

KOHL'S

A photograph of a Kohl's retail employee, Lia, smiling and showing a maroon long-sleeved shirt to a customer. Lia is wearing a red sweater and a Kohl's lanyard. The customer is wearing a black leather jacket. In the background, there are clothing racks and a sign that says "SONOMA GOODS FOR L".

Kohl's Social Impact

2017

Corporate
Social
Responsibility
Report



welcome

Dear Stakeholders,

At Kohl's, our social impact work is driven by our company purpose: to inspire and empower families to lead fulfilled lives. Every day we work toward fulfilling our purpose by living our values: Put Customers First, Act with Integrity, Build Great Teams and Drive Results. We have a responsibility to the customers we serve, the associates who make our organization, the partners who are on our journey together and the environment that we all share. Keeping our purpose in mind is core not only to our business results, but how we achieve them.

As a purpose-led organization, we strive to make a difference in the communities nationwide that our customers and associates call home. We are passionate about fostering a best-in-class workplace that celebrates transparency, opportunity and appreciation.

We uphold ethical standards of ourselves and our partners to maintain fair business practices. We support our communities through charitable giving and volunteer efforts. And, we make a conscious effort to protect and conserve the environment by operating in the interest of long-term sustainability.

Social impact has and will continue to be a part of what differentiates us. I'm proud to share this report which highlights the accomplishments and achievements of the past year, and look forward to continuing our efforts to make a difference in the lives of our customers, associates and communities in the year ahead.

Kevin Mansell
Chairman, Chief Executive Officer and President

contents



Welcome.....	1
Social Impact at Kohl's.....	3
Customers.....	5
Associates.....	9
Community.....	16
Environment.....	24
Partners.....	33
Key Metrics.....	41

ABOUT KOHL'S

Kohl's (NYSE: KSS) is a leading omnichannel retailer with more than 1,100 stores in 49 states. With a commitment to inspiring and empowering families to lead fulfilled lives, Kohl's offers amazing national and proprietary brands, incredible savings and an easy shopping experience in our stores, online at [Kohls.com](https://www.kohls.com) and on Kohl's mobile app. Throughout its history, Kohl's has given more than \$650 million to support communities nationwide. For a list of store locations or to shop online, visit [Kohls.com](https://www.kohls.com). For more information about Kohl's impact in the community or how to join our winning team, visit [Corporate.Kohls.com](https://www.kohls.com/corporate) or follow [@KohlsNews](https://twitter.com/KohlsNews) on Twitter.



social impact at Kohl's

At Kohl's, corporate social responsibility means fulfilling our purpose and living our values, all while keeping our social impact top of mind. This means that as we work to serve our customers, we are conscious of our impact on the associates working to grow our business, the communities they are a part of, the partners that make our work a reality and the environment that sustains us all. This is what social impact means at Kohl's.



social impact at Kohl's



OUR PURPOSE & VALUES

Our purpose is to inspire and empower families to lead fulfilled lives. To accomplish our purpose, Kohl's associates aim to live by our values each and every day:

We put customers first and take a “yes we can” approach to everything we do. We support our communities and causes our customers and associates care about.

We act with integrity, earning trust by living up to our commitments, treating each other with respect and fairness, and making decisions that support the reputation of the organization.

We build great teams by communicating openly and embracing diverse perspectives. The empowerment, engagement and continuous development of all associates is actively promoted. We foster a culture of appreciation and recognition.

We drive results by working with a sense of urgency and accountability, making informed decisions and offering up new and innovative solutions.

ABOUT THIS REPORT

Reporting Period

This is Kohl's seventh annual Corporate Social Responsibility Report and it covers the fiscal year 2017 (January 29, 2017 to February 3, 2018), unless otherwise noted.

More Information

For more information about our history, business, sales growth, stores and more, see our **Factbook** or visit [Corporate.Kohls.com](https://corporate.kohls.com).

customers

.....

We put customers first. If it's important to you, it's important to us. That's why in everything we do, we strive to show how much Kohl's cares.



customers



MORE THAN

1,100 stores in **49**



ABOUT
80%

of Americans
live within
15 miles
of a
Kohl's store

50%

OF THE U.S.
POPULATION
SHOPS AT
KOHL'S



When we say we put our customers first and take a “yes we can” approach to everything we do, we mean it. This value was put into action when a Kohl's shopper reached out attempting to find a specific set of earrings to give as a gift to her sisters for her upcoming wedding. Watch this video to see the story of how the Kohl's team went above and beyond to help this customer honor her mother's memory on her wedding day.

customers

At Kohl's our purpose is to inspire and empower families to lead fulfilled lives. We work toward accomplishing our purpose by living our values, starting with putting customers first. From the products we offer to the organizations we support, we are passionate about meeting the needs of our customers and their families.



PRODUCT OFFERINGS

National and Proprietary Brands

Kohl's strives to bring amazing product to our customers. In 2017, we introduced new brands to our assortment, including the largest brand launch in our history with the addition of Under Armour for the entire family. We also celebrated our long-standing partnerships with Vera Wang and Lauren Conrad with milestones and new collections. Simply Vera Vera Wang celebrated its 10 year anniversary as a proprietary brand, commemorating a decade of offering our customers an assortment of everyday luxury products in apparel, home, shoes and accessories. Additionally, the LC Lauren Conrad collection embraced the journey of motherhood and introduced a new maternity collection in store and online.

Product Safety

Kohl's continuously works to ensure our product offerings are high quality and safe for our customers. Learn more about our product quality and safety in the [Partners](#) section at the end of this report.



customers

CUSTOMER SERVICE

Kohl's is committed to delivering an easy, connected omnichannel shopping experience for our customers. We seek to provide inspiring in-store experiences and seamless navigation on [Kohls.com](https://www.kohls.com) to allow customers to get the amazing product they know and love from Kohl's whenever and wherever they choose to shop.

We provide regular training on service-related topics to prepare in-store associates to best serve our customers. In 2017, all store associates and managers participated in training on taking a holistic approach to customer service, driven by goals of hospitality and digital savviness. Learn more about how we help our associates support our customers in the [Associates](#) section of this report.



SUSTAINABLE PRACTICES

We work to ensure that we are providing a healthy and engaging environment for our customers through sustainable practices and partnerships. Our customers see this come to life at point of sale with our gray shopping bags, consisting of 30-50 percent recycled, unbleached plastic. You can learn more in the [Environment](#) section of this report.

SUPPORTING COMMUNITIES

Since 2001, Kohl's has offered customers four seasonal collections annually featuring cause merchandise that supports their communities. One hundred percent of the net profit generated from Kohl's Cares merchandise is donated to charitable organizations, including children's hospitals across the country. Customers can also find our associates out in the community volunteering with nonprofits that are critical to serving their communities. You can read more about our local and national impact in the [Community](#) section of this report.

Our responsibility to our customers goes beyond what they see instore and online. They are top of mind as we make decisions that impact all of our stakeholders, as is showcased throughout the remainder of this report.



associates

.....

Our associates are our greatest asset. They drive the positive impact our company works to make for our customers, community, partners and environment. We are committed to fostering a best-in-class workplace for current and prospective associates through strategies of engagement, development and recognition. We strive to build great teams by communicating openly and embracing diverse perspectives.

140K Kohl's associates

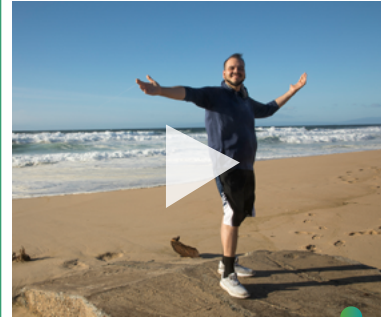


MORE THAN
1,900 associates
PARTICIPATE in
Business Resource Groups

In 2017, Kohl's added four
more wellness center locations,
expanding our delivery of on-site
healthcare to associates in a **total**
of **17 locations**



75%
OF
associates
are women



MORE THAN
485K
digital recognitions
were sent across the
organization in 2017

In 2017, Noe Lopez, Customer Service Area Supervisor in California, had a wake-up call after taking a Kohl's well-being assessment. The answers he received helped put him on a path to making some important changes in his life and improving his health. Watch this video to find out more about his wellness journey and how he's now inspiring others to do the same.

associates

CULTURE AT KOHL'S

At Kohl's, we believe that creating a culture of appreciation, inclusion and transparency helps attract and retain the best talent in the industry. Our associates are empowered to bring their authentic selves to work each and every day, enhancing the richness of experiences, perspectives, thoughts and ideas, while fostering engagement and innovation.

Ethics

Our responsibility to each other and to living our values is outlined in our Code of Ethics, which details our dedication to the fair treatment, health, and safety of our associates, and to creating a diverse workplace.

It also outlines our expectation that Kohl's associates will model ethical behavior and act with integrity. All of our associates are required to take annual ethics training, which is refreshed each year to cover emerging issues. The training helps connect ethics to an associate's day-to-day job responsibilities and promotes honesty, integrity and fairness.

We encourage associates who have questions about our Code of Ethics to talk to their manager, human resources (HR) or the legal department. Suspected violations can be reported through the same channels or anonymously by calling the Kohl's Integrity Hotline.

ATTRACTING TOP TALENT

We challenge ourselves to have the best practices in the industry to attract top talent, and ultimately, build great teams. Both entry-level associates and interns are seen as contributors in supporting our purpose, our impact and reaching our business goals. Upon hire, we offer competitive compensation and benefits packages to all of our associates. Full-time associates are offered medical, dental, vision, prescription drug, disability and life insurance coverage, as well as parental and adoption leave, merchandise discounts and more. Part-time associates are offered dental, vision, supplementary life insurance and merchandise discounts. In addition, all eligible associates who complete one year of service also receive the Kohl's 401(k) Savings Plan which provides a 100 percent company match on associates' savings up to 5 percent of their pay.

Intern Program

The search for our company's future leaders takes us to more than 100 college campuses across the country, where we host networking and recruiting events for students through our university relations initiatives.

In 2017, we brought on more than 400 college students for our eight to 10-week internship program, bringing top young talent to our company. We challenge our interns to stand out and make a difference, and encourage them to actively contribute their fresh, new perspectives. Interns are hired into nearly every department, including marketing, HR, technical design, logistics and loss prevention, at locations across the country. They swiftly become integral team members, and nearly 50 percent of interns are offered full-time positions at the close of the program.



associates

TRAINING & DEVELOPMENT

We offer training for associates in key areas, from ethical standards and responsibilities to delivering a great customer experience.

Associate Training

Through more than 2,000 online and in-person courses, we provide associates with training on topics for specific job skills as well as agility, analytical thinking, change, communication, manager development and teamwork. Online courses are hosted on our learning management system, which is available to all associates.

Onboarding and orientation programs provide new associates with tools and resources to learn about their work. Our onboarding process provides clear channels for acquiring relevant information and also helps new associates build connections with individuals, teams and the organization.



Leadership Development

Our leadership development approach aims to support each leader's strengths while maintaining a consistent focus on company values and initiatives. We work individually with leaders to understand their unique development needs, which helps them become better leaders and drive the best results for their teams and the company. We do this by giving leaders feedback, experiences, exposure and education to drive growth. Executive coaching, assessments, formal education and mentorship are just a few of the many avenues provided to put leaders in a position to help them and the company succeed.

To ensure a strong pipeline of leaders, we provide additional development opportunities for associates identified as high potential. In 2017, top talent managers from our stores participated in sessions led by senior leaders to strengthen their leadership capabilities and help accelerate their development.



ASSOCIATE ENGAGEMENT

We are proud to actively promote the empowerment and engagement of all associates. The goals we've set forth for ourselves rely heavily on building great teams of engaged, talented and results-oriented people.

Conversations with Associates

We believe open and honest communication is critical to engagement. In order to facilitate this, all areas of the business are encouraged to participate in monthly We're Listening sessions with our company leaders. We're Listening sessions give leaders the forum to engage their team in conversation about relevant and meaningful topics. This program empowers associates to share their open and honest feedback. Suggested topics and themes help associates understand how their work ties to Kohl's initiatives.

These We're Listening sessions served as a great resource in the summer of 2017 when Kohl's Chairman, Chief Executive Officer (CEO), and President Kevin Mansell challenged every associate to focus on two company priorities - driving traffic and operational excellence. Throughout July and August, associates submitted ideas during We're Listening sessions and through conversation groups on the company-wide intranet, myKohls. In total, more than 3,000 associates joined each of the myKohls groups. Associates contributed more than 3,200 ideas through the groups and We're Listening sessions, showcasing Kohl's associate engagement and commitment to the company's priorities.

associates

BUSINESS RESOURCE GROUPS

Launched in 2015, our four Business Resource Groups (BRGs) recognize and celebrate diverse perspectives and foster an inclusive environment for our associates. More than 1,900 associates across the organization are engaged in BRGs. The Millennial, Hispanic Professionals, Veterans and #PrideatKohls groups are focused on activating in four distinct areas – Career, Community, Culture and Commerce – supporting our associates and our business. We are excited to launch a Women of Kohl's BRG in early 2018.

Hispanic Professionals BRG Paves Path for Career Growth

The Hispanic Professionals BRG was a proud host and sponsor of the 2017 Greater Milwaukee Hispanic Leadership Summit (GMHLS) titled "Empowered Leadership: Critical Skills to Lead Your Career." The event provided a forum for Hispanic leaders from across southeastern Wisconsin to foster professional growth, leadership development and share best practices. The full day event featured inspirational sessions with employee leaders from prominent Milwaukee-area corporations and Hispanic organizations. The Summit culminated in a keynote theatrical performance chronicling one man's journey from immigrant to successful entrepreneur.



Veterans BRG Launches Military Hero Parking Spot Pilot

In 2017, the Veterans BRG identified an opportunity to support and thank our veteran and active military shoppers by dedicating a parking space for veterans located near the front entrance of store locations. In collaboration with our marketing and store experience team, the BRG piloted Hero Parking Spots at 27 store locations across the country. These locations were selected based on a large military presence in their areas, then the parking spot signage was installed in October 2017. The initial feedback from the store locations selected for the pilot, as well as store locations looking to do more for their veteran and active military shoppers, has been overwhelmingly positive.



#PrideatKohls BRG Drives Awareness During Pride Month

The #PrideatKohls BRG planned events in June to engage, inform and celebrate Pride with associates. Members of the BRG participated in parades and shared personal coming out stories with the company. Additionally, the group partnered with internal marketing to create an Instagram story celebrating Pride that was shared with associates and customers. Because of these efforts, membership in the #PrideatKohls BRG doubled that month.



Millennial BRG Supports Innovation - One New Idea at a Time

For the second year in a row, the Millennial BRG hosted Innovation Tank, a large-scale forum for associates to share ideas with the Kohl's leadership team. The 2017 event supported our broader organizational focus of driving traffic. The BRG received submissions from across the organization, and five associates were selected to present their idea to a panel of judges comprised of senior level leaders. The winners' ideas continue to be discussed and vetted across the organization for potential testing or implementation.



associates

ASSOCIATE APPRECIATION

At all levels of the company, we encourage associates to recognize and celebrate the greatness of their teams and colleagues. In doing so, we aim to create a culture of appreciation in which teams and individuals are valued, and supported.

We celebrate successes both big and small, from everyday contributions to major achievements, and take the time to acknowledge important personal life events. The Recognizing Greatness system is just one of the ways associates are recognized for a job well done. More than 1 million recognitions have been sent since its launch.

Appreciation runs through all levels of our organization and is championed by our Chairman, CEO and President with the annual Chairman's Award. The Chairman's Award allows senior leaders the opportunity to reflect on great wins and collectively celebrate those successes. This prestigious honor is designed to recognize a store or project team that has gone above and beyond by living our values.



Additionally, we believe in the importance of taking time to celebrate our successes as a team. Each year, the organization takes part in our annual Summer of Greatness and Associate Appreciation Week, where we take the time to celebrate each of our accomplishments and show our appreciation for one another.

DESIGN A LIFE YOU LOVE

Design a Life You Love describes our focus on total well-being including health, financial, community, career and social goals. It gives associates the flexibility to participate in a wide range of activities and use tools and resources that help them on their continued journey towards well-being. Kohl's also offers programs to support and empower associates to achieve a fulfilled and balanced family life.

Wellness Centers

Kohl's added four more wellness center locations, expanding our delivery of healthcare to associates to a total of 17 locations. In an effort to improve access to and the use of quality, evidence-based healthcare, Kohl's has added wellness centers to all distribution centers, e-commerce fulfillment centers and credit centers located across the country. Our wellness centers are designed to support total well-being and offer Kohl's associates (and in select locations, their families) treatment for routine illnesses, preventive exams, lab services, physical therapy, health coaching, flu vaccines and more. Our wellness centers are staffed by a range of medical professionals from physicians and nurse practitioners to physical therapists and registered nurses who are dedicated to providing compassionate, individualized care tailored to the associate's specific needs. More than 30,000 visits were made to these locations in 2017.

Employee Assistance Program

Designed to help associates address all of the goals and challenges that may come their way, our comprehensive Employee Assistance Program (EAP) goes beyond traditional models. Not only do we offer all associates access to confidential in-person, phone or online counseling, we also provide a variety of work-life resources such as access to certified financial planners, help locating care providers, guidance in navigating the college search process, financial assistance for ongoing education, and 24-hour access to legal guidance for personal matters.

Critical Incident Support

Our Critical Incident Support program provides associates with the support they need in case of unexpected events such as a death in the family or a natural disaster. This program serves to provide expert guidance, up-to-date information on community resources, and in-person or group counseling to help associates effectively deal with crises they may face and to help give them the support they need to return to normal life as quickly as possible.

For more detail about our disaster relief efforts, please refer to the **Community** section of this report.



associates

Life Solutions Resources

At our distribution centers, e-commerce fulfillment centers and credit services operation centers, our on-site Life Solutions program offers an even more personalized approach to support our associates. As part of our program, associates have in-person access to a dedicated professional who can provide support for a wide variety of personal concerns and work-life issues, and help connect our associates with local community resources to find solutions that work for them. In 2017, our associates had more than 11,000 interactions with an on-site provider.

Child Development Center 20th Anniversary

The Kohl's Child Development Center (CDC), which provides childcare for corporate associates' families, celebrated its 20-year anniversary in September 2017. The anniversary marks two decades of love, learning and laughter for children and Kohl's families. Since opening in 1997 with 21 children, the CDC has expanded to two locations providing care for up to 470 children in 38 classrooms.



Healthy Rewards

Healthy Rewards is a program that provides a financial incentive for associates and their spouses who are enrolled in a Kohl's medical plan to "know their numbers" and take greater ownership of their personal health. Individuals who complete a well-being assessment and health screening are eligible for a medical premium credit, which reduces their costs for Kohl's medical coverage. The program is free and confidential for all associates, not only those enrolled in our health plan.

New Human Capital Management System

A new Human Capital Management system launched July 2017, connecting all of Kohl's people management tools and systems to create an easier, more streamlined experience.

The self-service model allows associates to view their paycheck, time off balance (non-exempt only) and access HR resources, systems and benefit information, all in one easy to navigate location.

The system also supports leaders by providing access to information, enhancing transparency and offering tools to encourage leaders to think differently and act quickly.

Commitment to Safety

We strive to offer an environment that is safe for our customers and associates. Through proactive loss control programs and strong operational integration, safety is a cornerstone of our business operations and is seen as fundamental to a positive customer and associate experience.

Kohl's associates are expected to adhere to our key safety principles including cleanliness, awareness, responsibility and leading by example. Strong safety programs and best practices, supported by clear communications, ongoing coaching, and recognition of achievements have helped reduce accident frequency and promote safety across our company.

To ensure safety, we continue to integrate messaging and best practices into business operations. This continued communication helps keep safety in the forefront of our leadership direction and associate decision-making.

community

Your community is our community. That's why you'll see us out there in the neighborhood with our sleeves rolled up, working to ensure families are safer, happier and healthier. Kohl's is dedicated to giving back to organizations both in our hometown, as well as the communities where our customers and associates live and work.



community

MORE THAN **\$44M** **donated** in 2017 across Kohl's philanthropic giving

Nearly **\$20M** in net profit raised for **communities** from our **Kohl's Cares** cause **merchandise** sales in 2017

Nearly **500K** volunteer hours in 2017



Supported nearly **8,500** nonprofits in 2017



MORE THAN **\$18M** in volunteer grants in 2017



In 2017, when some of the strongest natural disasters in our country's history impacted thousands of families and their homes, Kohl's provided support to affected associates, customers and communities. Watch this video to see how Kohl's helped provide relief to those in need.

community

MERCHANDISE PROGRAM

Our Kohl's Cares cause merchandise provides families with a simple, easy way to support charitable initiatives. When customers purchase this merchandise, 100 percent of the net profit is donated to charitable organizations nationwide, including hospitals in each state where we do business. The merchandise is available year round, in all stores and online at [Kohls.com/Cares](https://www.kohls.com/cares). In 2017, the net profit generated from merchandise totaled nearly \$20 million. To date, Kohl's has raised nearly \$340 million through this program.



The Kohl's Cares cause merchandise program operates under Kohl's Cares, LLC, a wholly-owned subsidiary of Kohl's Department Stores, Inc.

HOSPITAL PARTNERSHIPS

Kohl's Cares cause merchandise primarily supports children's hospitals local to where we do business.


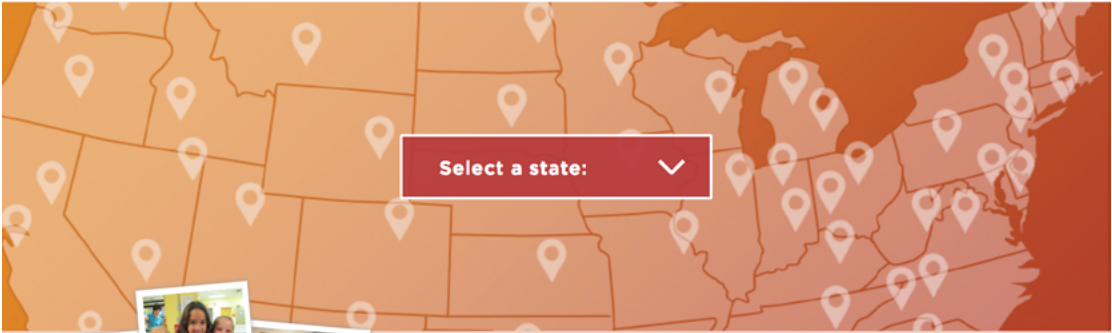
Historically, Kohl's donated to more than 150 hospitals supporting programs focused mainly on injury prevention and healthy eating. We re-evaluated the program to ensure the contributions we make are improving specific health objectives of underserved communities, contributing to a greater impact.

In 2018 and 2019, we will be supporting more than 70 hospitals across the country, focusing on particular needs identified by local communities. Topic areas include healthy development, safety, wellness and chronic disease management. Kohl's Cares committed more than \$23 million over two years to support these programs in 2017.

For more information on our hospital partners and these new programs, visit [Kohls.com/Cares](https://www.kohls.com/cares). This site provides an interactive map that demonstrates the impact our hospital partners are making across the country. Viewers can select their state to learn more about the specific hospital partner program impacting their local community.

hospital partners

Discover how your Kohl's Cares purchase is helping hospitals make an impact in your state.



We're helping to support programs focused on healthy development, safety, wellness and chronic disease management in kids across the country.

[LEARN MORE](#)

community

FUNDRAISING GIFT CARD PROGRAM

The Kohl's Cares Fundraising Gift Card program makes fundraising for schools or nonprofits easy and practical. The premise is simple – fundraising groups purchase Kohl's gift cards at a discount, and sell them at face value to generate profit for their organization. More than 460 organizations participated in the Fundraising Gift Card program in 2017, raising more than \$1.6 million for their missions.



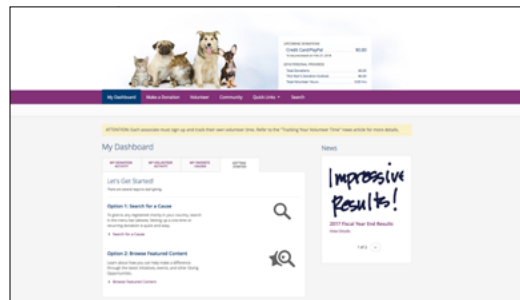
VOLUNTEER PROGRAM

We believe strongly in encouraging our associates to actively participate with causes and organizations that matter to them and our customers. Through Kohl's volunteer program, we encourage giving in all our locations and encourage associates to contribute their time and talent to local eligible nonprofit organizations.

When Kohl's associates form teams of five or more, and volunteer for at least three consecutive hours with eligible 501(c)(3) nonprofits, the company provides a \$500 grant directly to the qualifying nonprofit organization. In 2017, 37 percent of our associates volunteered nearly 500,000 hours with nearly 8,500 eligible 501(c)(3) organizations that matter most to them. Since the program's inception in 2001, Kohl's, through the volunteer program, has donated more than \$155 million in corporate grants to nonprofit organizations across the country.

In 2018, giving back through volunteering will be even easier as the following program updates are implemented:

- **New Volunteer Tracking Portal** – The new portal, featuring single sign-on and mobile accessibility, will give associates a more user-friendly experience when creating and finding volunteer events along with tracking volunteer hours, making it easier for associates to give back to their communities.



- **Greater Impact** – Associates may now volunteer with other Kohl's associates from any location. Previously, associates could only volunteer with colleagues from the store or corporate location they worked from. In addition, the benefitting nonprofits will receive a \$500 volunteer reward for every five associates who volunteer for three consecutive hours at each event.
- **More Ways to Give** – Through the new portal, associates will also have the option to make personal cash contributions to any eligible 501(c)(3) nonprofit.



community

SPRING VOLUNTEER INITIATIVE

As the needs of Kohl's customers, communities and associates evolve, Kohl's Cares has embraced innovation and transitioned the focus of our annual company-wide initiative to active and wellness. This spring, more than 100,000 hours of associates' personal time was contributed to more than 3,000 active and wellness organizations to inspire communities to be active and stay well.

As part of this initiative, Kohl's hosted an event at the Pettit National Ice Center with Boys & Girls Clubs of Greater Milwaukee where more than 100 associates led nearly 200, third through eighth graders, through a variety of activities including ice skating, obstacle courses, track workouts and a healthy eating workshop. On the east coast, Kohl's associates partnered up with Under Armour to lead nearly 400 kids from Boys & Girls Clubs of Metro Baltimore in activities like flag football, relay races, bean bag tosses and more. These events showed youth how fun active and wellness lifestyles can be.

With the success of the spring volunteer initiative, Kohl's continued its support of Boys & Girls Clubs of America during the back-to-school season to ensure children across the country are empowered to reach their full potential now and in the future. Kohl's donated \$1 for each pair of jeans sold in store and online in early August, up to \$1 million. Kohl's was honored to receive the Boys & Girls Clubs of America 2017 Cause Marketing Award for these efforts.



KOHL'S SERVES MILITARY THROUGH VOLUNTEERING

This summer, more than 600 associates from across the country volunteered in support of our military and their families. Associates volunteered in many different and impactful ways, such as collecting donations, manning a weeklong camp, and assisting trainers of service dogs for veterans.

The Veterans Business Resource Group volunteered with Camp Hometown Heroes, an organization that provides a free week-long camp for children and younger siblings of fallen U.S. service members. Throughout the course of one week, approximately 90 associates volunteered more than 400 hours, helping to prepare food and setting up activities with the kids such as capture the flag. Kohl's associates were proud to support an organization that provides healing for so many children right in their own community.



KOHL'S SUPPORTS THE AMERICAN CANCER SOCIETY

In 2017, the Kohl's product development team put their heads together with the American Cancer Society (ACS) to create thoughtful and purposeful head wraps for those battling cancer. More than 300 associates volunteered their time to stitch 800 head wraps, as well as create skincare kits, provider care packages and more to support ACS. These gifts are distributed to patients and their families during treatment.

The head wrap effort allowed Kohl's product development associates to bring their expertise to a worthwhile cause. It is just one of the many ways the company has given back to the organization.

Click below to see how the event came to life and visit [Corporate.Kohls.com](https://www.kohls.com/corporate) to learn more about Kohl's partnership with ACS.



LIFTING UP COMMUNITIES AFTER NATURAL DISASTERS

The year 2017 proved to be devastating with natural disasters such as Hurricane Harvey, Hurricane Irma and California wildfires impacting thousands across the country. In these unfortunate and challenging times, the company made a decision to help our associates, customers and communities recover and rebuild in the aftermath of these destructive disasters. In 2017, Kohl's donated \$2 million to the American Red Cross to help provide immediate assistance, including safe shelters, food and comfort for families in need. Since 2001, Kohl's has donated more than \$8.5 million to support the American Red Cross with disaster relief efforts across the country.

We provided opportunities for associates and customers to make a financial donation to the American Red Cross through various in-store and digital marketing efforts. Kohl's provided financial assistance to help affected associates return to a normal life as quickly as possible. More than \$600,000 was provided to associates for home or automobile repairs, and replacing personal belongings such as clothing, furnishings and other necessary items. Per Kohl's standard policy, we also continued compensation for a limited time for associates based at locations that closed as a result of the natural disasters.

Kohl's issued a special discount for associates and customers living within the regions impacted by Hurricane Harvey and Hurricane Irma to help them get the supplies they needed.

Kohl's associates also joined together to help their communities and fellow associates during these difficult times. In 2017, they supported disaster relief efforts surrounding Hurricane Harvey, Hurricane Irma and the California Wildfires, volunteering more than 3,800 hours through the Kohl's volunteer program. This resulted in more than \$235,000 volunteer disaster grants directly supporting the impacted communities. Additionally, associates donated thousands of items to help provide their co-workers and the Houston and Florida communities with basic necessities including apparel and household items.



Hurricane Irma - Florida Keys



Hurricane Harvey - Houston

community

HOMETOWN PARTNERSHIPS

Kohl's supports our hometown of Milwaukee, Wis., through strong partnerships with local, nonprofit organizations. Milwaukee is where we made our start, so it's important to Kohl's that we give back to the community. We are extremely proud of our more than 20 hometown and affiliate partners – each help make Milwaukee thrive. Our local efforts focus on supporting the acute needs of our city, including safety, poverty and education. Additionally, we look to support the iconic institutions that make Milwaukee a great place to live. Because of this, we give to a wide variety of causes, including arts and culture, health, education, conservation and social service. We also sponsor some of Milwaukee's most premier, family-friendly events to ensure everyone in southeast Wisconsin can have access to the amazing programming our partners develop.

Throughout our history, Kohl's and Kohl's Cares have given more than \$100 million to nonprofits in the Milwaukee metro area. Here are two great examples of how Kohl's gives back to Milwaukee organizations:



- **COA Youth & Family Centers** – Kohl's partners with COA to help ensure Milwaukee's youth has the knowledge and tools needed to succeed and thrive in today's workforce. Support expands after-school and summer programs at learning centers, adds programming to include school off-days and introduces vital science, technology, engineering and math (STEM) curriculum through the Kohl's Explore Your Future program. In 2017, more than 4,500 youth engaged in Kohl's supported programs at COA.

- **Milwaukee Public Museum** – To provide the opportunity to experience the rich history housed in the Milwaukee Public Museum's exhibits and collections, Kohl's Thank You Thursday gives local families free admission to the museum and access to more than 150,000 square feet of fascinating exhibit space on the first Thursday of every month. Through Kohl's Thank You Thursdays the Museum welcomed approximately 35,000 visitors in 2017.

For more information on all of Kohl's hometown and affiliate partners, visit [Corporate.Kohls.com](https://www.kohls.com/corporate).



community

HOMETOWN PROGRAMS

Field Trip Grant Program

Through the Kohl's Field Trip Grant program, access is provided to some of Milwaukee's premier educational destinations, helping children learn and grow through valuable, experiential learning opportunities. Grants valued at up to \$1,000 each are provided to eligible schools on a first-come, first-served basis. Participating schools can visit one of our hometown partner organizations: Betty Brinn Children's Museum, Discovery World, Hunger Task Force, Junior Achievement of Wisconsin, Milwaukee Art Museum, Milwaukee Public Museum or Milwaukee County Zoo.

In 2017, Kohl's contributed more than \$1 million in funding to more than 480 schools throughout metro Milwaukee. Since program inception in 2013, Kohl's and Kohl's Cares have granted more than \$5 million in field trips.



Hometown Giving Program

In 2017, Kohl's Cares launched the Kohl's Hometown Giving program that provides an opportunity for nonprofits in Milwaukee County to apply for a grant ranging from \$5,000 to \$50,000. Kohl's awarded grants to 28 organizations, supporting arts and culture, conservation, education, health and social service nonprofits. The grants will be used for everything from the expansion of youth development programs with Girls on the Run to supporting an entire academic school year of literacy intervention efforts at a high-need Milwaukee school with City Year Milwaukee.

Other initiatives in the Giving Program include the development of urban produce gardens at Walnut Way Conservation Corp., in-school performances and performing arts workshops by Skylight Music Theatre Corp., and the support of building 25 homes and rehabilitating eight others for low-income homebuyers through Milwaukee Habitat for Humanity.



environment

We are committed to providing healthy and engaging environments for our customers and associates. In 2017, we concentrated our sustainability efforts in three key strategic pillars: environmental stewardship; customer, associate, and stakeholder engagement; and operational efficiency. By seeking solutions that encourage long-term sustainability, we try to leave a smaller footprint. The steps we have taken and continue to take – both big and small – help us drive results as we strive to create a more sustainable tomorrow.



environment

 **ENERGY STAR
AWARD 2017**
PARTNER OF THE YEAR
Sustained Excellence



 **SmartWay[®]**
Transport Partner
Getting There With Cleaner Air

2017 EPA SmartWay Excellence Award
for continued commitment
to transportation excellence



BSR[®]

Business for Social Responsibility (BSR)

**Sustainable
Apparel
Coalition
Member**



Sustainable
Apparel Coalition



We Voluntarily Participate in



Conserving Resources,
Preventing Waste

2017 EPA
WasteWise National
Award recipient

environment

Diversion rate of **MORE THAN 83%** recyclable waste



88%

of our stores are **ENERGY STAR®** certified

Over **200,000** rooftop solar panels operating



163

Kohl's facilities



206

vehicle charging stations at **94 locations**



433 LEED®-certified buildings with **5 Gold Certified™** corporate facilities

9 solar trees

offsetting power at two corporate locations in Wisconsin and Texas

environment

ENVIRONMENTAL STEWARDSHIP

In 2015, we signed the American Business Act Pledge on Climate Change with more than 150 other companies to demonstrate our commitment to lowering greenhouse gas emissions over the long term for a sustainable future. To remain responsible stewards of the environment and our resources, we will continue to prioritize cost-effective initiatives, recycling and reducing waste, and drive operational efficiency, in line with business needs. Energy and fuel savings and recycling rebates present a positive business case for sustainability programs. Our consistent recycling rate above 80 percent demonstrates our drive to reduce waste in the communities we serve.

RENEWABLE ENERGY

Kohl's hosts more than 200,000 solar panels on 163 rooftops around the country. Each system can provide between 20 and 50 percent of a store's energy needs. We have also installed a total of nine solar trees between two corporate buildings in Menomonee Falls, Wis., and Dallas. In addition to solar, Kohl's hosts two wind turbines – both at our Findlay, Ohio, distribution center.

RECYCLING WASTE

Kohl's was honored with the 2017 U.S. Environmental Protection Agency's (EPA) WasteWise Award for our excellence in waste management, leading large businesses in its practices of preventing waste and recycling in order to achieve both environmental and economic benefits. We are committed to recycling programs and waste avoidance strategies to support efforts to conserve resources. This means encouraging associates, partners and customers to reduce their waste, and looking for opportunities to reuse and recycle materials.

Operational Waste

In store and at our corporate facilities, our solid waste management policy covers the disposal of all consumables and durable goods with the goal of recycling as much material as possible. Kohl's recycles the shipping material from shipment packaging. We also actively work with our merchant teams to increase the units per carton, helping to reduce the amount of handling, transportation and overall material in the supply chain.

In 2017, a recycling rate of more than 83 percent was achieved across our operations, moving closer to our goal of 85 percent.

Our recycling programs are bolstered by training and education. Signage in the stockroom and other associate areas, as well as consistent training, reinforces awareness of the proper disposal of regulated items.

To help drive continuous improvement and a culture of sustainability, stores are rewarded throughout the year for employees' sustainable behaviors. More than 900 stores were recognized in 2017.

Some of our key recycling initiatives include:

- **Plastics** - In 2014, we developed partnerships to help us recycle plastic film, bags and wrap. As a result of these programs, we recycled more than 7 million pounds of plastic film, bags and wrap from shipping, store operations and customers in 2017.
- **Dry Waste** - Materials are collected and delivered to a facility to be sorted before being appropriately recycled or disposed of.
- **Beauty Products** - Kohl's stores recycle fragrance testers, nail polish, soaps and other beauty products. Products are collected and recycled into useful items like paints for models, outdoor furniture, floor cleaners and deodorizing sprays.

- **Fabric Scraps** - In 2017, we built on our existing garment recycling program by recycling fabric scraps in our New York, Milwaukee, and Findlay, locations that handle fabric. In New York, associates sort scraps in one of two bags, one for regular scraps and another for proprietary materials. At our headquarters outside of Milwaukee and in other corporate locations, associates place scraps into large purge boxes that are sorted at our distribution center in Findlay.

For more detail on environment measurements, please refer to **Key Metrics** at the end of this report.

environment

Bag and Hanger Recycling

Kohl's recycles approximately 150,000 tons of materials each year, more than 80 percent of all waste generated. In addition to our company recycling efforts, we want to make it easier for our customers to recycle as well. Shoppers can find a bright, green box at Kohl's stores where they can drop plastic bags, shipping envelopes, air pillows and product wrap. Customers may also bring our hangers back to the store any time, for recycling and reuse. To further this cause, our shopping bags are even made with sustainability in mind, as they contain 30-50 percent recycled, unbleached plastic – resulting in the gray colored bag customers receive when they shop at our stores.

STAKEHOLDER ENGAGEMENT

We recognize the need to partner with others in order to create innovative solutions that drive our company forward in the long term and reduce our carbon footprint in the process. As a company, we look for ways to make sustainable choices easy for our customers and associates. We further acknowledge climate change can alter the way we currently do business, from energy expenses to sourcing, even to shifting seasonal weather conditions that impact our customers' shopping habits. In addition to our partnerships with the EPA and the U.S. Green Building Council (USGBC),



we regularly participate in Retail Industry Leaders Association (RILA) Environmental Compliance and Sustainability meetings to share expertise and discuss industry trends in sustainability.



Kohl's is one of the founding circle members of the Sustainable Apparel Coalition (SAC) and maintains active membership. The SAC is a group of apparel manufacturers, retailers, brands, and non-governmental organizations working together to standardize sustainability measurements in the apparel and footwear supply chain. Its Higg Index is an indicator-based tool for apparel that enables companies to evaluate material types, products, facilities and processes based on a range of environmental and product design choices. We use the Higg Index to benchmark ourselves against peers and engage our suppliers in the process of improving our textile supply chain and factory performance.

ELECTRIC VEHICLE CHARGING

Kohl's is supportive of electric vehicle usage. To that end, in 2011 we started helping families play their part in lowering carbon emissions as we began providing electric vehicle charging stations in store and corporate parking lots. What has made our stations especially valuable and unique is our decision to offer free charging during shopping and business hours. Accessibility to stations, whether while shopping or at work, creates a convenient and easy experience for customers and associates while we support environmentally-friendly behavior.

Our network of stations is currently in 22 states. At this time, we have 206 charging stations at 94 locations. Customers and associates can find stations through independent mobile apps for electric-vehicle drivers or on Kohls.com in the store locator section.

PAPERLESS CREDIT STATEMENT

Since 2014, the company has issued more than 150 million electronic credit card statements to Kohl's charge card holders. We have seen a steady increase in customers opting in for electronic billing. To date, more than a quarter of our credit statements are delivered electronically. We will continue to push our customers to a more paperless and sustainable environment.

For more detail on environment measurements, please refer to [Key Metrics](#) at the end of this report.



environment

CUSTOMER AND ASSOCIATE MESSAGING

We share our sustainability story with customers and associates in several ways. In 2017, we refreshed our overhead audio messages that play in stores and added information on plastic bag recycling and hanger recycling. We localized the message to play in the stores that have electric vehicle charging, solar panels, LEED® or ENERGY STAR certification. Overhead messages allow us to easily connect with customers while they shop. We also highlighted these localized store features in a prominent location on [Kohls.com](https://www.kohls.com) so customers can find them on the store map in our “Store Locator” tab.

To share our mission of a more sustainable tomorrow with associates, we include environmental challenges in areas such as food sustainability and energy use every quarter. We do this on the company’s Design A Life You Love platform for overall well-being. To support our culture of appreciation for a job well done, “Caught Green-Handed” digital recognitions allow associates to specifically celebrate environmentally-conscious behavior. Associates applauded each other more than 1,700 times for taking part in a sustainable activity. In 2017, we published several stories on the company intranet that highlighted major recycling initiatives, specifically those with direct associate participation. With so much activity happening behind the scenes, we believe communication is an important part of engaging and educating our customers and associates so they can feel proud about being part of our sustainability success.

BUILDINGS

We are committed to providing healthy and engaging environments for our customers, associates and communities through our more than 1,100 stores, facilities and corporate offices. As part of these efforts, we have invested in building and maintaining energy efficient, sustainable buildings.

We use the USGBC’s Leadership in Energy and Environmental Design™ (LEED®) green building program rating systems to guide the design, construction and operation of our stores. Our expansive LEED® portfolio with 433 locations across the country stands as a testament to the steps we have taken to reduce our environmental impact and provide customers with a positive and healthy shopping environment. There are three LEED® rating systems that Kohl’s leverages across our building portfolio: LEED® Building Design and Construction, LEED® Building Operations and Maintenance, and LEED® Interior Design and Construction. Kohl’s was also one of the first companies to complete the recertification process in the LEED® Volume Program.

For new construction and existing buildings, we developed three LEED® Volume Program prototypes, which we use to influence future projects and streamline the process. We operate our stores using LEED® guidelines and policies. Currently, 36 percent of our buildings are LEED® Certified™.



environment

New Building Design and Construction

Since 2008, newly constructed stores have been built according to the Building Design and Construction: Retail rating system. In 2012, Kohl's began to use our LEED Gold® Building Design and Construction: Retail prototype as the basis for new store design and construction. As of 2017, we have 150 stores that are LEED® Certified™ under the LEED® Building Design and Construction: Retail guidelines.

Design

Taking into account climate, site location and usage patterns, we model all of our building plans to ensure that our designs achieve high levels of energy efficiency and meet ENERGY STAR specifications. Our facilities include features such as low lighting power density and reflective membrane roofs that help conserve energy.



Operations

In each Kohl's store, we have installed an automation system to monitor heating, cooling and ventilation; low-flow fixtures to conserve in-store water; and efficient, programmed heating, ventilation and air conditioning (HVAC) units to provide an increased supply of outside air to improve in-store air quality.

Corporate Locations

In addition to our stores, we work to bring sustainability to our corporate facilities. Currently, seven of our corporate facilities are LEED® certified. The Kohl's Innovation Center (KIC) is LEED® Silver Certified™ under the LEED® for Commercial Interiors rating system. Five corporate locations have obtained LEED® Gold Certified™ status, including, but not limited to, our photo studio, design studio, and San Antonio, Texas call center.



MAINTENANCE

Our focus on sustainability over the last decade has increasingly shifted from building new stores to improving the operational efficiency and customer experience of our existing facilities. Maintaining efficient, environmentally-responsible buildings requires continual maintenance, monitoring and investment. Our facilities are managed and operated with LEED® guidelines as the blueprint to help ensure that we are implementing proven best practice approaches to building maintenance. Currently, 273 of our stores are certified under LEED® Existing Buildings: Operations & Maintenance.

Recommissioning is a process Kohl's uses to evaluate stores' equipment and store functionality to ensure it is operating as designed. It is a tool we use to monitor existing locations that are underperforming – often those with a high-energy usage and low ENERGY STAR scores. Recommissioning gives us an opportunity to ensure that our energy-using equipment is in good operating condition and address any discrepancies through maintenance or replacement. The results include greater energy efficiency and lower costs over time.

environment

LIGHTING & HVAC

Replacing lights with LEDs has allowed us to reduce our emissions and save on both electricity and maintenance costs. To that end, we continued our sales floor lighting upgrade program in 2017, retrofitting 130 stores with LED lighting. By replacing fluorescent fixtures with LED fixtures, we anticipate that we will reduce our total consumption by more than 38 million kilowatt-hours. We also completed 82 HVAC replacements, installing newer, more efficient models in stores across the country. We plan to continue to maximize efficiency in 2018 and beyond by upgrading our facilities to LED lights and newer HVAC systems.



PARTNERING FOR ENERGY EFFICIENCY

Kohl's maintains several key partnerships intended to further advance the efficiency of our stores, facilities and corporate offices.



As a participant in the U.S. Department of Energy's Better Buildings Challenge, Kohl's set a goal to reduce energy use by at least 20 percent across 112 million square feet of our occupied building space by 2020, against a 2008 baseline. We are working toward this goal through a combination of sustainable building and maintenance practices. At the end of 2016, we had achieved an 18 percent reduction in energy usage from a 2008 baseline.

In recognition of our continued leadership in energy efficiency, Kohl's was again awarded an ENERGY STAR Partner of the Year – Sustained Excellence Award in 2017. We have been working with the EPA ENERGY STAR program since 1998. ENERGY STAR provides Kohl's with tools and technical information to help save money and protect the climate through improved energy efficiency. Our participation in this program helps us assess the performance of our buildings and set goals to improve energy efficiency. Using the ENERGY STAR scoring system, buildings are rated on a scale of one to 100. A score of 75 or higher achieves ENERGY STAR certification, indicating that the building is among the top 25 percent of retail stores in the country for energy efficiency. Eighty-eight percent of our stores are ENERGY STAR certified, including 14 stores certified in 2017.



CONSERVING WATER

We invest in appliances, equipment and processes to help conserve this precious resource. Our stores feature efficient low-flow faucets and new stores have low-flow toilets. Together, these measures are helping to reduce indoor water usage by 20-30 percent, compared to the baseline, which was based on the requirements of the Energy Policy Act of 1992 and 2005. We are working to install smart irrigation controllers that use live weather data to inform irrigation schedules and reduce outdoor water usage. We are also exploring strategies to utilize native vegetation and drought-resistant plants to significantly reduce or even eliminate the need for irrigation altogether.



environment

TRANSPORTATION SUSTAINABILITY

In our work to drive efficiency among our domestic and international carriers, Kohl's maintains two key external partnerships.

Domestic Carriers

In 2017, Kohl's was honored with the EPA's SmartWay Excellence Award. We are a member of the EPA SmartWay transport program, a public-private initiative working to improve fuel efficiency and reduce transportation related emissions.



In 2017, it was reported that 100 percent of miles our merchandise traveled domestically in 2016 were with SmartWay members. Kohl's uses SmartWay tools to measure our domestic road transportation emissions footprint, and we report our transportation data annually to the EPA.

Through careful planning and collaboration, we contributed to the elimination of 2.3 million miles of inefficient truck travel in 2017. Delivering cargo, trucks are often underutilized or even empty during return trips. Backhauling truck loads with cargo for their return trip ensures no miles traveled are wasted. The benefits to backhaul include reduced fuel costs, road miles, emissions, and congestion due to fewer empty trucks on the roads. Additionally, Kohl's continues to support shipment by rail. This is a more economical way to move our products between our distribution centers and stores than shipping by road, and emits 75 percent less carbon emissions. In 2017, Kohl's rail shipments accounted for more than 77 percent of the total miles traveled by our carriers.

International Carriers

Kohl's engages its ocean carriers through its membership in the Business for Social Responsibility (BSR) Clean Cargo Working Group. This group's membership includes more than 85 percent of the world's ocean carriers, including nine of 10 Kohl's ocean carriers. Ninety-seven percent of carriers transporting Kohl's merchandise travels on a BSR cargo ship. BSR makes up-to-date ocean emission data available, enabling group members to further understand our overall supply chain footprint.

For more detail on environment measurements, please refer to **Key Metrics** at the end of this report.

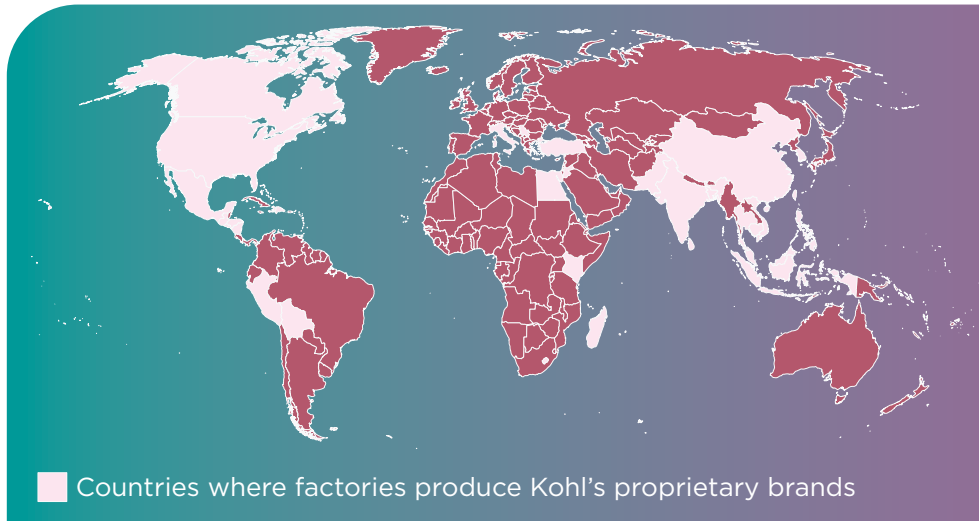


partners



We hold ourselves to high ethical standards to create a positive social impact, and expect the same from our business partners. We have a clear code of conduct that we honor ourselves and Terms of Engagement that we require of our merchandising vendor partners. We maintain fair business practices, and put ethics and safety at the forefront of our business decisions.

partners



80%
of factories
deemed compliant



MORE THAN
1,392
facilities
visited

MORE THAN
1,960
monitoring
visits
conducted



41
unannounced
visits



RESPONSIBLE SOURCING

At Kohl's, social impact extends to our relationships with our suppliers and merchandising vendor partners. This is embedded in our social compliance process and reinforced by our policies, programs and partnerships. We expect our vendor partners to live up to their commitments, including the fair and ethical treatment of workers engaged in the manufacturing of merchandise procured for Kohl's.

The collaborative efforts of several, separate departments help to ensure that our proprietary brand products are responsibly sourced. Our product development, merchant and global trade compliance departments each play a role. The product development and merchant departments identify product categories for proprietary brands, develop individual product styles and negotiate the purchase transaction with suppliers. The global trade compliance department works with agents, vendor partners and factories to monitor factory working conditions to help ensure the fair and ethical treatment of workers in a safe and healthy work environment.

OUR POLICY

Our Terms of Engagement ("our Policy") spell out expectations to our vendor partners regarding wages and benefits, working hours, prohibiting the use of child or forced labor (which includes, without limitation, prison and slave labor, or human trafficking for those purposes), discrimination, disciplinary practices, women's rights, legally-protected rights of workers to free association, health and safety issues, and more. Our Policy conveys our requirement and expectation of social compliance to our vendor partners in order to minimize human rights risks from operations throughout our supply chain.

Our policy is posted at [Corporate.Kohls.com](https://www.kohls.com/csr).

Egregious Policy Violations

Our compliance philosophy focuses on continual improvement; however, we have zero tolerance regarding egregious violations of our Policy. The following violations of our Policy will result in immediate termination of our business relationship with the factory, and merchandise produced under such conditions will not be accepted:

- Child labor, prison labor, forced labor, bonded labor, slavery or human trafficking
- Physical or sexual abuse
- Nonpayment of wages
- Unauthorized subcontracting
- Ethical standards: attempted bribery of social compliance or quality assurance auditors
- Transshipment or altering/tampering with country-of-origin markings

We communicate our zero tolerance regarding egregious policy violations to vendor partners during vendor meetings and through business correspondence to ensure awareness and understanding of these critical issues in order to reduce human rights risks in our supply chain.



California Transparency in Supply Chains Act

Our Policy is the standard that we apply to vendor partners and includes, but is not limited to, merchandise covered by the California Transparency in Supply Chains Act. The act, implemented in January 2012, requires large retail sellers and manufacturers doing business in California with annual worldwide gross receipts that exceed \$100 million, to provide disclosures about their “efforts to eradicate slavery and trafficking in their direct supply chains for tangible goods offered for sale.” Our Policy strictly prohibits the use of prison labor, bonded labor, indentured labor, or forced labor in the manufacture or finishing of products we order, including, without limitation, prison and slave labor, or human trafficking for the purposes thereof. Our Policy is enforced through:

Verification

- Working with our vendor partners to raise awareness of the issue of human trafficking.
- Requiring all vendor partners that produce proprietary merchandise for Kohl's to certify that each facility used to produce merchandise sold to Kohl's will operate in compliance with our Policy and all applicable laws, including but not limited to, laws regarding slavery and human trafficking in the countries in which they do business.
- Requiring vendor partners to maintain documentation necessary to demonstrate compliance in factories producing merchandise for Kohl's.
- Requiring our review and approval of all subcontractors that a vendor desires to use in the manufacturing process of Kohl's proprietary goods.

- Enforcing our zero-tolerance policy regarding forced labor, prison labor, slavery and human trafficking.

Audit

- Actively monitoring factories in which our proprietary merchandise is produced using the contracted services of independent, professional, third-party social compliance monitoring firms to perform both announced and unannounced factory audits.
- Monitoring each such factory for social compliance on a periodic basis at a frequency based upon a risk assessment and prior audit findings.

Certification

- In addition to the standards set forth in our Policy, any vendor partner desiring to do business with us must adhere to the terms of the contract under which we purchase goods from the vendor.

Internal Accountability

- Employing dedicated Policy compliance personnel who are responsible for the day-to-day duties and administration of the compliance program, and who are not involved in the product purchase negotiations.

Training

- Providing training for relevant company associates regarding identification and mitigation of the risks addressed by our Policy.

MONITORING AND ASSESSMENT

We recognize that publication of our Policy is only one part of achieving compliance and that active enforcement of our Policy is required. To achieve this goal, we select vendor partners who share our commitment to the principles contained in our Policy, monitor our vendor partners' compliance efforts, and exercise our ability to take corrective action when necessary. We believe in working closely with our vendor partners to identify and address challenges in a responsible manner that considers the needs and expectations of the affected vendor partner, its suppliers, employees and our shareholders. As a result, we closely monitor social compliance and encourage our vendor partners to continually enhance their processes and procedures to protect the health, safety and human rights of workers. Socially-compliant factories contribute to a more predictable, efficient and effective supply chain able to better meet the long-term needs of our business.

partners

The core steps of the social compliance audit program completed at factories used by our merchandising vendor partners to produce proprietary merchandise for Kohl's have remained consistent for almost two decades. The application of our core audit program steps facilitates comparison of year-to-year results in order to determine if progress is being made. Some non-core audit steps have been adjusted over the years based on more recently identified risks or the need for additional information.

Overall, factory audit results have consistently improved over the past three years as evidenced by the significant decline in the number of factories that have been deemed not authorized to produce for Kohl's. In 2015, 6 percent of factories visited were deemed noncompliant, 4 percent in 2016, and only 3 percent in 2017. Our overall social compliance program, including vendor education, factory monitoring, remediation efforts and training has improved social compliance at factories producing proprietary products.

Proprietary Brand Vendor Partner Compliance Program Performance

In 2017, there were 1,960 monitoring visits to 1,392 facilities; 41 percent of these were unannounced. At fiscal 2017 year-end, 80 percent of facilities were deemed compliant. This improved from three years ago, when 76 percent of facilities were deemed compliant. To that end, in 2014, there were 3,193 monitoring visits to 1,418 facilities; 56 percent of these were unannounced.

The number of monitoring visits and percentage of unannounced visits have decreased over the past three years due to vendor consolidation and improved facility compliance, requiring fewer unannounced follow-up monitoring visits in order to be deemed compliant.

We retain the services of three professional, independent, third-party firms to monitor vendor partner compliance with our Policy. Our monitors have auditing professionals located in the territories in which the manufacturing facilities are located who are able to speak the language of workers and management, and who have extensive experience with monitoring social compliance on behalf of international customers. Completion of our full audit program requires a two-day visit, while follow-up audits are completed in one day.

Factories are inspected for compliance on an annual basis, and undergo follow-up monitoring visits and training when issues are noted. We reserve the right to review all vendor partner facilities and conduct unannounced on-site inspections of manufacturing facilities. Once deemed compliant with our Policy, factories are monitored periodically based on their risk level. Risk assessment is based on the following factors:

- Social conditions in the geographic location of the factory
- Factory management commitment toward social compliance
- Historical audit results of both vendor partner and factory
- Open-source information
- Potential issues reported via public media

In 2017, we began implementation of a new, automated risk assessment tool to more effectively evaluate risk related to facilities located in 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.

Upon arrival at a factory, our third-party social compliance monitors conduct an opening meeting with facility management to review our Policy. If access to the facility is denied, the auditor immediately notifies us. Our Policy compliance team researches the reason for the denied access to determine if the factory will be granted another visit. If so, the Policy compliance team schedules an unannounced visit. If factory management denies access to the auditor a second time, we terminate our business relationship with the factory.

Upon completion of the opening meeting, a factory tour is conducted and workers are randomly selected to be interviewed. Worker interviews are conducted in a private place and in the local language of the workers. The content of worker interviews is kept strictly confidential.

During the course of each facility visit, our independent compliance monitoring partner documents all deficiencies related to our Policy. The monitor then summarizes and discusses each deficiency with factory management to facilitate immediate corrective action. In addition, our audit report is sent to our Policy compliance team for review, and we work with vendor partners to implement corrective actions.

We take appropriate action if we identify noncompliance with our Policy. Depending on the severity of the deviation, actions include working with our vendor partner to ensure that adequate steps are taken to address deficiencies, canceling affected orders, or even terminating the business relationship. Whenever possible, we attempt to bring noncompliant facilities into compliance rather than terminating the business relationship.

For more details on proprietary brand vendor partner compliance, please refer to **Key Metrics** at the end of this report.

partners

Education and Training

We provide training to and regularly communicate with vendor partners about our Policy and our expectation of compliance. In 2017, we conducted numerous individual and small group-training sessions for vendor partners to promote understanding and compliance with our Policy. In this way, we create a forum to clearly communicate our requirements and expectations and, in turn, hear from our vendor partners about the country's specific political, cultural, social and economic issues that affect their businesses.

Our vendor partners are invited to take part in our training initiatives for a number of reasons, which may include their identified risk level, newness to Kohl's or historical audit results. We focus our initiatives on building capacity with proprietary brand vendors, but do include national brand vendors if circumstances warrant. Our training sessions cover a number of topics, including:

- Expectations for suppliers
- Policy definitions
- Best practices
- Site verification methods
- Indicators of noncompliance
- Facility assessment reporting
- Remediation methods
- Compliance improvement
- Sustainability

In addition, we strongly encourage our vendor partners to develop and enhance their own internal social compliance functions to raise awareness and to sustain performance improvements. It is also key that our associates understand the importance of our Policy. Social compliance training is available to all Kohl's associates. We conduct quarterly instructor-led training sessions for product development associates regarding our Policy requirements.

For relevant Kohl's associates who have direct responsibility for supply chain management, we provide targeted training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chain.

Product Quality

Product integrity considerations are built into our product development process to ensure products meet all applicable federal and state mandates, and are safe for our customers. The product integrity team works with our manufacturers, vendors, and agents to ensure that all proprietary brand products are subjected to rigorous testing through our corporate testing program prior to shipment. Testing is conducted at independent third-party laboratories that we approve. Depending on the end product, testing can range from checking for mechanical hazards to flammability of fabrics.

Our product integrity department works to remain current regarding changes in consumer product regulations at the federal, state and local levels. The department is responsible for ensuring that changes are incorporated into our product development process. The goal is to deliver a safer, quality product to our customers. Additionally, we have taken proactive steps in voluntarily adopting product safety programs in the best interests of our customers.

Communication on Industry Issues

As a retailer, we face varied challenges throughout our supply chain. We set policies, create programs, and partner with leading organizations and other retailers to promote socially-responsible practices both at Kohl's and across the retail and apparel industry. We communicate these policies to our vendor partners during vendor meetings, through business correspondence and via our vendor portal. New proprietary brand vendors receive packets that include further information, along with a Certification of Compliance with All Legal Obligations form, to be signed and returned by a principal of the vendor partner. Kohl's Terms of Engagement and Kohl's Purchase Order Terms and Conditions also emphasize the importance of the topics described in this report.

partners

Social Compliance Governance

We integrate social, economic and environmental considerations into our purchasing and risk management processes.

Our Social Responsibility Committee guides the overall direction, assessment and continual improvement of our compliance program. The committee consists of senior leadership and executives responsible for business operations from many departments, including merchants, product development, legal, risk and compliance, and the global trade compliance departments, as well as executives directly responsible for the day-to-day efforts of our social compliance program.

As part of the global trade compliance department, a team of dedicated compliance associates is responsible for day-to-day administration of the social compliance program. This team is independent of the product development and merchandising departments. As a result, day-to-day decisions regarding the social compliance status of potential and existing factories that are being used to produce our proprietary brand merchandise are made by associates not involved in the actual purchase negotiation.

Our governance policies and business strategies include risk management activities to help provide the consistent, socially-compliant supply chain necessary to achieve our long-term financial performance goals.

Better Work Programs

We participate in the International Labour Organization's **Better Work Vietnam (BWV)**, **Better Work Nicaragua (BWN)** and **Better Work Indonesia (BWI)** programs, which focus on strengthening labor standards in export garment industries. We rely on BWV, BWN and BWI factory monitoring results for applicable factories in lieu of performing our own scheduled audits to reduce audit fatigue. This process provides factory management with more time to focus on corrective action and sustainable, continual improvement.

Alliance for Bangladesh Worker Safety

Kohl's is a founding member of the **Alliance for Bangladesh Worker Safety**, formed in July 2013. The Alliance is focused on protecting and empowering workers, and elevating fire and building safety in Bangladesh garment factories. To date, the alliance:



- Provided refresher fire safety training to more than 1.4 million workers.
- Established a team of technical experts and remediation case managers in Bangladesh.
- Has driven significant progress in Bangladesh worker safety through factory worker and management training initiatives, and via factory inspections and remediation monitoring efforts during its more than four years of operation.
- Implemented a worker helpline in more than 950 factories for more than 1.4 million workers to confidentially share safety concerns without fear of retaliation.
- Launched democratically-elected safety committees comprised of both workers and management in more than 165 factories.
- Is working to build capacity within the Government of Bangladesh to take responsibility for factory safety in the Ready Made Garment industry.
- Is working to foster the sustainability of its progress by transitioning to an independent, credible, locally-led safety monitoring organization in 2018 that will continue inspections, factory monitoring, and the highly successful worker Helpline and Basic Fire Safety programs.
- Developed and adopted a common safety standard to create consistency with other initiatives.
- Completed structural, electrical and fire safety inspections of all alliance factories with more than 300 factories having already achieved Corrective Action Plan completion.
- Provided basic fire training for more than 1.5 million factory workers and specialized training for more than 27,000 security guards in Alliance factories.

partners

Conflict Minerals

We expect all vendor partners to ensure that merchandise sold to us is free of any conflict minerals. Conflict minerals are tin, tantalum, tungsten or gold sold to finance conflict in the Democratic Republic of the Congo or an adjoining country. We have put in place policies, a due diligence framework and management systems to help ensure our vendor partners' compliance with this expectation and to enable us to comply with the reporting requirements of the Security and Exchange Commission's Conflict Minerals Rule.

We have engaged an outside firm with specialized expertise in mapping and tracing supply chains to support our conflict minerals compliance program. We expect vendor partners to establish their own due diligence programs to ensure conflict-free supply chains and take any other steps necessary to abide by our policies and the contractual commitments provided to us. View the Kohl's Policy on Conflict Minerals and Kohl's Conflict Minerals Report for further details [here](#).

Kohl's is a member of the Responsible Minerals Initiative (RMI), which helps companies make informed choices about conflict minerals in their supply chains. RMI membership provides access to Reasonable Country of Origin Inquiry, country of origin information associated with facilities that are validated through the Responsible Minerals Assurance Program, and access to the latest information and insight about developments on regional issues, sourcing initiatives and regulatory schemes in support of responsible sourcing.

Clean Diamond Trade Act

We require all diamond jewelry suppliers to ensure that the merchandise they sell to us meets the requirements of the Clean Diamond Trade Act and the Kimberley Process Certification, and to ensure that merchandise sold to us does not contain diamonds involved in funding conflict.



Uzbekistan Cotton

We do not knowingly carry products that use cotton originating from any country that condones the use of child or forced labor. We do not source any proprietary brand products from Uzbekistan and, to the best of our knowledge, cotton from Uzbekistan is not used in goods produced for us in other countries. Until we are convinced that forced child labor is not being used to produce cotton in Uzbekistan, we specifically prohibit the use of Uzbekistan cotton in the manufacture of merchandise intended for sale in our stores. View the Kohl's Policy on Uzbekistan Cotton for further details [here](#).

For more information, visit [Corporate.Kohls.com](https://www.kohls.com/corporate).



key metrics: ENVIRONMENT

RENEWABLE ENERGY

The chart below shows our environmental measures that allow us to evaluate our efforts toward using renewable energy.

Calendar year date	Total number of solar arrays	Total number of wind turbine sites
2017	163	1
2016	163	2
2015	163	2
2014	161	2
2013	156	2
2012	137	2

ENERGY STAR CERTIFICATIONS

This data details our efforts toward building and maintaining energy efficient, sustainable buildings.

Calendar year date	Total number of ENERGY STAR stores	Average ENERGY STAR score	Percentage of ENERGY STAR certified stores*
2017	1,013	83	88%
2016	1,000	83	87%
2015	1,009	82	86%
2014	943	81	81%
2013	821	79	70%
2012	752	77	66%

*All calendar year calculations are based on 1,158 stores, the final calendar year number.

key metrics: ENVIRONMENT

WASTE AND RECYCLING

This chart shows the amount of tons per item that we have recycled as part of our efforts to reduce waste.

Calendar year date	2010	2011	2012	2013	2014	2015	2016	2017
Corrugated cardboard	118,609	105,459	111,485	108,605	126,007	117,331	115,287	117,236
Mixed/plastic hangers	10,802	8,822	10,090	10,292	10,983	11,715	11,311	11,275
Mixed office paper	428	518	514	138	231	254	273	370
Wood pallets	2,833	2,197	3,818	647	1,701	3,255	3,652	2,781
Metal	1,414	1,940	1,515	441	735	407	747	1,640
Bottles and cans	612	63	6	186	376	29	150	238
Electronics/batteries	75	10	21	49	140	427	19	277
Light bulbs/fluorescent lights	46	306	305	229	212	234	196	143
Total tons recycled	151,192	149,126	138,529	124,192	145,685	136,691	133,687	166,495*

*The total tons recycled for 2017 includes 32,535 tons of recycled wood scrap.

key metrics: ENVIRONMENT

ELECTRIC VEHICLE CHARGING STATIONS This list is comprised of electric vehicle charging stations at Kohl's stores across the country.

Store name	City	State
Marana	Tucson	AZ
North Phoenix	Phoenix	AZ
Surprise South	Surprise	AZ
Tolleson	Phoenix	AZ
Santa Clarita	Santa Clarita	CA
Santee	Santee	CA
South Chula Vista	Chula Vista	CA
Ontario	Ontario	CA
Laguna Niguel	Laguna Niguel	CA
Vacaville	Vacaville	CA
Brentwood	Brentwood	CA
Lakeland	Lakeland	FL
Lady Lake	Lady Lake	FL
Lake Wales	Lake Wales	FL
Palm Bay	West Melbourne	FL
Carmel West	Carmel	IN
Noblesville	Noblesville	IN
Plainfield	Plainfield	IN
Silver Spring	Silver Spring	MD
Chesterfield	Chesterfield	MI
Woodhaven	Woodhaven	MI
Bloomington MN	Bloomington	MN
Massapequa	Massapequa Park	NY
Beaverton	Beaverton	OR
Clackamas	Clackamas	OR
Hillsboro	Hillsboro	OR
Franklin	Franklin	TN
Murfreesboro	Murfreesboro	TN
Nashville	Nashville	TN
Spring Hill	Spring Hill	TN
Forum	Live Oak	TX
Northwoods	San Antonio	TX

Store name	City	State
Kyle	Kyle	TX
Leander	Leander	TX
Woodbridge	Woodbridge	VA
Redmond	Redmond	WA
Vancouver Southeast	Vancouver	WA
Marysville	Marysville	WA
LaVerne	LaVerne	CA
Yorba Linda	Yorba Linda	CA
Golden	Golden	CO
Arvada	Arvada	CO
Vernon Hills	Vernon Hills	IL
Downers Grove	Downers Grove	IL
Tinley Park	Tinley Park	IL
Crete	Crete	IL
Lemont	Lemont	IL
Romeoville	Romeoville	IL
Katy South	Richmond	TX
Keller	Keller	TX
Lewisville	Lewisville	TX
Mesquite	Mesquite	TX
Missouri City	Missouri City	TX
Pearland West	Pearland	TX
South Arlington	Arlington	TX
Bayshore	Glendale	WI
Corp HQ	Menomonee Falls	WI
Johnson Creek	Johnson Creek	WI
Madison West	Madison	WI
MKE Credit Center	Menomonee Falls	WI
Warwick	Warwick	RI
Smithfield	Smithfield	RI
Hyannis	Hyannis	MA
Hudson	Hudson	NY

Store name	City	State
Buffalo	Buffalo	NY
Saratoga Springs	Saratoga Springs	NY
Amsterdam	Amsterdam	NY
Clifton Park	Clifton Park	NY
Olean	Olean	NY
Colonie	Albany	NY
North Amherst	Amherst	NY
North Kingstown	North Kingstown	RI
Mantua	Mantua	NJ
McDonough, GA	McDonough	GA
Merchant's Walk, GA	Marrietta	GA
Milton, GA	Milton	GA
Highland	Highland	IN
Angola	Angola	IN
Valparaiso	Valparaiso	IN
Portage	Portage	IN
CSOC3	Dallas	TX
Olathe	Olathe	KS
Overland Park	Overland Park	KS
Belton	Belton	MO
Blue Springs	Blue Springs	MO
KIC - Kohls Innovation Center	Menomonee Falls	WI
MKE Photo Studio	Milwaukee	WI
Corp HQ	Menomonee Falls	WI
Pleasanton	Pleasanton	CA
Campbell	Campbell	CA
Colma	Colma	CA
Arlington Heights	Arlington Heights	IL
Portland	Portland	OR
Silverdale	Silverdale	WA
Lynnwood	Lynnwood	WA

key metrics: ENVIRONMENT

EMISSION MEASUREMENTS*

This chart provides insight into Kohl's carbon emissions using the standards of the CDP.

Calendar year date	Scope 1	Scope 2	Scope 3**	Total emissions	Per 1,000 sq ft building space	Number of stores operating	Normalized emissions per 1,000 sq ft
2017	38,553	529,170	462,039	1,029,762	118,204	1,158	8.71
2016	38,628	625,367	6,670	670,665	117,528	1,154	5.71
2015	35,424	753,379	8,941	797,744	117,599	1,166	6.78
2014	40,510	767,718	8,983	817,211	117,208	1,163	6.97
2013	35,580	832,433	6,684	874,697	116,972	1,158	7.48
2012	22,784	866,703	8,330	897,817	115,965	1,146	7.74
2011	27,722	855,355	7,918	890,995	111,900	1,127	7.96
2010	27,062	832,519	6,369	865,950	109,088	1,089	7.94

*This chart provides insight into Kohl's metric ton carbon emissions for the calendar year using the standards of CDP, which have been left location-based this year for the purpose of comparison in our report.

**In an effort to better capture overall emissions, we added measures for new categories of Scope 3.

key metrics: PARTNERS

PROPRIETARY BRAND VENDOR PARTNER COMPLIANCE PROGRAM PERFORMANCE

The chart below shows data outlining the compliance of our vendor partners and our monitoring activities.

Calendar year date	Compliant facilities	Noncompliant facilities	Inactive facilities*	Still Being monitored	Facilities visited	Monitoring visits	Factory visits not announced
2017	1,120	41	82	149	1,392	1,960	804 (41%)
2016	1,239	57	155	113	1,564	2,308	1,046 (45%)
2015	1,363	100	52	163	1,678	2,659	1,273 (48%)
2014	1,418	177	50	213	1,858	3,193	1,791 (56%)
2013	1,429	183	46	275	1,933	3,370	1,947 (58%)

*Inactive facilities are no longer being used to produce private or exclusive brand merchandise for Kohl's due to business reasons other than noncompliance with our Policy.

For more information visit [Corporate.Kohls.com](https://corporate.kohls.com).