our training sessions cover a number of topics: expectations, definitions, best practice, verification methods, indicators of noncompliance, facility reporting, remediation methods, improvement, and sustainability efforts. Our Terms include provisions regarding laws and regulations, employment practices, ethical standards, environmental and legal requirements, communication, monitoring/compliance, record keeping, subcontracting and corrective action. We monitor actions and seek business with responsible vendors. These terms encompass climate-related issues such as severe weather and environmental regulations that may be applicable to our vendors, however, extend to requirements of worker safety that may arise in climate-related events. Facilities approved to produce our proprietary goods must have our Policy posted on their wall in visible locations, in the native language of the workers. We evaluate our suppliers on their performance with the Sustainable Apparel Coalition's Higg Index on environmental reporting which includes an evaluation of energy, GHG and air impacts from our vendors. Since the use of this index in 2009, we have seen our top 300 suppliers' scores improve from an average of 39 out of 100 to 80. A third-party purchasing agent sources ~25% of the merchandise we sell. No vendors individually accounted for over 10% of our net purchases in 2020. We have no significant long-term purchase commitments with any of our suppliers and believe that we are not dependent on any one supplier. We believe we have good working relationships with our suppliers. While disruptions to segments of our supply chain may occur, the diversity and flexibility of our supplier network allows us to adapt and respond quickly to shifts due to climate-related supply disruptions. For this reason, we do not consider climate-related supply chain risks and opportunities to be a substantive financially material issue; however, if more of our suppliers are impacted by climate change, this understanding may change.
Investment in R&D	No	Our involvement with research and development (R&D) is limited and we do not yet consider ourselves impacted since our company does not produce any products specifically. Climate-related planning of financial spends may manifest in two different manners: 1) customer demand for products linked to our foot traffic, sales and revenues; and 2) methods to reduce costs for our organization and act as a good corporate citizen. We sell home products (home products constituted 23% of our revenues in CY2020, but we note that we do not release figures on specific product line sales) such as ENERGY STAR rated products and smart home devices; however, these home products generally do not fall under our private brands. Our proprietary brands made up 34% of revenues in 2020. However, our proprietary products do not require large investments in R&D, so from a magnitude standpoint R&D does not meet the criteria for a substantive financially material issue. We do, however, monitor R&D of products that may appeal to our customers and test/pilot new emerging technologies for potential future deployment. We also monitor and spend on products that improve our operational performance, reducing our climate-related risks and enhancing our cost efficiencies. Examples include improved HVAC systems in our assets that were previously identified as material for our climate-related risks and opportunities. Despite this, we would not be investing in R&D for such equipment or technologies. A substantive financial impact for climate-related risk and opportunities is defined as any activity that may impact our EPS by more than one cent USD.
Operations	Yes	As described in 2.2a, chronic physical risks such as increases in weather extremes (HDD/CDD) could lead to higher operational costs due to increased energy requirements to heat and cool stores. We manage this risk by continuously working to reduce energy costs through improved efficiency for the short/mid/long-term via our ERM and development of energy and GHG targets. Our commitment to getting our assets ENERGY STAR certified takes place through investments in HVAC system upgrades and high-efficiency lighting retrofits at our stores, distribution centers, and offices. We are currently working to install more efficient, programmed HVAC units. In the past four years, we have upgraded HVAC systems to more efficient automated models at 330 stores and retrofitted lighting fixtures in 428 stores to more efficient LEDs. In 2020, we invested a total of \$133 million into store strategies out of our total \$334 million capital expenditure. Operational efficiency improvements and strategy are part of this overall store strategies spend.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Capital allocation	Kohl's risks & opportunities are identified in the ERM, which is overseen by our RRC who monitors & assesses short/medium/long-term risk. Daily responsibility over specific risks are delegated to individual risk owners. Climate-related risks/opportunities are managed by several departments including Finance, Energy, & ESC. Risk owners develop action plans to leverage and mitigate opportunities and risks. Climate risk is discussed w/ senior leadership at least quarterly, including financial implications of each risk. Kohl's ensures that we analyze these financial implications for our revenues, operational (indirect) costs, capital expenditures and allocation. Revenues: Kohl's describes the disruption to our supply chain, which may lead to impacts on our earnings. Impacts may include interruption to logistics and transportation of goods/merchandise to distribution centers and stores, volatility of prices of natural resources and transportation, and availability and timely delivery of private label brands. Each of these has the potential to disrupt sales and costs; Kohl's SEC 10-K filing includes such risks in our business strategy and financial planning. Risks are mitigated by the implementation of risk screening tools. For example, supply chain assets frequently undergo risk screening, including impacts to our revenue. In 2017, Kohl's began implementation of a new automated risk assessment tool to more effectively evaluate risk related to facilities located in other countries around the world and Kohl's established a target in 2019, requiring all proprietary and private-label suppliers to complete the Higg Index Environmental Module. Full implementation of the SCREEN tool will support improved focus of audit resources in managing risk while minimizing audit fatigue by scheduling more frequent audits at facilities with higher risk and less frequent audits at facilities with lower risk. Kohl's continuously evaluates our supply chain vendors' performance for any number of risks and factors, including human rights, pricing, product availability and demand, environmental factors, etc., and as such we see the minimum cost as \$0, as given enough time Kohl's could secure new suppliers for our proprietary brands. On the other hand, if climate-related risks were significant, severe and impacted the entire supply chain, it would have the potential to impact Kohl's entire revenue stream. Kohl's has evaluated the company revenue structure and is constantly updating local inventory needs. We currently evaluate this risk as low; however, this is proactively addressed in our ERM, in case it is expected to change. Indirect Costs: For operating costs, we use an example from our grid purchase. Kohl's purchases electricity from various energy suppliers in the US to support operations at more than 1,100 locations in 49 states. An introduction of a carbon tax, which seeks to reduce the use of fossil fuels in electricity generation, could result in increased operating costs and would therefore be a potential expense risk. The US House of Representatives introduced carbon tax legislation which would impose on utilities a fee of \$15per MT CO2e and increasing each year after implementation. This policy would represent a transitional risk for indirect operations by increasing the cost for utility companies who would then pass on these costs to the energy purchasers such as Kohl's. Using our 2020 Market Based Scope 2 emissions, the carbon tax would be almost \$5.1 million, assuming the utility passes the carbon tax directly to the consumer. In order to counteract, we have diversified some of our energy sources by installing solar/wind at 164 stores, which deliver up to 50% of the store's electricity needs. Additionally, over 90% (2 stores added in 2020) of Kohl's stores have earned a 75 or higher (out of 100) on the ENERGY STAR performance scale, indicating these buildings perform in the top 25 percent of their peers in the retail market. Furthermore, costs incurred from the potential carbon tax regulation could be passed on to the consumer through incremental increases in the prices of sold goods. As other retailers would also need to integrate the additional costs into their goods and services, the brand reputation would not be impacted. At Kohl's, we have evaluated our operating costs, including capital expenditures needed to reduce them. We currently evaluate this risk as low; however, this is proactively addressed in our ERM, in case it is expected to change. Capital Expenditures: Kohl's takes a lot of effort in our capital planning, to ensure that our consultants and service providers provide us with exceptional value and impact. From the start, Kohl's has worked including energy efficiency measures into our regularly scheduled maintenance and operations, repairs, renovations and upgrade activities that may be executed by our asset managers. In order to counteract potential increases to operating costs, Kohl's has, for example, diversified some of our energy sources by installing solar arrays/wind at 164 stores, which deliver up to 50% of the store's electricity needs. Additionally, over 90% of Kohl's stores (2 stores were added in 2020) have earned a 75 or higher (out of 100) on the ENERGY STAR performance scale, indicating these buildings perform in the top 25 percent of their peers in the retail market. Furthermore, costs incurred from the potential carbon tax regulation could be passed on to the consumer through incremental increases in the prices of sold goods. As other retailers would also need to integrate the additional costs into their goods and services, the brand reputation would not be impacted. Kohl's has evaluated the company's operating costs, including capital expenditures needed to reduce them. We currently evaluate this risk as low; however, this is proactively addressed in our ERM, in case it is expected to change. Capital Allocation: To counteract potential increases to operating costs, Kohl's has executed energy programs in a manner that has resulted in significant cost savings, thereby attracting the attention of our Finance Department. This has also led to a deeper integration effort between our Energy and Finance Departments that have helped highlight the importance of energy efficiency projects for our organization and increased momentum for our operational efficiency initiatives and capital allocation. For example, our LED upgrades at 45 additional stores will lead to an estimated annual reduction of 4,818 MT CO2e and savings of \$1,578,040.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Kohl's ERM program address our key risks such as customer foot traffic and operational efficiencies, both of which will be impacted by climate-related issues and have financial ramifications. To help Kohl's plan for the short/mid/long-term the 2DS has supported an integrated and holistic approach at our climate related risks and opportunities in the face of our business strategy and financial prosperity. The 2DS outcomes are integrated into our business strategy where we look for synergies between risks and opportunities and our business strategy in areas like operational efficiencies, supply chain and natural disaster response and coordination. For example, our aggressive energy reduction targets has generated cost savings, and thus appeal to many of our customers.

A case study that demonstrates how Kohl's integrates climate-related scenario analysis into our business strategy is our HVAC and LED upgrades done in combination with our ESC, Energy, Asset and Design teams. Since we began rolling out these programs, we have reduced our grid energy used and GHG emissions, moreover the cost savings attracted the attention of our finance department. This led to a greater integration of the Finance and Energy teams in 2012 which has increased internal efficiency and lead to increased momentum for our operational efficiency initiatives. In 2020, we converted 45 more stores to LED, saving approximately 10,000,000 kWh in grid power. Additionally, 73 stores received an HVAC system replacement to increase operational efficiency.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2014

Covered emissions in base year (metric tons CO₂e)

807164

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2025

Targeted reduction from base year (%)

50

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

403582

Covered emissions in reporting year (metric tons CO₂e)

389973

% of target achieved [auto-calculated]

103.37205326303

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition

1.5°C aligned

Please explain (including target coverage)

In 2008, Kohl's became the first retailer to announce a commitment to reach net zero U.S. greenhouse gas emissions, as part of the company's ongoing partnership with

the U.S. Environmental Protection Agency's (EPA's) Climate Leaders program. We initially set a target (Abs2) focused on energy efficiency and location-based means to reduce our GHG footprint by 20% for Scope 1 and 2 emissions combined by 2020 based on a 2008 base year, achieving the goal one year early in 2019 (see below). In September 2019, Kohl's announced a set of sustainability goals focused on climate action, waste and recycling, and sustainable sourcing that support the sustainable future we see for our customers and associates. The company's sustainability strategy is guided by leveraging business practices and decisions that enhance the objectives of the United Nations Sustainable Development Goals (SDGs). Our climate action goals are focused on the reduction of greenhouse emissions and increase of renewable energy use. This includes a Scope 1 and 2 combined goal of 50% reduction from 2014 levels by 2025; seeking an approximate linear decrease in emissions of 4.55% year-on-year. This linear reduction is more ambitious than SBTi's absolute contraction for 1.5DC of 4.2% year-on-year. In 2021, Kohl's has committed to setting a science-based target that will be approved by the Science-Based Targets initiative.

Target reference number

Abs 2

Year target was set

2010

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2008

Covered emissions in base year (metric tons CO2e)

832128

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

20

Covered emissions in target year (metric tons CO2e) [auto-calculated]

665702.4

Covered emissions in reporting year (metric tons CO2e)

393283

% of target achieved [auto-calculated]

263.688398900169

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

<Not Applicable>

Please explain (including target coverage)

Location-based Scope 1 and 2 emissions in 2017 were 567,722; therefore, Kohl's has reduced emissions by 32% from the 2008 base year. Realized emissions reductions in 2017 exceeded Kohl's 2020 goal, 20% reduction target by 60%. Location-based scope 1 and 2 emissions in 2018 were 553,933; therefore, Kohl's has now reduced emissions by 34% from the 2008 base year. In 2019, we enhanced our approach and developed a new target that is more ambitious than the 1.5DS absolute contraction goal (see previous target). This goal is part of our commitment to the White House American Business Act on Climate Pledge signed in 2015 that supports the Paris Agreement.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2019

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	Other, please specify (thousand BTU)
----------------------------------	--------------------------------------

Target denominator (intensity targets only)

square foot

Base year

2008

Figure or percentage in base year

122

Target year

2025

Figure or percentage in target year

85.4

Figure or percentage in reporting year

74

% of target achieved [auto-calculated]

131.147540983607

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes, this goal feeds into our carbon goals, 50% reduction of Scope 1&2, Abs 1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

In September 2019, Kohl's announced a set of sustainability goals focused on climate action, waste and recycling, and sustainable sourcing that support the sustainable future we see for our customers and associates. The company's sustainability strategy is guided by leveraging business practices and decisions that enhance the objectives of the United Nations Sustainable Development Goals (SDG). For energy efficiency, we see we have the power to make a significant impact with the right energy solutions. As a participant in the U.S. Department of Energy's Better Building Challenge, we formally committed to 20% reduction in energy use per square foot by 2020 based on a 2008 baseline. Since achieving the 20 percent energy reduction goal in 2018, Kohl's commits to an extension of its Challenge goal to 30 percent by 2025, further reducing energy consumption by 10 percent at Kohl's facilities by 2025.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*		
Implemented*	3	29705
Not to be implemented		

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

5727

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

Kohl's began solar initiatives in 2007 and maintains a commitment to renewable energy use through the purchase and production of renewable energy credits (RECs). To help reduce our overall emissions, we derive a significant amount of energy from the sun, with many stores getting up to 50% of their energy from solar. We currently host 200,000 solar panels on 163 rooftops around the country at our stores, distribution centers, e-fulfillment centers, and corporate offices. We also rely on nine solar trees at two locations. In 2020, Kohl's derived energy from on-site solar panels where we retain or own the RECs. This resulted in an annual CO2e savings of 5,727 MTCO2e metric tons from Kohl's Scope 2 market-based emissions. Kohl's partnered with third parties and negotiated PPA agreements which allowed us to retain the RECs associated with the solar energy generated; therefore, there is no investment required or payback period.

Initiative category & Initiative type

Low-carbon energy consumption	Wind
-------------------------------	------

Estimated annual CO2e savings (metric tonnes CO2e)

18997

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

Kohl's began renewable energy generation initiatives in 2007 and maintains a commitment to renewable energy use through the purchase and production of RECs. To help reduce our overall emissions, we derive a significant amount of energy from renewable sources. Kohl's partnered with third parties to obtain RECs associated with wind energy generation; therefore, there is no payback period.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

4818

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

550480

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

Kohl's looks at climate issues synergistically with store/brand experience & consistency, including efforts to install lighting systems that are visually stimulating, energy efficient and financially efficient. Kohl's lighting systems are seen as the biggest energy contributor to energy/Scope 2 emissions. Scope 2 also constitute approximately 90% of our Scope 1 and 2 foot-print. Kohl's also strategically determines where there are existing upgrades and maintenance needed at stores. In 2020, we converted more than 45 stores to LED, which will save more than 10.5 million kilowatt-hours (kWh) per year. LED lightbulbs also last longer than fluorescent or incandescent bulbs. To calculate investment requirements, Kohl's has secured projects and integrates the upgrades into existing required updates with long-term service providers, thus making the investment amount negligible for our LED systems. However, for demonstrative purposes, according to the Sustainable Facilities Tool, high efficiency lighting (LED) upgrades can cost as much as \$50,000 for a 10,000 gsf building in hot, dry climates for the US.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	At the center of our operational strategy is the goal of reducing our energy use. To prioritize budgets related to energy efficiency investment, we analyze our energy use and footprints for the year and determine projects or specific areas with payback periods of 2-5 years or less and high potential for GHG emissions reductions. In addition, we also look for outside funding sources such as federal or state grants and incentives as part of our planning and budgeting strategy. Previous cost savings generated from the Energy Team led to interest from the Finance Department, leading to deeper integration efforts between these teams that have helped highlight the importance of energy efficiency projects for our organization and increased momentum for our operational efficiency initiatives.
Dedicated budget for other emissions reduction activities	To prioritize budgets related to emissions reductions, we analyze our emissions sources and GHG footprints for the year and determine projects with the best payback. We also allot dedicated budgets for specific activities, which will impact our emission performance. These activities include things such as our annual memberships with BSR and strategic partnerships (e.g. How2Recycle, etc.) that aim to reduce our Scope 3 footprint.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Amazon smart home products

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (EPA ENERGY STAR Smart Home Energy Management Systems (SHEMS) Pilot)

% revenue from low carbon product(s) in the reporting year

23

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

Smart home products: Kohl's offers a selection of smart home products to help customers save money and live more efficiently. Smart home products help customers reduce their energy use and in turn avoid GHG emissions by allowing them to pre-program their heating, cooling, and light usage as well as control these functions remotely. This 23% represents the total revenue from sales of Home products in 2020, which smart home products are a part of. Kohl's does not disclose a breakdown of revenue information for specific products beyond women's wear, men's wear, children's wear, footwear, home and accessories.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

39446

Comment

In 2019, Kohl's set a new GHG reduction target with a base year of 2014 to replace a previous target spanning 2008 to 2020, which was achieved. The presented information is for our new target (Abs1). There is no difference in our Scope 2 location and market-based figures as we relied on the same emissions factors. Our previous base year of 2008 was from January 1, 2008 to December 31, 2008, Scope 1 emissions were 22,519 mtCO2e and Scope 2 (location and market are the same) 808,609, which is applicable to our Abs2 target. In 2018, Kohl's adopted AR5 GPWs for our GHG inventory. For our previous target's consistency, we recalculated our base year to include the latest GPW. Our GHG footprint uses AR5 GPW where applicable.

Scope 2 (location-based)

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

767718

Comment

In 2019, Kohl's set a new GHG reduction target with a base year of 2014 to replace a previous target spanning 2008 to 2020, which was achieved. The presented information is for our new target (Abs1). There is no difference in our Scope 2 location and market-based figures as we relied on the same emissions factors. Our previous base year of 2008 was from January 1, 2008 to December 31, 2008, Scope 1 emissions were 22,519 mtCO2e and Scope 2 (location and market are the same) 808,609, which is applicable to our Abs2 target. In 2018, Kohl's adopted AR5 GPWs for our GHG inventory. For our previous target's consistency, we recalculated our base year to include the latest GPW. Our GHG footprint uses AR5 GPW where applicable.

Scope 2 (market-based)

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

767718

Comment

In 2019, Kohl's set a new GHG reduction target with a base year of 2014 to replace a previous target spanning 2008 to 2020, which was achieved. The presented information is for our new target (Abs1). There is no difference in our Scope 2 location and market-based figures as we relied on the same emissions factors. Our previous base year of 2008 was from January 1, 2008 to December 31, 2008, Scope 1 emissions were 22,519 mtCO2e and Scope 2 (location and market are the same) 808,609, which is applicable to our Abs2 target. In 2018, Kohl's adopted AR5 GPWs for our GHG inventory. For our previous target's consistency, we recalculated our base year to include the latest GPW. Our GHG footprint uses AR5 GPW where applicable.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Climate Registry: General Reporting Protocol

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

US EPA Center for Corporate Climate Leadership: Indirect Emissions From Purchased Electricity

US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources

US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources

US EPA Emissions & Generation Resource Integrated Database (eGRID)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

45866

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

347417

Scope 2, market-based (if applicable)

344107

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kohl's Environmental Compliance & Sustainability and Facilities Energy management teams meet prior to updating the annual inventory to identify any new sources of emissions to be included in the inventory. Reported Scope 3 emissions are comprised of employee air travel, employee business rental car ground travel, employee business personal vehicle mileage reimbursements, employee commuting, upstream transportation and distribution, electricity transmission and distribution losses, downstream leased assets, end of life treatment of sold products and waste disposal, which are based on the availability and quality of data. Areas where the source is expected to contribute significantly to Kohl's Scope 3 GHG emissions have also been prioritized for obtaining accurate Scope 3 data. For Scope 3 GHG footprint calculations, we rely heavily on accurate data as well as material issues. Kohl's acknowledges the importance of our Scope 3 GHG footprint relative to purchased goods and services (including the purchase of raw and material goods that go into manufacturing products and packaging), however, we have not yet calculated this, but are working to understand our supplier environmental footprint more deeply using the Higg Index environmental module. 80% of our tier 1 suppliers responded to this in 2020. We note, however, we have taken particular effort at reducing impacts and GHG footprint relative to related packaging of purchased goods, in that we have policies related to reducing packaging from our suppliers, using recyclable materials or materials that contain recycled components, and emphasizing packaging take-back, including labeling partnerships with How2Recycle (for our customers [downstream] and Associates), and seeking a single carton bag for both hanging and folded products to both reduce workload for the stores and encouraging recycling and takeback of packaging materials from our suppliers.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

For Kohl's, relevance of scope 3 categories is based on the availability and quality of data; the effort required to acquire and analyze the data; and the opportunity of managing associated emissions. Our assessment of this category indicated that our capital goods emissions would likely represent an insignificant portion percent (0-1 percent) of our total scope 3 emissions. In CY2020, Kohl's did not make significant machinery purchases and did not significantly alter our site portfolio.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

23340

Emissions calculation methodology

The emissions from transmission and distribution losses were calculated under the average-data method using primary activity data from United States electricity consumption. CY2020 electricity consumption was categorized by eGRID subregion, multiplied by associated grid region loss factor (sourced from eGRID2019) and multiplied by the eGRID2019 emissions factor. AR5 100-year GWP values were applied.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

86618

Emissions calculation methodology

Kohl's tracks the total ton-miles for each transportation mode (truck, rail) and for each carrier. The emissions were calculated using the emission factors obtained from Table 9 Upstream Transportation and Distribution and Downstream Transportation and Distribution in the EPA's Emission Factors for Greenhouse Gas Inventories (April 2019). Both the "Medium-and Heavy-Duty Truck" and "Rail" emission factors were used and AR5 100-year GWP values were applied.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

35230

Emissions calculation methodology

Kohl's tracks waste tonnage by material type as part of our internal recycling programs. We then calculate waste emissions utilizing EPA's Emission Factors for Greenhouse Gas Inventories (April 2020). This calculates emissions based on treatment method including landfilling, recycling, and composting.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

6271

Emissions calculation methodology

Kohl's collects activity data from several means of business transportation including air, rail and rental car mileage. For air travel, emissions are calculated using DEFRA DECC (2020) business travel –air emissions factors for various seating classes and flight segment lengths. Rental car emissions are determined from actual mileage data and EPA CCCL (2019) emissions factors per mile traveled. Both calculations used AR5 100-year GWP values.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

169496

Emissions calculation methodology

Emissions calculated with the average-data method using primary activity data on number of full time and part time employees. Average commute mode shares (drive alone, carpool, public transportation) derived from the U.S. Census Bureau and U.S. Department of Transportation. Assumed a 5-days-per-week schedule for full-time employees and 3-days-per-week schedule for part-time employees. A 24 MPG assumed for vehicle efficiency and 30 miles roundtrip for distances obtained from the U.S. Census Bureau and the Brookings Institution. Emissions factors sourced from Table 8 Business Travel and Employee Commuting in EPA's Emission Factors for Greenhouse Gas Inventories (April 2020). AR5 100-year GWP values were applied.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kohl's does not own any upstream leased assets not already accounted for in Scopes 1 and 2.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

At this moment, our Scope 3 downstream transportation and distribution footprints related to our customers, which is difficult for us to ascertain as we do not sell intermediary products. Kohl's is in the retail industry and our customers are generally the end user of our products. In the future, we may rely on our Scope 3 shipments to our customers to estimate a portion of our Scope 3 footprints (e.g. online or store sales that are shipped to our customer's homes) . Calculating the travel required for our customers in and out of stores would include a high number of assumptions at this current time.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kohl's Environmental Compliance & Sustainability and Facilities Energy management teams meet prior to updating the annual inventory to identify any new sources of emissions to be included in the inventory. Reported Scope 3 emissions are comprised of employee air travel, employee business rental car ground travel, employee business personal vehicle mileage reimbursements, employee commuting, upstream transportation and distribution, electricity transmission and distribution losses, downstream leased assets, end of life treatment of sold products and waste disposal, which are based on the availability and quality of data. Areas where the source is expected to contribute to significantly to Kohl's Scope 3 GHG emissions have also been prioritized for obtaining accurate Scope 3 data.

Use of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kohl's Environmental Compliance & Sustainability and Facilities Energy management teams meet prior to updating the annual inventory to identify any new sources of emissions to be included in the inventory. At this moment, our Scope 3 use of products sold is related to our customers' usage patterns (e.g. home products), which is difficult for us to ascertain without a high level of assumptions in our estimations and those related to our energy consuming products. We do not currently release the percentage of home products that may produce GHG (e.g. energy-consuming), and we note that that we sell is limited in comparison to clothing, footwear and accessories sold (over 77%).

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

180471

Emissions calculation methodology

Emissions calculated under the waste-type-specific method using estimated activity data from products sold in the United States. Clothing disposal utilizes estimated rate of 85% to landfill based on EPA data. Landfilled clothing and other products were categorized as Mixed MSW Landfilled using EPA's Emission Factors for Greenhouse Gas Inventories (April 2020). AR5 100-year GWP values were applied.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1832

Emissions calculation methodology

Kohl's captures activity data for electricity and natural gas consumption at locations we sublease. Emissions are calculated based on relevant location-based emissions factors that correspond to the region of subleased locations.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kohl's does not operate any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kohl's does not engage major investment activities.

Other (upstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000244

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

389973

Metric denominator

unit total revenue

Metric denominator: Unit total

15955000000

Scope 2 figure used

Market-based

% change from previous year

1.01

Direction of change

Decreased

Reason for change

This decrease is primarily due to a reduction in total scope 1 and 2 emissions which decreased by 20% YoY and a reduction in revenue which fell 20% YoY. The emission reductions resulted from increased amount of REC procurement and emissions reductions activities including LED lighting retrofits.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	37216	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	93	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	32	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	8526	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	45866

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Distribution Centers	7949
Enterprise	9770
General	54
Office	2040
Retail	26046
Storage	8

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United States of America	347417	344107	873127	73820

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Distribution Centers	40160	43012
General	143	159
Office	21323	23177
Retail	284800	276522
Storage	9	9
Enterprise	982	1075

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	2484	Decreased	0.51	The gross scope 1 and 2 emissions decreased due to 'a change in renewable energy consumption' implemented in the 2020 reporting year. This change reflects a 10% increase in the proportion of electricity matched with RECs in 2020. This change in renewable consumption resulted in 2484 MTCO2e decrease compared to the REC quantity purchased in the previous year. Total market-based scope 1 and 2 emissions in the previous year was 489,540 MTCO2e, therefore we arrived at 0.51% through $(2484/489540)*100=0.51\%$.
Other emissions reduction activities	4818	Decreased	0.98	The gross scope 1 and 2 emissions decreased due to 'other emissions reduction activities' implemented in the reporting year. Such projects include improvements in building operational efficiency including LED lighting retrofits and upgrades to HVAC systems. We estimate that in 2020, 4,818 MTCO2e was reduced by our emissions reduction projects. Total scope 1 and 2 emissions in the previous year was 489,540 MTCO2e, therefore we arrived at 0.98% through $(4818/489540)*100=0.98\%$.
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	78812	Decreased	16.1	In 2020, the total energy consumption from stationary, mobile, and purchased electricity emission sources have decreased due to changes in the output. One of the primary drivers was the impacts from COVID-19. The impact was calculated by finding the YOY change in the emission source and the overall emissions decrease attributed from changes physical operating conditions to be 78,812 MTCO2e. Total market-based scope 1 and 2 emissions in the previous year was 489,540 MTCO2e, therefore we arrived at 16.1% through $(78812/489540)*100=16.1\%$.
Change in methodology	20694	Decreased	4.23	For the 2020 inventory, a number of emissions factor updates impacted our overall Scope 1 and 2 emissions including changes in supplier-specific emissions factors, residual mix factors in the United States (Green-e), and international location-based grid emission factors. Net impact was calculated by applying the 2019 emission factors to the 2020 activity data to isolate the difference in emissions from emission factor updates. In total, emissions factor updates decreased emissions by 20,694 MTCO2e. Total market-based scope 1 and 2 emissions in the previous year was 489,540 MTCO2e, therefore we arrived at 4.23% through $(20694/489540)*100=4.23\%$.
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified	7241	Increased	1.48	We were unable to identify the exact reasons for the remaining decrease in emissions, however, this is most likely due to variations in the number of sites, YoY consumption for electricity, changes electricity emission factor (supplier-specific, residual mix and eGRID) and other miscellaneous emission sources. $(7241/489540)*100=1.48\%$.
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	202142	202142
Consumption of purchased or acquired electricity	<Not Applicable>	72663	798523	871186
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	261	261
Consumption of purchased or acquired cooling	<Not Applicable>	0	523	523
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1157	<Not Applicable>	1157
Total energy consumption	<Not Applicable>	73820	1001449	1075269

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Fuel Oil Number 2

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

735

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

22.643

Unit

lb CO₂e per gallon

Emissions factor source

2020 Climate Registry Default Emission Factors (April 2020) - Tables 1.1 & 1.10

Comment

Fuel Oil Number 2

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

30

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

19.589

Unit

lb CO2e per gallon

Emissions factor source

2020 Climate Registry Default Emission Factors (April 2020) - Tables 2.1 & 2.9

Comment

Motor Gasoline

Fuels (excluding feedstocks)

Jet Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

4979

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

21.67

Unit

lb CO2e per barrel

Emissions factor source

2020 Climate Registry Default Emission Factors (April 2020) - Tables 2.1 & 2.7

Comment

Jet Gasoline

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

188903

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

1.207

Unit

lb CO2e per 1000 cubic ft3

Emissions factor source

2020 Climate Registry Default Emission Factors (April 2020) - Tables 2.1 & 2.9

Comment

Natural Gas

Fuels (excluding feedstocks)

Propane Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

7495

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

12.699

Unit

lb CO2e per gallon

Emissions factor source

2020 Climate Registry Default Emission Factors (April 2020) - Tables 2.1 & 2.9

Comment

Propane Gas

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1157	1157	1157	1157
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

49400

Comment

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

24420

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

110489

Metric numerator

tons recycled

Metric denominator (intensity metric only)

% change from previous year

1

Direction of change

Increased

Please explain

In 2020, Kohl's increased our diversion rate (85%) by 1% vs. 2019 (84%) recycling 110,489 tons of materials. Please see page 23 of our 2020 ESG Report. <https://corporate.kohls.com/content/dam/kohlscorp/corporate-responsibility/landing-page/Kohls%202020%20ESG%20Report.pdf>

Description

Other, please specify (Water Usage Total Company (gallons))

Metric value

611254063

Metric numerator

Gallons

Metric denominator (intensity metric only)

% change from previous year

15,55

Direction of change

Decreased

Please explain

Water is a precious resource, and our stores are designed to manage it accordingly. Existing stores have low-flow faucets, and new stores have low-flow toilets. Together, these measures help reduce indoor water usage at locations throughout the country. Smart irrigation controllers that use live weather data to adjust outdoor water usage has lowered irrigation water use. Since 2010, we have improved our water performance by 17% across our portfolio. Water consumption during 2020 was significantly lower than a typical year since COVID-19 disruptions resulted in temporary building closures and reduced occupancy for much of the year. See Page 26 of our 2020 ESG Report: <https://corporate.kohls.com/content/dam/kohlscorp/corporate-responsibility/landing-page/Kohls%202020%20ESG%20Report.pdf>

Description

Energy usage

Metric value

74

Metric numerator

Energy Use Intensity (k BTu / sq ft.)

Metric denominator (intensity metric only)

Energy Use Intensity (k BTu / sq ft.)

% change from previous year

13

Direction of change

Decreased

Please explain

As a participant in the U.S. Department of Energy's Better Building Challenge, we reached our goal of 20% energy reduction by 2020 two years early, achieving a total of 24% reduction based on a 2008 baseline at the end of 2018. We are one of only three retailers to become a Better Building Challenge Achiever. See Page 18 of our 2020 ESG Report: <https://corporate.kohls.com/content/dam/kohlscorp/corporate-responsibility/landing-page/Kohls%202020%20ESG%20Report.pdf>

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/ section reference

Page 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/ section reference

Page 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/ section reference

Page 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Pages 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Pages 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Please select

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Pages 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Pages 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: End-of-life treatment of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Pages 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Moderate assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Page 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream leased assets

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Moderate assurance

Attach the statement

SBC Verification report - Kohl's 2020 Emissions - June 16, 2021.pdf

Page/section reference

Page 10

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

80

% total procurement spend (direct and indirect)

0

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

To assess company-level exposure to this risk category, Kohl's requires our top vendors to complete an annual scored sustainability assessment that is based on the Higg Index as part of our membership in the Sustainable Apparel Coalition and we ensure sustainability (including climate-related) risk reduction through on-site audits. The Higg Index obtains our supplier's data on environmental and climate issues such as energy, waste, GHG emissions and other air emissions. Kohl's top vendors must complete an annual scored sustainability assessment that is based on the Higg Index. As part of Kohl's engagement with our vendors, Higg Index responses are collected & used to partially influence supplier selection decisions. Kohl's Factory Compliance Team analyses the data to ensure that we reduce our supplier related risks. Kohl's strategy is to engage with our vendors & private brand contractors that make up 90% of receipts at Kohl's, ~300 suppliers. This sustainability score is shared with vendors as part of their monthly supply chain scorecard. Since starting the program in 2009, the average sustainability assessment score has improved from 39 to 80 out of 100 possible points. In 2020, 80% of our tier 1 supplier facilities completed the Higg Index environmental module. By 2025, all of our private- and exclusive- label brands will need to complete this module. We see the Higg Index as crucial to our initiatives to reduce our environmental impact. For example, to address climate-related issues where our supply chain operates, we intend to use the Higg Index findings to drive down substantial water usage for our owned brand by 2025, addressing water usage issues, particularly in water scarce regions. While none of our Tier 1 suppliers account for more than 10% of our sales receipts, it is possible that we may face enterprise-wide risks due to climate change related disruptions to our supply chain. Impacts may include interruption to our logistics and transportation of goods/merchandise to our distribution centers and our stores, volatility of prices of natural resources (and transportation), and fluctuations in availability and timely delivery of our private label brands. Each of these has the potential to disrupt our sales and our costs; our SEC 10-K filing includes such risks in our business strategy.

Impact of engagement, including measures of success

To assess company-level exposure to this risk category, Kohl's requires our top vendors to complete an annual scored sustainability assessment that is based on the Higg Index. This sustainability score is shared with our vendors as part of their monthly supply chain scorecard. Vendors are given a feedback document and are challenged to meet or be at an average assessment score goal on an annual basis. Since starting the program in 2009, the average sustainability assessment score has improved from 39 to 80 out of 100 possible points. Within our value chain, we partner with vendors for fabric recycling and transportation. Risk assessment is based on factory management's commitment to sustainability, historical audit results of vendor partner and factory, open source information and public media reports, among other criteria. Kohl's has a formalized policy for our supply chain known as the "Terms of Engagement" that all suppliers are required to abide by. To further identify and manage international risks, Kohl's also implemented the BSI Supply Chain Risk Exposure Evaluation Network (SCREEN), a web-based global supply chain intelligence system, in 2017 to support identification and assessment of risk and to support our audit strategy. Specifically, Asia is at risk to business continuity issues resulting from potential natural disasters and extreme weather events (BSI 2019), Kohl's has Asian manufacturing suppliers in countries such as Vietnam, Indonesia and Bangladesh. To help address sustainability issues in these countries, we collaborate with non-profits such as International Labour Organization's Better Work Vietnam, Better Work Indonesia and Nirapon. Kohl's also collects supplier environmental footprint information as part of routine supplier sustainability assessment. We provide this data to a third-party consultant (Engie). Supply chain assets also frequently undergo risk screening. In 2017, we began implementation of a new automated risk assessment tool to more effectively evaluate risk related to facilities located in other countries around the world. Full implementation of this tool will support improved focus of audit resources in managing risk while minimizing audit fatigue by scheduling more frequent audits at facilities with higher risk and less frequent audits at facilities with lower risk.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

0

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Our customers are key to our success. For over 15 years Kohl's has been giving back to the communities we serve through monetary donations, provision of resources, and time. We have also made a consistent effort to engage and educate our customers on what sustainable actions they can take at home and what actions Kohl's takes on energy and other climate related topics. Through the community giving and volunteer program, Kohl's supports 501 (c) (3) non-profit organizations which include, but are not limited to environmental initiatives, kids' health and education initiatives, and women's health initiatives. The communication examples provided below focus on environmental initiatives relating to energy management and Kohl's partnership with ENERGY STAR (ES). Kohl's aim to have our customers and associates understand and support our energy reduction efforts. • Overhead Announcement (runs in ES certified stores 2 times/day)"Did you know you're shopping in an ES-certified store? It's one of more than 1,000 ES-certified Kohl's stores across the country! Compared to a 2008 report, this store and many others nationwide use 35% less electricity and generate a third less CO2, which reduces GHG emissions and helps make the air a little cleaner. For more information about Kohl's commitment to creating a more sustainable tomorrow, visit Kohlssustainability.com. " • Customer Receipt Message, Kohl's ES achievements were printed on all customer receipts for a 14 day period. In recognition of our continued leadership in energy efficiency, Kohl's was awarded an ES Partner of the Year – Sustained Excellence Award in 2020. We have been working with the EPA ES program since 1998. We have more than 1,000 ES labeled stores have contributed to our outstanding performance in energy efficiency. • Kohl's submitted a pledge to the White House's American Business Act on Climate Pledge. Part of Kohl's pledge focused on conserving energy and driving down usage mentioned Kohl's ENERGY STAR achievements. • Kohl's 2020 ESG Report demonstrates the company's commitment to energy efficiency and achievements. The report includes Kohl's long-term relationship with ES and Kohl's ES certified store stats year over year. It also elaborates on how the ES programs has helped Kohl's save money and improve energy efficiency. • EV charging stations available at a growing number of stores.

Impact of engagement, including measures of success

We do not have a specific metric associated with our customer outreach efforts or associated success of these programs, although we do track customer use of our EV charging stations (which is reported in our ESG report) and track improvements to customer foot traffic; use of EV and number of charging stations is likely indicative of increased foot-traffic from our address of climate-related issues. In 2020, we expanded the number of store locations with EV charging stations to more than 100 stores, which led to over 36,500 charging sessions. We expect to undertake a materiality assessment for an upcoming sustainability report and may include this as a material topic in the near future depending on the results.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Kohl's follows internal policies developed by our Public Relations department designed to provide clear and consistent messaging on environmental and social issues. Information releases and engagement with third-parties must adhere to guidelines to ensure alignment with overall corporate positioning.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Complete

Attach the document

Kohls 2020 ESG Report.pdf

Page/Section reference

Pages 1-86

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Other, please specify (Waste and Recycling)

Comment

Kohl's sustainability goals include quantitative targets focused on three key areas: climate action, waste and recycling and sustainable sourcing. The company's sustainability strategy is guided by leveraging business practices and decisions that enhance the objectives of the United Nations Sustainable Development Goals (SDG). The company is committed to monitoring and reporting performance and progress against these goals within the company's annual ESG Report. Our climate action goals are focused on the reduction of greenhouse emissions and increase of renewable energy use. • Reduce greenhouse gas emissions in Kohl's-owned operations by 50% versus 2014 baseline by 2025. 2020 Progress: 50% reduction in scope 1 and 2 • Further reduce energy consumption by 10% at Kohl's facilities by 2025, building off of the company's existing 20% reduction against 2008 baseline. 2020 Progress: 39% reduction in energy consumption since 2008. • Expand renewable energy platforms by building off of the company's existing 161 solar and wind locations. 2020 Progress: 164 solar and wind locations • Support the transition to a low-carbon transportation system, building off of the company's existing 96 locations offering electrical vehicle charging. 2020 Progress: 100+ locations offer EV charging See our 2020 ESG Report: <https://corporate.kohls.com/content/dam/kohlscorp/corporate-responsibility/landing-page/Kohls%202020%20ESG%20Report.pdf>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Executive Vice President, Chief Risk and Compliance Officer	Chief Risk Officer (CRO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms