



KOHL'S
2022 ESG REPORT

Table of Contents

03 ESG Report CEO Letter	65 Responsible Sourcing
04 ESG at Kohl's: Kohl's Cares for People and Planet	80 Values, Ethics, Human Rights & Governance
05 Goals, Progress, Highlights & Awards	84 Workforce Safety, Health & Well-Being
11 Kohl's Cares about Sustainable Solutions	87 Product Safety
34 Kohl's Cares about Diversity, Equity and Inclusion	89 Cybersecurity & Privacy
50 Kohl's Cares about Family Health and Wellness	91 Business Continuity, Crisis Management & Disaster Preparedness
60 Workplace Benefits & Our Commitment to Associates	





Tom Kingsbury
Chief Executive Officer, Kohl's

Dear Stakeholders,

We are proud to share our 2022 ESG report. We believe Kohl's is positioned to continue to make meaningful and measurable progress toward our 2025 goals in the areas of diversity, equity and inclusion (DEI), sustainability, and philanthropy. As a leading omnichannel retailer with a national footprint, we have a responsibility to be a strong corporate citizen and make a positive impact in the communities in which we live, work, and serve. Through this report, we want to provide updates on our ESG initiatives and make it easier for stakeholders to track our progress.

Sustainability

In 2019, we set sustainability goals, including quantitative targets focused on three key areas: climate action, waste and recycling, and responsible sourcing. While there is always more work to be done, I'm proud of the progress we've made and the work our teams are doing to ensure Kohl's is recognized as a sustainable leader. In 2022, Kohl's was named to the Dow Jones Sustainability Index (DJSI) North America listing for the fifth consecutive year (2018-2022), acknowledging the company's sustainability performance and ESG commitments.

Diversity, Equity and Inclusion

This year, we continued to make progress toward our DEI people, customer, and community goals. We are proud to report that we've committed nearly \$8 million in 2022 in support of diverse communities, putting us well on our way to achieving our goal of donating \$20 million by 2025. We've also made great progress in diversifying our vendor and partner base, bringing on several great, new diverse- and female-owned partners with many more in the pipeline. We remain committed to making progress on our DEI goals and celebrating both the progress and our learnings along the way.

Philanthropy

In 2022, we put an emphasis on our long-standing philanthropic commitments to family health and wellness, mental health, and the diverse communities we serve. This year, we committed \$10 million over the next three years in support of the Boys & Girls Clubs of America to help fund the development and delivery of trauma-informed training to Club staff. We also entered the second year of our partnership with the National Alliance on Mental Illness (NAMI). With our \$2 million gift, NAMI's support groups can expand to reach countless additional individuals and serve more diverse communities. Kohl's Cares continues to be a successful program, raising nearly \$13 million for communities across the U.S. in 2022 and more than \$415 million since its inception. In addition to our donations, our associates continue to make a big impact with their commitment to volunteerism, with more than 17,000 hours of community service recorded during our Spring into Service initiative in the month of April alone.

Kohl's Cares for People and Planet

As we continue to evolve and adapt our ESG practices using the latest frameworks, technologies, and information available, we're going to be very thoughtful and purposeful. I'm excited about the future of Kohl's in this space and would like to take this opportunity to thank the highly motivated and loyal team of associates nationwide who continue to work toward our goals and help make Kohl's, our communities, and our planet better every day.

A handwritten signature in black ink that reads "Tom Kingsbury". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chief Executive Officer, Kohl's



ESG at Kohl's:

Kohl's Cares for People and Planet

At Kohl's, we believe that, in order to live our values, we must care for the people in our communities and workplace and the planet we all call home. Our associate relations, philanthropic work, environmental sustainability efforts, and partnerships are guided by our Kohl's Cares for People and Planet principles.

Environmental, Social and Governance (ESG) stewardship extends throughout Kohl's business areas and is a key component of our strategy and our vision. It is a critical part of long-term shareholder value, business success, and building a more-sustainable future for all.

Kohl's Cares about Diversity, Equity and Inclusion

Kohl's is committed to Diversity, Equity and Inclusion (DEI) and our strategy focuses on Our People, Our Customers, and Our Community as we carry out our mission to empower more families. It's not just the right thing to do; it is critical in creating an inclusive workplace and brand experience, as well as in driving growth for the organization.

We strive to celebrate our differences and ensure that associates, customers, and our communities feel included through culturally relevant products, designs, and meaningful storytelling. Additionally, Kohl's has committed to providing \$20 million in support to diverse communities from 2022 to 2025, specifically Asian American and Native Hawaiian/Pacific Islander (AANHPI), Black, Indigenous and People of Color (BIPOC), LGBTQIA+, people with disabilities, veterans and active military members, and women.

Kohl's Cares about Sustainable Solutions

Incorporating sustainable solutions in the way we do business will help to build better futures for families and enable company success. Since 2019, Kohl's has monitored and reported performance on our sustainability goals, including quantitative targets focused on three key areas: climate action, waste and recycling, and responsible sourcing.

We are committed to environmentally responsible practices throughout our value chain and maintaining compliance with all applicable environmental laws and regulations, as well as consulting with stakeholders on environmental issues. As a leading retailer with a nationwide footprint, we believe we have a responsibility to positively impact the future of our planet.

Kohl's Cares about Family Health and Wellness

Through Kohl's Cares, our national and hometown partnerships, Kohl's Volunteer Program, and various giving programs, we continue to strengthen our long-standing philanthropic commitment to family health and wellness, including mental health in the communities we serve. Since 2000, the Kohl's Cares cause merchandise program has raised more than \$415 million to fund community initiatives nationwide. Locally, we've given more than \$152 million to Milwaukee nonprofits throughout company history.

About this Report

This report aims to share information with our partners, shareholders, customers, and associates regarding our ESG progress. Our strategy and reporting is guided by frameworks such as industry-recognized standards and frameworks including the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), United Nations Sustainable Development Goals (SDG) and the CDP Climate Disclosures.

Please visit our [Investor Relations](#) website for more information about Kohl's [SDGs](#), [SASB Index](#) and [TCFD Report](#).

Reporting Period

This ESG report covers the fiscal year 2022 (January 31, 2022 to January 28, 2023) unless otherwise indicated.

More Information

For more information about our history, business, sales growth, stores and more, see our 2022 Fact Book at

[Corporate.Kohls.com](https://www.kohls.com/corporate).

*This report has not been audited by a third party.



Goals, Progress, Highlights & Awards

KOHL'S 2022 ESG REPORT



2025 Sustainability Goals

KOHL'S CARES ABOUT SUSTAINABLE SOLUTIONS

Climate Change

2025 GOAL:

Reduce combined scope 1 and scope 2 greenhouse gas emissions by 50% versus 2014 baseline by 2025

2022 PROGRESS:

49%
reduction in scope 1 and 2, CY 2022

Reduce energy consumption by 30% at Kohl's facilities versus a 2008 baseline by 2025

30%
reduction in energy consumption since 2008, CY 2022

Expand renewable energy platforms by building off of the company's existing solar locations

163
solar locations

Support the transition to a low-carbon transportation system, building off of the company's existing locations offering electric vehicle (EV) charging. By the end of 2023, Kohl's aims to have 200 locations offer EV charging.

169
locations offer EV charging, Kohl's has added 73 charging locations since 2018

Waste & Recycling

2025 GOAL:

Divert 85% of Kohl's U.S. operational waste from landfills annually

2022 PROGRESS:

83.7%
of waste was diverted from landfills, CY 2022

Label 100% of Kohl's-owned branded packaging with the How2Recycle® label

100%
of shipping bags and boxes
100%
of in-store shopping bags
100%
of proprietary brand shoeboxes

Kohl's is moving forward with How2Recycle® product packaging in the Home Goods category.

Reduce the amount of plastic and cardboard in Kohl's-owned branded packaging

New packaging technology at select e-fulfillment centers will allow us to right-size bag materials by automatically trimming it to fit the merchandise. The trimmed pieces are then recycled into future packaging.

Responsible Sourcing

2025 GOAL:

Achieve 100% responsibly sourced cotton for Kohl's proprietary brands

2022 PROGRESS:

87% of cotton for Kohl's proprietary brands was responsibly sourced, CY 2022

Require 50% of polyester styles to contain recycled materials in Kohl's proprietary brands

23% of our proprietary brand polyester styles contain recycled polyester

Require all approved facilities producing Kohl's proprietary brand products to complete the Higg Index Environmental Module

100% of approved facilities were required to complete the Higg Index Facility Environmental Module (FEM) in CY 2022, 80% of all approved facilities completed the Higg FEM

Our strategic suppliers were required to complete the Higg VFEM and the Higg FSLM.

In CY 2022, we established environmental standards for our strategic suppliers over five categories that will be assessed for compliance in 2023.

Utilizing the Higg Index, drive substantial reduction in water use in the production of Kohl's-owned branded products by 2025

Higg FEM 2021 performance analysis for water-intensive facilities revealed that our suppliers located in the most-water-stressed regions already have strong water management practices in place.

Kohl's completed a water risk assessment using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas to map areas of water risks across our global supply chain. Kohl's will continue to engage with our business partners (especially those located in high water stress regions) to build their capacity, identify opportunities to reduce water consumption and proliferate best practices.

Emphasize the elimination and reduction of certain chemicals and strive for zero discharge of hazardous chemicals in tier 1 suppliers for select Kohl's proprietary brands

Our Manufacturing Restricted Substance List (MRSL) is now aligned with the Zero Discharge of Hazardous Chemicals (ZDHC) MRSL

100% of our proprietary brand textile towels, pillows, sheets, curtains, and rugs are MADE IN GREEN or STANDARD 100 by OEKO-TEX®

2025 DEI Goals

KOHL'S CARES ABOUT DIVERSITY, EQUITY AND INCLUSION



Our People

2025 GOAL:

Ensure Kohl's total workforce population proportionally reflects the U.S. workforce

2022 PROGRESS:

Kohl's total workforce population proportionally reflects U.S. workforce data, according to U.S. Bureau of Labor Statistics 2020 report

Increase our BIPOC and female representation in our director and above roles

Our talent pipeline has allowed us to modestly increase BIPOC and female representation in our director and above roles. In 2022, BIPOC representation grew 100 basis points and females represented 44% of director and above roles.

Achieve an ongoing 80+ engagement score among our BIPOC associate group

Kohl's 2022 BIPOC engagement score was 79, above overall company this year

Our Customers

2025 GOAL:

Increase our BIPOC customer count by 5%

2022 PROGRESS:

Customer count slightly dipped last year, but is progressing up compared to the pre-pandemic baseline.

Increase customer satisfaction with BIPOC shoppers

Customer satisfaction slightly dipped

Our Community

2025 GOAL:

Triple our spend with diverse suppliers

2022 PROGRESS:

+37%
increase in spend with diverse suppliers

Donate \$20 million to diverse communities from 2022 to 2025, specifically, Asian American, Native Hawaiian and Pacific Islander (AANHPI), Black, Indigenous and People of Color (BIPOC), LGBTQIA+, people with disabilities, veterans and active military members, and women



In 2022, Kohl's and Kohl's Cares have committed nearly \$8M of our \$20M goal, putting us well on track to meet our 2025 goal

Sustainability Highlights & Awards

KOHL'S CARES ABOUT SUSTAINABILITY

163
solar locations
totaling more than 200,000 solar panels and three solar trees across Kohl's locations

100% of our proprietary brand textile towels, pillows, sheets, curtains, and rugs are MADE IN GREEN or STANDARD 100 by OEKO-TEX®

51 stores received an HVAC system replacement for optimum efficiency in CY 2022

51.5+ megawatts (MW) of solar energy installed in CY 2022

54 buildings earned ENERGY STAR® certification in CY 2022 and became an Executive Member of Certification Nation

5+ million pounds of plastic film bags and wrap recycled in CY 2022

325+ electric vehicle charging spots across 169 locations

94% of our stores are ENERGY STAR®-certified as of CY 2022

10+ million pounds of hangers recycled in 2022

100% of Kohl's-owned branded shipping bags and boxes labeled with the How2Recycle® in CY 2022

119 LED retrofits completed in CY 2022, which will save 20+ million kilowatt-hours (kWh) per year

Over 96% of our apparel and accessories plastic packaging is sourced with certified or recyclable content in 2022

87% of cotton for Kohl's proprietary brands was responsibly sourced in CY 2022

30% reduction in energy consumption since 2008

SUSTAINABILITY AWARDS



DEI Highlights & Awards

KOHL'S CARES ABOUT DIVERSITY, EQUITY & INCLUSION



Launched a new DEI microlearning series exclusively for leaders, called Making Space



Kohl's **increased spend with diverse suppliers by over 37%** and increased supplier count by 70% in 2022



DEI AWARDS & RECOGNITION



Community Highlights

KOHL'S CARES ABOUT COMMUNITY RELATIONS

NEARLY
\$13 million
 raised for local communities across the U.S. in 2022

\$5 million
 donated to 169 nonprofits across the country through A Community With Heart Program in 2022

\$152+ million
 given to Milwaukee-area nonprofits throughout company history



\$500,000+
 in grants awarded to 20+ deserving nonprofit organizations through Hometown Giving Program in 2022

\$800,000+
 in total grants provided in 2022 alongside Kohl's Diversity Design Council in celebration of meaningful DEI moments supporting organizations, such as Boys & Girls Clubs of America's SMART Girls, Alliance for a Healthier Generation, The Trevor Project, National Urban League, Hispanic Scholarship Fund, and Operation Homefront

Nearly \$8 million
 committed to diverse communities in 2022 toward our goal of \$20M by 2025

17,000+ hours
 volunteered nationwide during April Spring into Service initiative in 2022



\$150,000
 donation in 2022 to the American Red Cross, who delivered vital relief to communities impacted by Hurricane Ian

Kohl's Cares about Sustainable Solutions

KOHL'S 2022 ESG REPORT



Environmental Sustainability

At Kohl's, we believe that incorporating sustainable solutions in the way we do business will help to build better futures for families and aid in protecting our planet's natural resources.



With such a large retail footprint, we believe we have a responsibility to make a positive impact on the planet, and have set environmental sustainability goals to ensure that impact is forward-looking. Our sustainability strategy is guided by leveraging business practices and decisions that enhance the objectives of the United Nations Sustainable Development Goals (SDG).

We believe that oversight of our ESG strategy is essential to sustain the long-term interests of all stakeholders. Kohl's Nominating and ESG Committee is responsible for oversight of ESG matters. Additionally, our Chief Executive Officer's performance evaluation objectives are tied to our environmental performance, including promoting an effective sustainability agenda.

As laid out in **Kohl's Environmental Policy**, we are committed to protecting biodiversity throughout our value chain by supporting responsible practices to help manage and reduce our impact on climate, water, materials, resources, and chemicals. We also are committed to maintaining compliance with all applicable environmental laws and regulations, as well as consulting with stakeholders on environmental issues.

Kohl's has an Environmental, Health and Safety (EHS) Information Management System (IMS) for all stores and distribution centers. The EHS IMS records safety and environmental compliance data, training completion records, and overall EHS performance, allowing us to monitor data and effectively manage inspections, upcoming permit expiration, and create simple and actionable data representation in various formats.

In partnership with Kohl's environmental consultants, Kohl's conducts quarterly reviews of the IMS and EHS data to ensure its continued suitability, adequacy, and effectiveness. Reviews are conducted by a cross-functional team and cover audit results, communications, KPIs, and progress against objectives and targets.



2025 Goals and Progress

In 2019 we set sustainability goals, including quantitative targets focused on three key areas: climate action, waste and recycling, and responsible sourcing. We are committed to monitoring and reporting performance and progress against these goals.

Climate Change

Our climate action goals are focused on the reduction of greenhouse emissions and the increase of renewable energy use.

GOAL	PROGRESS
 <p>Reduce combined scope 1 and scope 2 greenhouse gas emissions by 50% versus 2014 baseline by 2025</p>	<p>49% reduction in scope 1 and 2, CY 2022</p>
 <p>Reduce energy consumption by 30% at Kohl's facilities versus a 2008 baseline by 2025</p>	<p>30% reduction in energy consumption since 2008, CY 2022</p>
 <p>Expand renewable energy platforms by building off of the company's existing solar locations</p>	<p>163 solar locations</p>
 <p>Support the transition to a low-carbon transportation system, building off of the company's existing locations offering electric vehicle (EV) charging. By the end of 2023, Kohl's aims to have 200 locations offer EV charging.</p>	<p>Since 2018, Kohl's has added 73 charging locations, bringing the total number of locations offering EV charging to 169.</p>

Waste and Recycling

Our waste and recycling goals are focused on the management of all wastes, reducing waste generation, and promoting relevant recycling information to customers.

GOAL	PROGRESS
 <p>Divert 85% of Kohl's U.S. operational waste from landfills annually</p>	<p>83.7% of waste was diverted from landfills, CY 2022</p>
 <p>Label 100% of Kohl's-owned branded packaging with the How2Recycle® label by 2025</p>	<p>100% of shipping bags and boxes 100% of in-store shopping bags 100% of proprietary brand shoeboxes</p> <p><i>Kohl's is moving forward with How2Recycle® product packaging in the home goods category.</i></p>
 <p>Reduce the amount of plastic and cardboard in Kohl's-owned branded packaging</p>	<p>New packaging technology at select e-fulfillment centers will allow us to right-size bag materials by automatically trimming it to fit the merchandise. The trimmed pieces are then recycled into future packaging.</p>

Responsible Sourcing

Our responsible sourcing goals for Kohl's proprietary brand products are focused on the efficient use of natural resources and environmentally sound management of chemicals

GOAL	PROGRESS
 <p>Require all approved facilities producing Kohl's proprietary brand products to complete the Higg Index Environmental Module by 2025</p>	<p>100% of approved facilities were required to complete the Higg Index Facility Environmental Module (FEM) in CY 2022, 80% of all approved facilities completed the Higg FEM.</p> <p>Our strategic suppliers were required to complete the Higg VFEM and the Higg FSLM.</p> <p>In CY 2022, we established environmental standards for our strategic suppliers over five categories that will be assessed for compliance in 2023.</p>
 <p>Utilizing the Higg Index, drive substantial reduction in water use in the production of Kohl's-owned branded products by 2025.</p>	<p>Higg FEM 2021 performance analysis for water-intensive facilities revealed that our suppliers located in the most-water-stressed regions already have strong water management practices in place.</p> <p>Kohl's completed a water risk assessment using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas to map areas of water risks across our global supply chain. Kohl's will continue to engage with its vendors (especially those located in high water stress regions) to build their capacity, identify opportunities to reduce water consumption, and proliferate best practices.</p>
 <p>Emphasize the elimination and reduction of certain chemicals and strive for zero discharge of hazardous chemicals in tier 1 suppliers for select Kohl's proprietary brands</p>	<p>Our Manufacturing Restricted Substance List (MRSL) is now aligned with the Zero Discharge of Hazardous Chemicals (ZDHC) MRSL</p> <p>100% of our proprietary brand textile towels, pillows, sheets, curtains, and rugs are MADE IN GREEN or STANDARD 100 by OEKO-TEX®</p>
 <p>Achieve 100% responsibly sourced cotton for Kohl's proprietary brands by 2025</p>	<p>87% of cotton for Kohl's proprietary brands was responsibly sourced in CY 2022</p>
 <p>Require 50% of polyester styles to contain recycled materials in Kohl's proprietary brands by 2025</p>	<p>23% of our proprietary brand polyester styles contain recycled polyester</p>

Awards and Partnerships

We are proud to share the following awards and key partnerships, demonstrating our commitment to implementing and growing our environmental ESG initiatives.

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Kohl's was named to the Dow Jones Sustainability Index (DJSI) North America listing for the fifth consecutive year (2018-2022), acknowledging the company's sustainability performance and ESG commitments. The DJSI evaluates a company's impact on people, communities, and the planet for socially conscious investors.



We have been an active member of the EPA's Green Power Partnership since 2006 and have been named to EPA's Green Power Top 30 Retail list since 2014.



We are one of the founding members of the Sustainable Apparel Coalition (SAC) and maintain an active membership. The coalition works together to standardize sustainability measures in the apparel, home, and footwear supply chain.



We report emissions data and climate management strategies annually to the Climate Disclosure Project (CDP). We achieved a Leadership level A- for the fourth consecutive year on the 2022 Climate Change disclosure.



Solar Energy Industries Association (SEIA) recognizes businesses and brands across the U.S. for their investments in solar energy. We are proud to have been ranked fourth among corporate users for the total number of solar installations and 11th for total installed on-site solar capacity.



The Higg Index is a suite of tools that measures several environmental and social impacts, delivering a holistic overview of supply chain factory compliance and sustainability performance. We use it to make more-sustainable choices when it comes to supply chain and facility performance.



As part of the Science Based Targets initiative (SBTi), Kohl's has partnered with industry leaders and committed to align its GHG reduction targets with SBTi's target-setting criteria, climate science, and the core commitment of the Paris Agreement.



As an EPA ENERGY STAR® partner since 1998, we were selected as a 2022 ENERGY STAR® Partner of the Year winner for Sustained Excellence, an honor reserved for partners demonstrating outstanding leadership year over year. To celebrate the 30th anniversary of ENERGY STAR® in 2022, the EPA offered special one-time recognition to any organization that earned ENERGY STAR® certification for five or more buildings within the year. With 54 of our buildings earning certification in CY 2022, we became an Executive Member of Certification Nation. As of November 2022, Kohl's has earned ENERGY STAR® certification at more than 1,000 locations.



We actively serve on the advisory board of the Wisconsin Sustainable Business Council (WSBC) and received the Green Masters Award in 2022 for our performance across multiple initiatives.



We are proud to announce that we have joined the U.S. Department of Energy's Better Climate Challenge, committing to reduce our scope 1 and 2 greenhouse gas emissions



We became an active member of the How2Recycle® label program in 2019. How2Recycle® is a standardized labeling system that clearly communicates recycling instructions to the public.



As a partner in the U.S. Department of Energy's Better Buildings Challenge, we reached our goal of 20% energy reduction by 2020 two years early. Kohl's has now set its sights higher with a new goal to cut energy by an additional 10% by 2025.



As a shipping partner, we were recognized on the EPA SmartWay® 2022 High Performer List as an industry leader in the environmental and energy performance of our freight supply chain.



We became a member of the Sustainable Packaging Coalition (SPC). The SPC is the leading voice on sustainable packaging and is a collaborative of businesses, educational institutions, and government agencies that collectively strengthen and advance the business case for more-sustainable packaging.

Climate Change

We realize the magnitude of climate change and are committed to doing our part in the global fight against climate change, incorporating environmentally responsible practices into all of our business operations and to be an environmental leader in our industry.



We demonstrated our support for action on climate change and for the Paris Agreement by signing the American Business Act Pledge on Climate Change in 2015. Additionally, Kohl's is committed to reducing our carbon footprint to reach net zero by 2050.

We are focused on reducing our carbon footprint by investing in renewable energy, increasing energy efficiency and cutting energy consumption—both within our business and across our supply chain.

Task Force on Climate-Related Financial Disclosures (TCFD)

Kohl's climate-related disclosures have been guided by using the TCFD framework since 2021, which assists companies in more effectively disclosing climate-related risks and opportunities. We continue to leverage industry standards including the TCFD framework and recommendations as we further our progress of commitment to and managing climate-related issues.

View [Kohl's TCFD Report](#) here

Leadership Level CDP Ranking

Since 2007, we have disclosed emissions data to CDP. Our CDP Climate Change response includes detailed information on our strategy and performance, enabling us to measure, manage, disclose, and ultimately reduce our environmental impacts. As a result of our continuing efforts, we were awarded CDP's A- ranking in 2022. This is the fourth consecutive year we have been recognized at the CDP's Leadership Level, demonstrating a significant acknowledgment of our continued commitment to climate action.

Board Oversight

Our governance practices form the foundation for how we manage risk, ensure accountability, and provide transparency to our stakeholders. The Nominating and ESG Committee of Kohl's Board of Directors actively oversees our ESG initiatives to understand both risks and growth opportunities, as well as progress made against the company's goals. The Nominating and ESG Committee receives regular updates on ESG topics from management and provides reports to the full Board of Directors. Kohl's Board of Directors plays a vital role in shaping and supporting our long-term ESG strategies while addressing the Board's oversight responsibilities related to the management and performance of ESG commitments, all of which are essential to sustain the long-term interest of all stakeholders.

Management Role

The Chief Risk & Compliance Officer has ultimate responsibility for overseeing our climate strategy. As part of the Risk Reduction Committee, the CRCO is responsible for assessing and managing climate risks and opportunities. Our Risk Reduction Committee allows for collaboration across key departments, includes members of the executive team and leverages a number of different means to monitor and manage our environmental risks. The Committee's input on climate-related issues provides key support to the Board.

Climate-Related Risks

Risks related to the transition to a lower-carbon economy include carbon pricing along with heightened policies and legislation for emission reporting. In addition to these transition risks, we also see firsthand how physical risks related to climate change affect our business. Unusual and potentially long-term shifts in climate patterns such as rising temperatures, storm intensity, and rising sea levels can shift consumer shopping patterns and cause physical damage to our properties, as well as to the communities we operate in.

Climate Change

Climate Risk Management

ESG-related risks are an important component of Kohl's overall Enterprise Risk Management (ERM) program. Kohl's ERM program establishes procedures, protocols and leadership actions to identify and mitigate key risks. Risks are identified through industry-specific benchmarking, review of the regulatory environment, macro-economic analysis and brand reputation considerations.

Risks are assessed based on type, velocity as well as the potential impact to stakeholders. Environmental risk is one of Kohl's key ERM risks including a number of climate-related factors affecting multiple stakeholder groups.

We integrate climate-related issues into our annual risk assessments, ensuring that climate risks are incorporated into our overall business strategy, providing flexibility to react quickly to address and manage current or emerging risks.



Climate Change - Metrics & Targets



GOAL

Reduce combined scope 1 and scope 2 greenhouse gas emissions by 50% versus 2014 baseline by 2025

Kohl's climate action goals are focused on the reduction of greenhouse gas emissions and increase of renewable energy use. We are committed to reducing our combined scope 1 and 2 greenhouse gas emissions by 50% versus a 2014 baseline by 2025.

Science Based Target Initiative (SBTi)

In July 2021, we strengthened our climate leadership by joining the Science Based Targets initiative. Through SBTi, we have committed to align our greenhouse gas reduction targets with climate science and the core commitment of the Paris Agreement. Since 2007, we have set emissions goals through our CDP reporting and in 2019 we announced our goals publicly. Over the next year, we will work with SBTi and industry leading partners to set our new science-based emissions reduction targets.

Better Climate Challenge Partner

In November 2021, we were one of the first companies to join the U.S. Department of Energy's Better Climate Challenge, strengthening our commitment to reduce our greenhouse gas emissions. As a partner in the challenge, we share our carbon reduction progress and strategies to help other organizations build on our success.

Supporting Bee Populations

At our Corporate offices in Menomonee Falls, we are supporting the bee population and protecting native species and biodiversity by investing in five hives on site that support 250,000 bees. In 2022, the honey produced was used and sold in the cafeteria and coffee shop at the corporate office.



Climate Change - Metrics & Targets

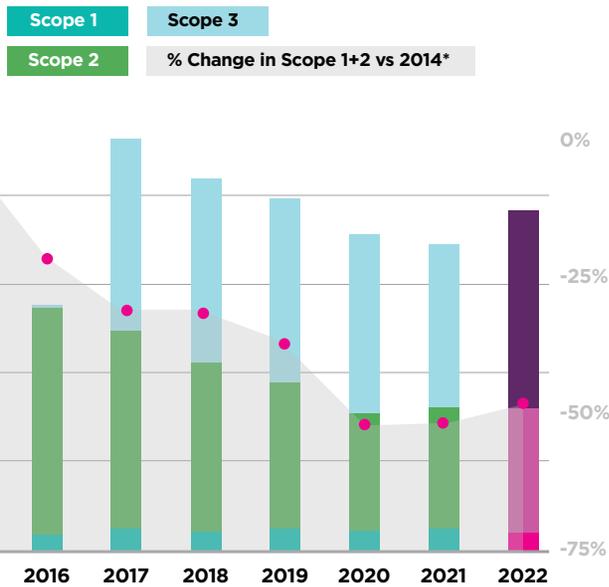
We actively track our scope 1, 2, and 3 emissions and report these metrics annually. Our greenhouse gas emissions are regularly audited and data is third-party verified annually.

Greenhouse Gas Emissions

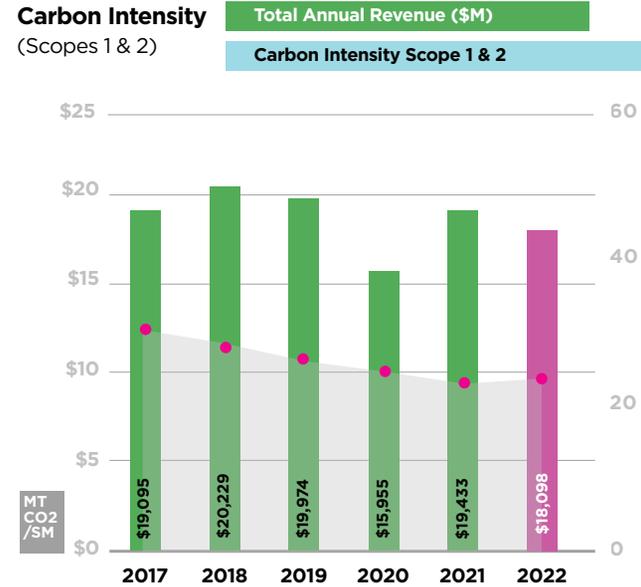
The following charts show emissions data and carbon intensity verified to the International Organization for Standardization 14064-3:2019. At the end of CY 2022 we achieved a total of 49% reduction in our scope 1 and 2 emissions based on a 2014 baseline and methodology.



Annual Greenhouse Gas Emissions
(Calendar Year)



Carbon Intensity
(Scopes 1 & 2)



Scope 1: Direct Emissions from Kohl's operations.

Scope 2: Indirect Emissions from the generation of purchased energy. Calculated using a location-based method.

Scope 3: All other emissions associated with the company's activities. In an effort to better capture overall emissions, we added measures for new calculations of scope 3 beginning in 2017.

**Greenhouse gas emissions during 2020 were significantly lower than a typical year due to COVID-19 disruptions.

Energy Efficiency

We are committed across our facilities to responsibly manage our energy use, improve efficiency and increase our renewable energy to lessen the impact of our operations.

Better Buildings Challenge Achiever

As a participant in the U.S. Department of Energy's Better Building Challenge, Kohl's committed to a 20% energy reduction by 2020. Kohl's met that target two years early, in 2018, achieving a 24% reduction in our energy consumption, compared to a 2008 baseline. In CY 2022, we achieved a 30% energy reduction based on our 2008 baseline, hitting our updated target of a 30% reduction by 2025. We are actively reevaluating our goals to ensure continuous impactful progress. As one of only five Better Building Challenge Achievers in the retail industry, we stand as a leader in energy efficiency.

EPA ENERGY STAR®

Our cooperating partnership with the EPA ENERGY STAR® program has remained consistent since 1998. We rely on the program for emerging tools and technical information, which helps us continually assess building performance. We were selected as a CY 2022 ENERGY STAR® Partner of the Year winner for Sustained Excellence for the 11th consecutive year, which is an honor reserved for ENERGY STAR® partners demonstrating outstanding leadership year over year. As part of our commitment to the reduction of our carbon footprint through increased energy efficiency, we increased the number of ENERGY STAR® certified stores to 94% in CY 2022.

To celebrate the 30th anniversary of ENERGY STAR® in 2022, the EPA offered special one-time recognition to any organization that earned ENERGY STAR® certification for five or more buildings within the year. With 54 of our buildings earning certification in CY 2022, we became an Executive Member of Certification Nation.

Commercial buildings that have earned the ENERGY STAR® label use, on average, 35% less energy than similar buildings and generate one-third less carbon dioxide. Beyond the buildings themselves, ENERGY STAR®-rated equipment and appliances like refrigerators, copy machines, televisions, and computers are used to help reduce energy consumption and affect our carbon footprint.



GOAL

Original Goal: Reduce energy consumption by 20% at Kohl's facilities by 2020 versus a 2008 baseline.

New Goal: Reduce energy consumption by 30% at Kohl's facilities versus a 2008 baseline by 2025

Energy Use Intensity



Energy Efficiency

Lighting and Heating, Ventilation, and Air Conditioning (HVAC) Upgrades

Light-emitting diode (LED) fixtures light the way at many of our locations. We continue to retrofit stores with high-efficiency lighting to reduce emissions and save electricity. In CY 2022, we completed 119 LED retrofits, which will save more than 20 million kilowatt-hours (kWh) per year. In our ongoing commitment to energy efficiency, Kohl's is ramping up deployment of LED lighting across our properties. By the end of 2025, we will have LED lighting installed at all of our properties. By the end of CY 2022, 70% of our stores have received LED retrofits across the majority of their floor plans. Additionally, 51 stores received an HVAC system replacement for greater efficiency (CY 2022).



To further increase energy efficiency at all stores, we installed central energy management systems that operate most of the interior and exterior lighting and heating and cooling systems.



Leadership in Energy and Environmental Design™ (LEED®)

We use the Leadership in Energy and Environmental Design (LEED) green building program rating systems to guide the design, construction and operation of our stores. Commercial buildings that are LEED certified use, on average, 25% less energy than similar buildings and generate one-third less carbon dioxide emissions. We continue to emphasize LEED, where appropriate, and our portfolio 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. Our certified buildings meet LEED criteria because of our investment in the following aspects of design and construction:

- ▶ **Building Materials** - Low Volatile Organic Compound (VOC) materials such as wall coverings, carpet, and ceiling tiles are used in the interior. We also employ the use of pre- and post-recycled content throughout our buildings.
- ▶ **Heat Island Effect** - Reflective roofing material is often used to reduce the heat island effect that occurs when air and surface temperatures rise due to structural heat retention. These materials contribute to lowering a building's energy demands.



Renewable Energy

With over **51.5 megawatts (MW)** of solar energy installed, we are among the leading retailers increasingly turning to solar to power operations.



GOAL

Expand renewable energy platforms by building off of the company's existing solar locations.

Using renewable clean energy mitigates risks to the planet and our communities while conserving natural resources. We continue to explore renewable energy projects both on and off-site.

All renewable energy data on this page is as of CY 2022.

EPA Green Power Partner

Illustrating our commitment to leveraging renewable energy resources and technologies that provide the highest environmental benefit, we have been an active member of EPA's Green Power Partnership since 2006 and have been named to EPA's Green Power Top 30 Retail for eight consecutive years. By using green power, Kohl's helps reduce the effects of air pollution and emissions associated with conventional electricity use while supporting the domestic development of clean energy resources.

Solar

In 2022, an estimated 54,434 megawatt-hours (MWh) of solar energy was used, meaning more than 6% of the electricity we used to power our business came from renewable sources. Many of our stores get up to 50% of their energy from solar. We currently host 163 solar arrays around the country, totaling more than 200,000 solar panels and three solar trees. Solar trees are designed to track the sun and rotate throughout the day, allowing each solar tree to potentially generate between 25-35 megawatt-hours of power annually. They are equipped with electric vehicle charging stations, and one solar tree can generate enough power to charge six electric vehicles daily. Each solar tree shades six parking spaces, providing shade-cooled parking spots for associates and guests.

We are proud to have been ranked fourth among corporate users for the total number of solar installations and 11th for total installed on-site solar capacity by the Solar Energy Industries Association (SEIA).

Over the last 15 years, Kohl's has been committed to growing our renewable energy production by investing in solar panels. Kohl's actively continues to equip our rooftops with solar arrays to further our commitment to renewable energy. By summer of 2023, we will have 15 new solar installment projects completed across Arizona and Illinois, which will increase Kohl's installed solar capacity by 10.4%, to a total of 56.97 MW.

Renewable Energy Credits (RECs)

We also maintain a commitment to renewable energy use through the purchase and production of renewable energy credits (RECs). In 2022, we secured RECs totaling approximately 91,586 megawatt-hours (MWh), including 20,555 MWh from our on-site solar arrays, where we retain or own the RECs. These RECs resulted in the offset of 35,373 metric tons of carbon.



In 2022, an estimated



54,434 MWh

of solar energy was used



Electric Vehicle Charging

As we work to reduce our environmental footprint, we want to enable our customers to do the same.



GOAL

Support the transition to a low-carbon transportation system, building off of the company's existing locations offering electric vehicle (EV) charging. By the end of 2023, Kohl's aims to have 200 locations offer EV charging.

Kohl's is committed to accelerating the adoption of electric vehicles by expanding charging networks across our locations. At the end of 2022, we had more than 325 electric vehicle charging spots/ports spread across 169 locations. These stations provide nearly 200,000 charging sessions per year to our customers and associates.

By maintaining our solidarity with electric vehicle owners, the charging we provide powers over 1.8M miles of driving and saves more than 83,000 gallons of gasoline annually.

During National Drive Electric Week in 2022, Kohl's offered free charging to the public for the first two hours of each charging session. In total, we saw over 5,000 charging sessions, providing more than 29,000 kWh.



325+
electric vehicle
charging spots/ports

Nearly



200K
charging sessions

More than



83K gallons
of gas saved

Powered more than



1.8 Million
miles of driving

Logistics

Providing families with the products they love requires a complex network of shipping logistics.

The global supply chain network is also an opportunity to work toward sustainable outcomes and continue to build upon our environmental performance.

Kohl's Fleet

Our fleet is managed by vendor partners who are held to high standards through vetting and studying their sustainable practices. To cut down on vehicle emissions, we continually work to improve the environmental performance of our fleet. By saving miles, reducing packaging, and being ultraefficient with the way we supply our stores, we strive to contribute to a more sustainable future.



Logistics

We partner with carrier brands that actively promote sustainability efforts and that volunteer for membership in associations whose missions reflect the care we have toward the environment.



EPA SmartWay® Shipper Partner

We are a shipper partner of the U.S. EPA SmartWay Transport Program. SmartWay partners share a vision to move materials, supplies and goods in ways that protect the environment, enhance our nation's energy security, and foster economic vitality. EPA's SmartWay membership is both sought after and encouraged for all vendors. In 2022, 100% of our domestic miles were with SmartWay members. The SmartWay program helps advance supply chain sustainability by measuring, benchmarking, and improving freight transportation efficiency by consistently analyzing our data to uncover heightened efficiencies while reporting back to the EPA. SmartWay tools are used to measure our carbon footprint and find opportunities to reduce fuel consumption and shipping emissions.

EPA SmartWay® High Performer List

We are proud to have been recognized for these efforts on the SmartWay 2022 High Performer List as an industry leader by integrating freight into sustainability outreach, planning, and progress. Receiving this distinction places Kohl's among the top 5% of all SmartWay shipper partners. Over the last six years, Kohl's has been recognized as a High Performer or received the EPA SmartWay Excellence Award. Our exceptional performance moving goods in the cleanest and most energy-efficient way possible ultimately leads to cleaner and healthier communities for all stakeholders.



Mile & Weight Improvement Activities

Backhaul Program

Utilization of inbound trailers to support freight return loads from stores improves route optimization and reduces empty miles from our system. We also ensure store teams properly load backhaul trailers to maximize space.

Drop-and-Hook

Idle time for trucks is drastically reduced by utilizing drop-and-hook methods at the origin and destination of shipments. Our fleet is nearly 100% drop-and-hook at store destinations.

California Air Resources Board

Our California fleet is compliant with California Air Resources Board, all tires are low-rolling resistance, and all required trailers have airfoils installed in the undercarriage.

Rail

We also rely heavily on rail transport. Rail usage stands at nearly 37% of inbound freight loads. On average, rail produces 75% fewer carbon emissions than an average truckload delivery.

Future Fleet

Emerging technologies will make future fleets more efficient. Already, several of our carriers have procured or placed orders for hydrogen fuel cell trucks, electric trucks, and high-performance diesel trucks. The proliferation of airfoils, trailer skirting, rear foils, cab airflow diverters, and wheel covers are making our fleet more efficient every day.

Logistics – Shipping Partners

International Carriers

Our ocean carriers are engaged through membership in the Smart Freight Centre (SFC) Clean Cargo Working Group. More than 88% of our cargo travels on a SFC ship providing up-to-date emissions data in order to gain a deeper understanding of our supply chain footprint. Most of our carriers belong to environmental programs that benchmark sustainability goals.

Expeditors

Expeditors are a group of carriers who share a concern for transparency, freight transportation efficiency, and the mitigation of harmful greenhouse gasses from our business. This group belongs to SmartWay®, Transporte, Limpio, Clean Cargo Working Group, and Washington Business for Climate Action.

Evergreen

Evergreen Marine Corp. launched green bonds to raise capital for green initiatives. These bonds fund improved energy efficiencies, preventing and controlling pollution, and sustainable environmental development for all its operations.

Orient Overseas Container Line

Orient Overseas Container Line (OOCL) provides an online carbon calculator to assist us in measuring carbon dioxide emissions. “GIGA Class” vessels on this line consume less energy and achieve the best Energy Efficiency Design Index (EEDI) values, which are 48% better than the EEDI baseline requirement set by the International Maritime Bureau. OOCL maintains membership in the World Wildlife Fund, Climate Change Business Forum, and Clean Cargo Working Group, which were all joined voluntarily. They also hold Qualship 21 certification from the U.S. Coast Guard, which promotes the most rigid safety and environmental standards in the world for non-U.S. flagged vessels.



Waste Management

We are committed to the responsible management of all waste and reducing waste generation, while offering and promoting relevant recycling information to customers and associates.



GOAL

Divert 85% of our U.S. operational waste from landfills annually.

Diversion Rate

Through initiatives such as plastic and cardboard recycling, and beauty product and fabric scrap repurposing, we achieved an 83.7% diversion rate CY 2022.

Percent of waste diverted from landfills per calendar year:



Solid Waste

Our solid waste management policy governs how we manage waste and recycling in stores and at our corporate facilities. The separation of cardboard, paper, plastic, and compost is a key company-wide practice. Our goal when disposing of consumables and durable goods is to recycle as much material as possible.

Auto-Haul Program

In 2015, we began testing an auto-haul program with preset cardboard and trash compactor pickups in more than 100 high-volume stores. This successful program is now rolled out to 94% of our stores. The program reduces instances of cardboard compactors becoming full, leading to cardboard being thrown into the trash. This reduction increases recycling and lowers expenses.

Regulated Waste

Our regulated materials management program ensures our stores, distribution centers, e-fulfillment centers, and corporate offices utilize authorized and compliant disposal and recycling methods, which helps provide a safe and healthy environment for our customers and associates. Kohl's requires our waste disposal, vendors to comply with applicable laws and maintain industry standards in the treatment, disposal or repurposing of all hazardous and non-hazardous waste to ensure that they properly manage environmental risks.

Every Kohl's location has an area dedicated to properly handling regulated materials like cleaning chemicals, batteries, light bulbs, aerosol cans, paints, and sharps. Additionally, select categories of unsalable beauty products are diverted from landfills and repurposed into paints, floor cleaners, and deodorizing sprays.



Plastic, Paper & Textile Waste Management

Our associates and customers play a key role as we work to increase our diversion rate.

We ensure teams are equipped to take action with training opportunities, regular and strategic communication on our recycling commitments, and rewards for high-performing locations. Our customers are provided with recycling resources in our stores and can opt for paperless receipts and credit statements. We are constantly exploring ways to eliminate waste and empower our associates and customers to recycle.

Plastic Bags

In CY 2022, we recycled more than 5 million pounds of plastic film, bags, and wrap. When a customer leaves our store, the plastic bags they're holding are made from at least 40% recycled, unbleached plastic. Customers can also drop plastic bags in the store recycling bins to be repurposed into new materials.

Paper Bags

Stores in select markets have eliminated the use of plastic bags at checkout and now offer paper bags. While our plastic bags are fully recyclable through our store take-back program, paper bags can be recycled in customers' curbside bins. Customers can find out how to recycle their bags by referencing the How2Recycle® label on each of our bags.



Reusable Bags

In 2020, we made it even easier for customers to cut back on their plastic waste by offering reusable bags for sale in all stores. Our reusable bags are updated quarterly with new prints to excite and encourage our customers to leverage sustainable practices.



Hangers

Customers have the option to take their hangers home with them to reuse. The remaining hangers are recycled into a preconsumer product or used in various industrial applications, which are often recyclable, therefore continuing the loop. Through our hanger recycling program, we recycled more than 10 million pounds of hangers in 2022.

Paper Gift Cards

We have begun the rollout of Kohl's branded recyclable paper gift cards. This will eliminate an estimated 39,000 pounds of plastic from our landfills in CY 2022. Our e-gift cards are also a convenient zero-waste option for customers.

Paperless Options

We also reduce waste by reminding Kohl's Card holders they can opt for paperless billing. Since 2014, we have issued more than 391 million electronic credit card statements. More than one-third of all cardholders now receive their statements electronically. Additionally, all customers can opt in to receive e-receipts when they shop in store.

Fabric Scraps

The business of influencing fashion yields thousands of fabric scraps. Associates in our New York fabric cutting locations are sorting scraps and recycling them. Depending on the scrap size and design print, material is reused or turned into things like building or automobile insulation.

Product Waste Donations

Through in-kind donations, Kohl's simultaneously reduces waste and supports family health and wellness nonprofits in the community. Over the past year, Kohl's has donated a surplus of goods, including masks and cleaning supplies, Kohl's Cares merchandise, and various brand and beauty merchandise to nonprofits in our communities. In total, Kohl's donated products with a retail value totalling more than \$7 million to local nonprofits, Kohl's hometown and national partners, Project Glimmer, and Good360.

Packaging

Product packaging can have a significant impact on the environment, and we are committed to taking steps to reduce our impact.



GOALS

Reduce the amount of plastic and cardboard in Kohl's-owned branded packaging.

Label 100% of Kohl's-owned branded packaging with the How2Recycle® label by 2025.

Starting at the design stage, we consider the entire life cycle of a package and are mindful to incorporate sustainable solutions. During development, we strongly encourage our suppliers to offer certified, recycled, recyclable, or reusable materials.



As an active member of How2Recycle, we empower our customers to recycle our packaging correctly. How2Recycle provides a standardized labeling system that communicates recycling instructions on packaging where space allows. 100% of Kohl's-branded shipping bags and boxes, proprietary brand shoeboxes, and in-store shopping bags are produced with How2Recycle labels to educate the consumer on proper recycling methods. The company is now shifting its focus to labeling proprietary brands home goods product packaging.



Sustainable Packaging Coalition®

Kohl's is a member of the Sustainable Packaging Coalition (SPC). The SPC is the leading voice on sustainable packaging and is a collaborative of businesses, educational institutions, and government agencies that collectively strengthen and advance the business case for more responsible packaging. The SPC has developed tools, applications, and services to help organizations take meaningful action toward packaging sustainability.

Branded Apparel Packaging and Labels

Since 2019, Kohl's has been focused on reducing branded apparel packaging and labels by identifying unnecessary packaging, evaluating size and paperweight, and transitioning toward the use of certified paper for proprietary brands. Nearly 100% of our estimated 2.2 million pounds of branded apparel packaging paper in 2022 has been converted to Forest Stewardship Council-certified paper. We continue to convert materials by sourcing certified and recyclable solutions with the goal of converting all branded apparel product packaging and labels by 2025. Over 96% of our apparel and accessories plastic packaging is sourced with certified or recyclable content and over 76% of our printed labels on garments are sourced with certified recycled content in 2022.

Operational Initiatives

Our merchant and logistics teams are working to reduce the amount of packaging used for product shipments to our customers, stores, and distribution centers. Starting in 2022, new packaging technology at select e-fulfillment centers allowed us to right-size bag materials by automatically trimming it to fit the merchandise. The trimmed pieces are then recycled into future packaging.

As this technology is deployed across Kohl's supply chain, Kohl's anticipates seeing a 15% reduction year-over-year in plastic bag material. By 2025, we expect this material savings to result in nearly 892 miles of plastic material saved and a reduction of over \$700,000 in material costs.

Additionally, right-sized box packaging technology has reduced dunnage by 52% over previous box packaging methods. By 2025, we expect 16 million Kohl's boxes to be shipped with reduced dunnage. Kohl's has also implemented air pillows and padded mailers, which use recyclable materials.

We partner with suppliers that celebrate protecting the forests and support the Uzima Clean Water Mission. Through these partnerships, we have been able to provide our customers with recycled paper packaging that saves trees from being harvested and helps support accessibility to clean drinking water.



Water Management

Water is a precious resource, and prioritizing water efficiency is a necessary response in the fight against climate change.



Water Stewardship

Kohl's designs new stores to manage it accordingly, including using low-flow faucets and toilets. Smart irrigation controllers that use live weather data to adjust outdoor water usage has lowered irrigation water use. Together, these measures help reduce water usage at locations throughout the country.

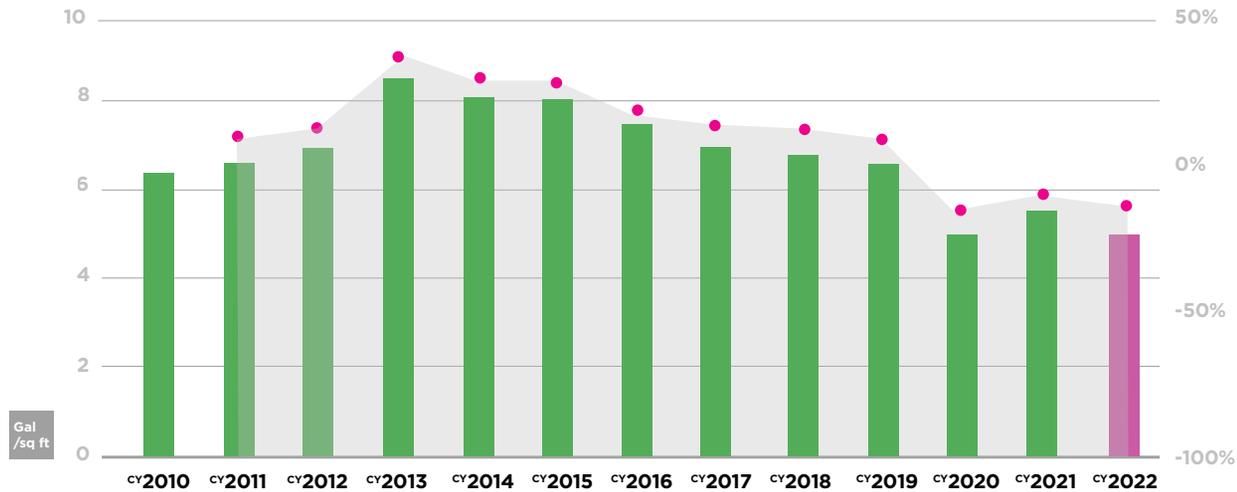
Better Buildings Water Savings Network

As a U.S. Department of Energy Better Buildings Water Savings Network Partner, we strive to decrease our portfolio-wide source water use intensity (WUI) and to increase the percent improvement compared to a set baseline. Since 2010, we have improved our water performance by 16% across our portfolio.

Water Use Intensity

*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.

Water Use Intensity
 % Change vs 2010



Water Management relates to Calendar Year.

Responsible Sourcing

We integrate social and environmental factors into our proprietary-branded products procurement selection process.



GOALS



Require all approved facilities producing Kohl's proprietary brand products to complete the Higg Index Facility Environmental Module by 2025.



Utilizing the Higg Index, drive substantial reduction in water use in the production of Kohl's-owned branded products by 2025.

Environmental Impacts on our Supply Chain

We collaborate with our suppliers to communicate our expectations in their sustainability efforts. Supply chain operations can have an impact on the environment through energy and water consumption, carbon emissions, wastewater, chemical use, and waste disposal. If the environmental impacts of our supply chain are left unmanaged, they could pose both financial and reputational risks. In an effort to make meaningful improvements and more responsible choices when it comes to protecting the well-being of factory workers, local communities, and the environment, we use the Higg Index.

For more information on our environmental supply chain programs, please see the [Responsible Sourcing section](#) of this report.



Higg Index

The Higg Index is a suite of tools that measure environmental and social impacts within our supply chain, delivering a holistic overview of our social and environmental performance. The Higg Index also provides us verified data to benchmark our supply chain performance against industry peers and push us to continuously improve sustainability performance. We require all approved facilities producing proprietary-branded products to complete the Higg Facility Environmental Module (FEM). The Higg FEM assesses energy use, greenhouse gas and air emissions, water use, wastewater, waste management, environmental management systems, and chemical management. In addition, our strategic suppliers are required to complete the Higg Verified Facility Environmental Module (VFEM), as well as the Higg Facility Social and Labor Module (FSLM). In 2022, we established environmental standards in five key areas for our strategic suppliers, and they will be assessed for compliance in 2023.



Sustainable Apparel Coalition (SAC)

We are one of the founding members of the Sustainable Apparel Coalition (SAC) and maintain an active membership. The SAC is a group of apparel manufacturers, retailers, brands, and nongovernment organizations working together to standardize supply chain sustainability measures. The complex nature of global supply chain issues requires collaboration among many stakeholders. We are committed to consulting with stakeholders on environmental issues, and we share best practices with our supply chain partners to encourage the use of cleaner and more sustainable means of production to reduce environmental impacts.

Type of supplier	Percentage that have completed the HIGG FEM	Percentage in compliance with wastewater discharge permits and/or contractual agreement
Tier 1	89%	99%
Beyond Tier 1	60%	98%

Chemical Management

Our chemical management strategy actively works to identify, prevent, eliminate, and reduce the use of certain chemicals in Kohl's proprietary brand products.



GOAL

Emphasize the elimination and reduction of certain chemicals and strive for zero discharge of hazardous chemicals in tier 1 suppliers for select Kohl's proprietary brands.

Kohl's is committed to meeting and striving to exceed industry standards of chemical management across our vendors and facility partners by continuing to advance our restricted substances standards and specifications. We continuously seek solutions to reduce the use of chemicals in our products, and improve chemical management in our operations. We strive to increase transparency of chemicals contained in or used to make the products we sell at Kohl's.

Our **Chemical Management Policy**, **Restricted Substance List (RSL)** and the **ZDHC Manufacturing Restricted Substances List (MRSL)** apply to all private-brand textile and footwear raw materials and related finished products.

Chemical Management Strategy

Kohl's maintains a public **Restricted Substance List (RSL)** that limits or prohibits the presence of 134 chemicals within products manufactured for and sold to Kohl's. Kohl's RSL is in addition to, not in lieu of, all applicable laws. In some cases, we have set standards and specifications that are stricter than what is required around the use of formaldehyde and flame retardants.

Beginning in 2021, Kohl's became a participating Friend of the Zero Discharge of Hazardous Chemicals Foundation (ZDHC). ZDHC is the industry leader in Manufacturing Restricted Substances List (MRSL) management. In addition to our RSL, we are requiring our suppliers adhere to the most current **ZDHC MRSL**, which limits or prohibits the use of more than 250 chemicals in the manufacturing process of products.

Safer Chemical Alternatives & Third Party Standards

We are committed to working with our vendor and facility partners to ensure the products we sell are safe and healthy for our customers and the environment. We expect our vendors to be constantly in search of safer chemical alternatives to achieve our RSL/MRSL requirements. Our vendors and suppliers are required to undergo third-party testing to ensure all products are produced, processed, manufactured, and tested in full compliance with all applicable laws as well as any standards and specifications set by Kohl's.

As a pillar of our chemical management strategy, we have partnered with several third parties, including OEKO-TEX and Global Organic Textile Standard (GOTS), to provide certifications for several products within our proprietary brands in support of our chemical management goals. These certifications are communicated on product packaging as well as at Kohls.com in the product details section. Learn more about these certifications on our **corporate website**. 100% of our core proprietary brand textile based towels, pillows, sheets, curtains, and rugs are MADE IN GREEN or STANDARD 100 by OEKO-TEX®.

Supplier Disclosure & Accountability

We monitor suppliers' environmental impacts through the Higg Facility Environmental Module (Higg FEM). All approved facilities producing Kohl's proprietary-brand products are required to complete the Higg FEM annually. The Higg FEM includes a chemical management section that assesses and identifies opportunities for facilities to improve performance in several areas including production processes that use chemicals to make our products.

Suppliers are required under Kohl's Purchase Order Terms and Conditions to ensure that any merchandise manufactured for and sold to Kohl's is compliant with all applicable federal, state, and local laws and regulations, as well as any standards and specifications set by Kohl's, including those regarding chemical safety and harmful/toxic substances. Achieving compliance with any chemical management standards and specifications set by Kohl's will be a prerequisite of working with us in the future.

Raw Material Sourcing

To deliver on our commitment to a more sustainable future for families, we strive to incorporate materials into our products that protect biodiversity and are better for people and the planet.



GOAL

Achieve 100% responsibly sourced cotton for Kohl's proprietary brands by 2025.

Require 50% of polyester styles to contain recycled materials in Kohl's proprietary brands by 2025.

Social and environmental impact factors are considered when we evaluate the sustainability of the raw materials we use to source Kohl's proprietary brands. The environmental risks associated with sourcing raw materials include chemical management, water and energy consumption, biodiversity loss, and deforestation, as well as climate change.

Increasing our use of responsibly sourced materials will help to lessen our environmental impact and could also drive reductions in our scope 3 emissions. We have set public goals and are committed to increasing the use of recycled polyester and more-sustainable cotton.

Our product development, design, and sourcing teams are aligned with our goals and empowered to drive progress.

Our raw materials sourcing strategy focuses on the key materials that account for the majority of our raw material consumption. Our priority materials are cotton, polyester, nylon, and manufactured cellulosic fibers. As a pillar of our sourcing strategies, we have partnered with key players behind some of the world's largest and most innovative sustainability initiatives.

Cotton (Natural Fibers)

Cotton is our single largest commodity, and we utilize the Global Organic Textile Standard (GOTS) to provide certifications for several products within our proprietary brands containing natural fibers. GOTS is a textile processing standard that covers textiles made from at least 70% certified organic fibers. This certification provides credible assurance of responsible manufacturing of organic textiles. Responsible production of cotton is important to reduce the environmental impacts of agrochemicals, water consumption, and agriculture. As of CY 2022, 87% of cotton used for Kohl's proprietary brands was responsibly sourced and 100% of our proprietary brand denim is responsibly sourced cotton. Kohl's tracks the Environmental Impact Measure (EIM) scores for all denim washes to monitor environmental impact.

Polyester & Nylon (Synthetic Fibers)

Polyester is a synthetic material produced from fossil fuels which contribute to global warming. We are working to transition from virgin sources of polyester to recycled options. We utilize the Global Recycle Standard (GRS) and Recycled Claim Standard (RCS) to provide certifications for several products within our proprietary brands in support of our raw material sourcing goals. As of 2022, 23% of Kohl's styles made primarily with polyester within our proprietary brands contain recycled polyester.

Manufactured Cellulosics (Wood-Derived Fibers)

Manufactured cellulosics are renewable; however, responsible production processes need to be adhered to so that it does not contribute to deforestation. Canopy's Protecting Forests campaign works to support partner companies to reduce their environmental impact by making informed procurement choices that reduce the risk of sourcing man-made rayon, viscose, or lyocell products from ancient and endangered forests globally. Kohl's is working toward only using man-made cellulosic fibers that are not derived from ancient and endangered forests, endangered species' habitats, or other controversial sources, defined by the nonprofit organization Canopy in our proprietary brands apparel products. See [Kohl's statement on man-made cellulosic fiber](#).

Fur-Free (Animal-Derived Fibers)

Kohl's does not knowingly carry products that contain real fur. We work closely with our suppliers to ensure adherence to our [fur-free policy](#) and labeling guidelines.

Responsible Brand Stories

Our teams are focused on our impact and commitments to support biodiversity at the development stage when identifying priority materials and responsible sourcing methods.

Learn more at [Kohls.com/Sustainability](https://www.kohls.com/Sustainability).

Sonoma Goods For Life®

Sonoma Goods For Life® is Kohl's flagship brand and offers a cross-category assortment of apparel and home goods for the modern family. We actively strive to source responsible materials. In 2022, 80% of the apparel and home brand products were made with at least 20% responsible methods or materials.

Little Co. by Lauren Conrad

Little Co. by Lauren Conrad is a collection of baby and toddler clothing introduced in 2020. With a majority of it made out of organic cotton or containing recycled polyester, this collection is a favorite for mothers and kids alike. All denim has a green Environmental Impact Measure score, signifying low environmental impact.



With our proprietary brands representing more than 35% of our business and with categories across home, accessories, footwear, and apparel, we aim to grow our offering of products with sustainable attributes.



FLX

Our specialty athleisure brand FLX launched in select stores and online during 2021 and is designed for premium comfort and style. The entire collection is made using recycled nylon, recycled polyester, organic cotton, or cotton that supports more-responsible farming. In spring of 2022, FLX expanded to the majority of the chain to continue to offer accessible athleisure to our customers.





Kohl's Cares about Diversity, Equity and Inclusion

KOHL'S 2022 ESG REPORT

Kohl's Cares about Diversity, Equity and Inclusion



“Since sharing our enhanced DEI strategy in 2021 centered around Our People, Our Customers, and Our Community, we’ve made headway toward our goals, but also understand this work requires an ongoing journey of listening, learning, and taking action. I am proud of the actions and behaviors of every associate across this company that promotes diversity, equity and inclusion. I look forward to continuing to build on that team effort and create a more equitable environment for all, at Kohl’s and beyond.”

- Michelle A. Banks,
Chief Diversity, Equity & Inclusion Officer

At Kohl's, we believe that understanding and embracing our differences is fundamental in creating an inclusive environment for all. It's not just the right thing to do; it is critical in creating a diverse and inclusive workplace and brand experience, as well as in driving equity and growth for the organization.

Our Commitment to Diversity, Equity and Inclusion

We are committed to our Diversity, Equity and Inclusion (DEI) strategy focused on Our People, Our Customers, and Our Community, and our mission to empower more families through DEI. This strategy accelerates how we are embedding DEI throughout our business by being intentional about our programs and practices, and holding ourselves accountable by measuring our results and progress.

The work is rooted in our **Core Beliefs:**

- ▶ We believe embedding DEI in everything we do requires an ongoing journey of listening, learning, and taking action
- ▶ We believe we can create lasting change by addressing inequities to positively affect our people, customers, and community
- ▶ We believe that human and civil rights, antiracism, and our commitment to nondiscrimination in any form are critical to upholding our core values, ethical practices, and Code of Ethics
- ▶ We believe we are accountable for inspiring empathy, creating an environment of belonging, and identifying and addressing bias



2025 Goals and Progress

Led by our Chief Diversity, Equity & Inclusion Officer and the DEI team, influenced by our cross-functional DEI task force, and championed by our Diversity Design Council and Business Resource Groups (BRGs), our work is focused on the following strategic framework to enhance our DEI efforts.

Our People



We strive to be purposeful in attracting, growing, and engaging more diverse talent while giving associates equitable opportunities for career growth. Along this journey, we're championing the value and strength of our differences to foster a workplace of inclusion and belonging.

GOAL: Ensure Kohl's total workforce population proportionally reflects the U.S. workforce

PROGRESS: Kohl's total workforce population proportionally reflects U.S. workforce data, according to U.S. Bureau of Labor Statistics 2020 report

GOAL: Increase Kohl's BIPOC and female representation in our director and above roles

PROGRESS: Our talent pipeline has allowed us to modestly increase BIPOC and female representation in our director and above roles. In 2022, BIPOC representation grew 100 basis points and females represented 44% of director and above roles.

GOAL: Achieve an ongoing 80+ engagement score among our BIPOC associate group

PROGRESS: Kohl's 2022 BIPOC engagement score was 79, above overall company this year

Our Customers



We strive to celebrate our differences and help more customers see themselves reflected in our brands. Along this journey, we're working to offer culturally relevant products, designs, and storytelling that is meaningful to diverse customers.

GOAL: Increase our BIPOC customer count by 5%

PROGRESS: Customer count slightly dipped last year, but is progressing up compared to the pre-pandemic baseline.

GOAL: Increase customer satisfaction with BIPOC shoppers

PROGRESS: Customer satisfaction slightly dipped

Our Community



We strive to drive economic empowerment through conversations, programs, and partnerships that improve quality of life in underserved communities. Along this journey, we're embracing opportunities to address racial, gender, sexual orientation, and economic disparities.

GOAL: Triple our spend with diverse suppliers

PROGRESS: Increased spend with diverse suppliers by over 37%

GOAL: Commit \$20 million to diverse communities from 2022 to 2025, specifically Asian American, Native Hawaiian and Pacific Islander (AANHPI), Black, Indigenous and People of Color (BIPOC), LGBTQIA+, people with disabilities, veterans and active military members, and women

PROGRESS: In 2022, Kohl's and Kohl's Cares have committed nearly \$8 million of our \$20 million goal, putting us well on track to meet our 2025 goal

¹ BIPOC includes Asian, Native Hawaiian/Pacific Islander, Black/African American, Hispanic and Latino, Native American/Alaska Native, and individuals of two or more races

2022 Awards & Recognition

In 2022, we continued as signatories of the CEO Action for Diversity & Inclusion™ pledge and Metropolitan Milwaukee Association of Commerce Region of Choice corporate pledge, showcasing our commitment to advance DEI in the workplace and increase diverse representation in our hometown of Milwaukee. We also received the following national recognitions:



**Disability:IN 2022
Best Places to Work**

Recognizes Kohl's long-standing commitment to diversity and inclusion and distinguishes the company as a "Best Place to Work for Disability Inclusion."
(First year achieving a score of 100)



**HACR Corporate
Inclusion Index**

Assesses Kohl's Hispanic inclusion efforts and outcomes.
(Achieved a 5-star rating in the 2022 HACR Corporate Inclusion Index - Employment)



**Human Rights
Campaign**

Recognizes U.S. businesses in the evolving field of lesbian, gay, bisexual, transgender and queer equality in the workplace.
(3rd year achieving a 100% score)



**Diversity
Impact**

Leader in the measurement of the impact and performance of companies ERG or Diversity Council.
(Top 10 Enterprise ERG for the second year)



**DiversityInc
Top 50**

Leading assessment of diversity management in corporate America.
(3rd year recognized)



**AnitaB Top Companies for
Women Technologist**

Recognizes companies committed to building workplaces where women in technology can thrive.
(4th year recognized)



**Seramount Best Companies for
Multicultural Women**

Recognizes organizations that have had success moving multicultural women into professional and leadership positions.
(3rd year recognized)



**Seramount
100 Best Company**

Evaluated everything that impacts working mothers including parental leave, phasing back, fertility, benefits, adoption, child- and dependent-care benefits, flexible scheduling, mentoring, sponsorship and opportunities for advancement.
(2nd year recognized)



**Seramount
Inclusion Index**

Assesses corporate efforts at hiring and promoting women, ability to measure other underrepresented groups on a country-specific basis, creating inclusive cultures, and holding country leaders and managers accountable for results.

Our People

We believe we can do more to ensure our workforce better reflects our marketplace, and to create more opportunities for career growth for Black, Indigenous and People of Color (BIPOC).



To do this, we pledge to:

- ▶ **Take action to increase diversity across our associate population to better reflect our customers and our country**
- ▶ **Increase representation of women and BIPOC across our leadership ranks**
- ▶ **Maintain strong inclusion and address opportunities to strengthen belonging among women, LGBTQIA+, associates with disabilities, Asian American, Native Hawaiian and Pacific Islander (AANHPI), and BIPOC associates who experience lower engagement**

Kohl's has nearly 100,000 associates across the country, of which approximately 41% self-identify as BIPOC and 78% self-identify as female. Of our management population, approximately 25% self-identify as BIPOC, and approximately 63% self-identify as female.



Talent Attraction Practices

Kohl's hosted "Celebrating Us Week" from April 4-8, 2022, inviting associates to come together and immerse themselves in our DEI journey. Throughout the week, we celebrated the steps we've taken toward our Pledge for Progress and creating a more inclusive environment for Our People, Our Customers, and Our Community. Our Chief Diversity, Equity & Inclusion Officer shared how associates could join in the work ahead and hosted leaders from each of our eight BRGs for a virtual discussion on their role as "culture keepers," their ongoing impact on the business and culture, and more. Additionally, Frans Johansson, innovation expert and author of "The Medici Effect," held an exclusive address to associates and a Q&A session to share insight on how diversity drives innovation at Kohl's.

In 2022, we strengthened our recruitment efforts by focusing on our sourcing strategies to help increase our diverse talent pipeline. This included expanding campus recruiting practices to make more meaningful connections with Black and Hispanic and Latino students, including broadening our reach at places like diverse colleges and universities, as well as building relationships with Black and Hispanic and Latino professional associations. We continued our investment in a recruitment tool to assist our team in identifying candidates, in order to provide more diverse slates for hiring managers. We also strengthened our reputation as a workplace of inclusion and belonging, helping us attract talent in a competitive market.

We engaged diverse external partnerships in 2022, as a conduit to broaden exposure and create in-person and virtual connections in reaching diverse candidates. Partners include The Harbor Institute, Hispanic Professionals of Greater Milwaukee, National Association of Black Accountants, National Society of Black Engineers, All in Milwaukee, Hispanic Scholarship Fund, and Grace Hopper.

¹ Management is defined as manager and above and anyone managing one or more people

Our People

We continue to reflect on the most impactful programs and offerings to support the growth and development of our talent, including diverse development programs and mentorship opportunities via our Business Resource Groups (BRGs).



Leadership Development

We've invested in executive coaching, leadership assessments, internal programs, external courses, and peer networks, with a focus on identifying opportunities designed to meet the unique personal and professional needs of our diverse talent across the organization.

We continue to look closely at our leadership development programs to ensure diversity in the participant makeup. This supports our efforts to increase representation across our leadership team by empowering career growth and preparing more associates for leadership roles.

Performance Goal Integration

At Kohl's, all leaders are held accountable for strengthening and supporting our DEI efforts in their annual performance goals to ensure we build a workplace where everyone can do their best work. The performance goals provide the ability for our associates to demonstrate how they are committed to making Kohl's a place where our associates feel seen and their unique needs, experiences, abilities, and perspectives are valued and heard.



DEI Training

In 2022, we launched a new DEI microlearning series exclusively for leaders, called Making Space. We packaged these learnings into snackable formats. From videos featuring our Senior Leaders "to articles and resources", these trainings could be consumed in 10 minutes or less. We continue to embed DEI topics into orientation, onboarding, and development programs.

We believe our leaders are accountable for strengthening, modeling, and supporting our DEI efforts by ensuring that they are building an inclusive culture and environment. Each leader is responsible for creating a caring culture and experience for our team, one that embraces and strives to understand our differences.

Ongoing Dialogue

We're committed to listening sessions, open and honest feedback, and BRG engagement that serve to maintain an ongoing dialogue while championing the value of DEI. Throughout 2022, leaders held hundreds of small group We're Listening sessions where associates had a safe space for discussion, and felt seen and heard on important topics.

Additionally, our Brave and Courageous Conversations series continued to bolster candid discussions in 2022 in a variety of formats to help meet the evolving needs of our associates and provide an opportunity for authentic and honest dialogue, coupled with educational learning sessions. These sessions focused on a variety of important topics, including Day in the Life: A Disability Empathy Exercise, Allyship and Anti-racism in partnership with the YWCA, Mental Health 101, and Exploring Intersectionality. We continue to build upon this list of curated resources for our leaders and team members in an ongoing effort to support our individual and collective DEI journey, both inside and outside of the organization.

Our People

Kohl's has eight BRGs with approximately 9,500 members focused on driving the business by recognizing and championing diversity, equity and inclusion.



Business Resource Groups (BRGs)

The BRGs make an impact across the organization with a focus on our three DEI pillars. From a People perspective, they support our organization's cultural celebrations and offer opportunities for diverse talent to grow in their careers with leadership and mentoring opportunities.

From a Customer perspective, they support our business strategy by acting as consultants and serving as focus groups for various business units across the organization. From a Community perspective, they work directly with nonprofits that connect with their communities and counsel leaders on how to make a meaningful impact in our underserved communities.



Asian Pacific BRG



Black Professionals BRG



diverseAbilities BRG



Hispanic y Latino BRG



Pride BRG



Veterans and Military BRG



Women's BRG



Young Professionals BRG

Our People

Volunteer Initiatives



Asian Pacific BRG

On Aug. 13, 2022, members of the Asian Pacific BRG volunteered with the Milwaukee Chinese Community Center at Dragon Boat Festival in Milwaukee, Wisconsin. Associates organized the races, cleaned up the venue, and helped kids with activities.



Black Professionals BRG

On June 16, 2022, members of the Black Professionals BRG volunteered with the Boys & Girls Clubs of North Alabama's Workforce Readiness Fast Start Program and assisted with mock interviews. Associates prepared and participated in mock interviews with the tween/teen population so they could gain the skills to comfortably interview with potential employers.



diverseAbilities BRG

On Oct. 14, 2022, members of the diverseAbilities BRG volunteered at The Ability Center with their wheelchair basketball program and in their adaptive sports open gym in Milwaukee, Wisconsin. Associates helped unload and set up wheelchairs, check in participants, and reload chairs afterwards. Volunteers also had the opportunity to engage with adaptive athletes of all skill levels and learn to play adaptive sports.



Hispanic y Latino BRG

On Oct. 5, 2022, members of the Hispanic y Latino BRG volunteered with the Bell Tower Foundation's food bank in Rancho Santa Margarita, California. Associates distributed food and wellness items. The Bell Tower Foundation supports local cultural, educational, civic, recreational, and social needs, along with fostering community spirit and connecting volunteers.

Throughout the year, associates are encouraged to take part in company-wide volunteer initiatives led by our BRGs during key cultural moments. During these events, volunteer grants are doubled, making a bigger impact in the community. In 2022, our BRGs volunteered nearly 10,000 hours over 650 events across the country.

Our People

Volunteer Initiatives



Pride BRG

On June 17, 2022, members of the Pride BRG volunteered with one•n•ten for a Closet Makeover event in Phoenix, Arizona. Associates organized the charity closet and helped ready it for summer donations. The organization provides a safe space and donations for LGBTQIA+ youth in the Phoenix area.



Veterans & Military BRG

On Memorial Day 2022, members of the Veterans & Military BRG volunteered with the Flags For Fallen Vets' Memorial Flag Placement event at Ft. Logan National Cemetery in Denver, Colorado. During the event, associates placed flags on vets' grave sites in remembrance of their ultimate sacrifice.



Women of Kohl's BRG

On Aug. 26, 2022, members of the Women of Kohl's BRG volunteered at The Women's Center for a cleanup event in Waukesha, Wisconsin. Associates helped out by sorting donations, gardening, and cleaning up the property. The Women's Center serves all impacted by domestic abuse, sexual violence, child abuse, and trafficking.



Young Professionals BRG

On Dec. 7, 2022, members of the Young Professionals BRG volunteered with Feeding America Eastern Wisconsin in Milwaukee, Wisconsin. Associates packaged food donations for area pantries ahead of the holiday season.

Our Customers

We believe we must be intentional about celebrating individuality, and welcoming and serving customers of all backgrounds and perspectives.

We help customers see themselves reflected in our brands and experiences by celebrating cultural moments, empowering diverse-owned brands and creating culturally relevant products in partnership with our Diversity Design Council.

▶ We pledge to increase relevance among Black, Hispanic and Latino customers



Our Customers

In 2022, we built upon our strategy and developed internal processes to inform creative outputs that better connect and engage with our customers.



Marketing Strategy

Our marketing campaigns came to life through the recognition of cultural moments, styling, casting representation, and relevant storytelling through various media platforms, which enabled us to reach more diverse customers with more inclusive content and language.

In-store Marketing

As part of our in-store marketing, we created enhancements, including placing discovery zones throughout the store that feature diverse-owned and -founded brands, as well as adding skin-tone inclusive and adaptive mannequins.



Our Customers

Product Strategy

In 2022, we introduced Sonoma Community, a brand dedicated to offering meaningful collections that celebrate diversity and inspire togetherness. We also expanded our adaptive assortment into apparel for adults, and introduced new DEI product categories.

Our in-house Diversity Design Council (DDC) continues to develop, purchase, and curate culturally relevant products. The Council was created to drive authenticity in our product design, give associates an opportunity to share their community and culture, and create a more-inclusive experience for all customers.

In conjunction with the DDC and the spotlight collections for cultural moments, we also provided more than \$800,000 in total grants supporting organizations making an impact in our communities, such as Boys & Girls Clubs of America's SMART Girls, Alliance for a Healthier Generation, The Trevor Project, National Urban League, Hispanic Scholarship Fund, and Operation Homefront.



To attract BIPOC customers, we continue to increase our product relevance, engage in meaningful influencer collaborations, and highlight diverse artists and their work.



Photo: Greg Morris

Additionally, Kohl's was proud to be the presenting sponsor of the 2022 Runway of Dreams Fashion Show in both Los Angeles and New York. The Runway of Dreams Foundation, a nonprofit organization that empowers people with disabilities with confidence and self-expression through fashion and beauty inclusion, directly aligns with our ongoing efforts to champion diversity, equity and inclusion across our business. The Los Angeles spring fashion show featured more than 60 models with varying disabilities and differences, ethnicities, and backgrounds to showcase mainstream adaptive clothing and footwear options and highlight necessary changes needed in the fashion industry as a whole.

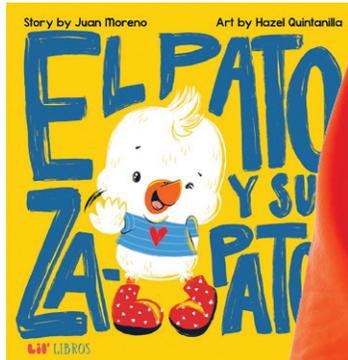
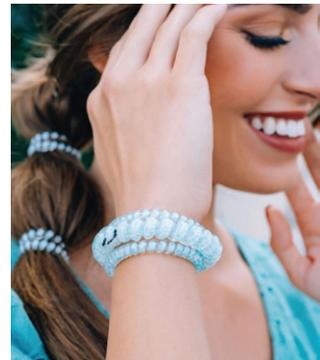
At the New York fall fashion show, we announced the expansion of our adaptive product offerings to adults, giving individuals, regardless of ability, the access to style-forward, quality dressing options at a great value. The collection, designed in partnership with GAMUT Management—a leading consulting and talent management company for people with disabilities—includes thoughtfully integrated garment features with ease and comfort at the forefront. Available on Kohls.com, customers will discover women's and kids' adaptive products across Kohl's proprietary brands Sonoma Goods For Life, Tek Gear, and SO, and men's offerings in both Sonoma Goods For Life and Tek Gear, as well as an assortment from Tommy Hilfiger.



Photo: Monica Schipper/Getty Images

Empowering Women- & Diverse-Owned Businesses

We're committed to leveraging our scale, resources, and expertise to empower diverse creators and businesses. In 2022, we launched 30 diverse- or women-owned or founded brands as part of our limited-time curated assortment featuring women's, men's, and baby apparel; beauty and grooming products; and more. This provides an opportunity for these emerging brands to reach millions of our customers across the country.



SUPERFITHERO



Our Community

We believe we can help improve quality of life in our diverse communities by supporting more equitable health and economic outcomes.

- ▶ We pledge to triple our spend among diverse suppliers by 2025
- ▶ We pledge to invest more than \$20 million by 2025 to support diverse communities



Supplier Diversity

We leveraged the Supplier Diversity Council, made up of leaders from across the business, and the resources and networks of six external national business groups to connect and build relationships with certified diverse suppliers.

In 2022, we continued to provide access to embed and activate supplier diversity best practices across both the merchandising and non-merchandising supply chains to support our pledge to triple our spend by 2025.



As the program continues to evolve, Kohl's focused on four key initiatives:

Economic Impact

In 2022, we saw growth in both diverse supplier count and spend. Kohl's increased spend with diverse suppliers by over 37% and increased supplier count by 70%. We expanded our external partnerships by participating in expert panel discussions, serving on subcommittees, and financially sponsoring several supplier outreach and matchmaking events.

Mentorship

Led by our sourcing managers and in partnership with the Supplier Diversity Council and BRGs, Kohl's established a formalized mentorship program with the intent to expand capacity building for diverse suppliers. In 2022, 11 mentees successfully completed the program. Through the Kohl's Supplier Diversity Mentorship program, mentees have the opportunity to meet with key decision-makers and industry experts to assist with overall business development. By participating in the program, Kohl's will support the mentee to reach their goals in all facets of business development. This will further prepare them when working with Kohl's and other Fortune 500 companies.

Certification

We worked to build a best-in-class program by promoting diverse certification status through our partnerships with diverse external organizations. Additionally, we provided diverse suppliers with procedural and financial certification support. In 2022, Kohl's underwrote certification fees for five diverse suppliers.

Tier 2

In 2022, we continued to onboard additional primary suppliers into our Tier 2 program, bringing the total number of suppliers reporting to 49. In our Tier 2 program, we encourage our primary suppliers to report their spend with diverse suppliers who directly support Kohl's goods and services. We highly encourage our business partners to implement policies and procedures to drive growth in their supplier diversity program. Our Tier 2 program will expand in 2023 and beyond.

Additionally, Kohl's supported supplier diversity through grants to the National and North Central Minority Supplier Development Councils.

Philanthropy

Nearly \$8 million given toward our goal of committing \$20 million to diverse communities from 2022 to 2025



Kohl's has committed to providing \$20 million in support to diverse communities from 2022 to 2025, specifically Asian American, Native Hawaiian and Pacific Islander (AANHPI), Black, Indigenous and People of Color (BIPOC), LGBTQIA+, people with disabilities, veterans and active military members, and women. In 2022, Kohl's and Kohl's Cares committed nearly \$8 million, putting the company on track to meet our 2025 goal.

While the majority of our community partners and other Kohl's and Kohl's Cares grants support diverse communities, only donations from national and hometown partners that can verify through self-disclosed demographic information or specific programmatic work will count toward our \$20 million goal.

For multiyear grants, we report giving based on the total grant in the year in which we commit to the funding, which means some donations are not included based on commitments made prior to 2022.

National Giving

In 2022, we made the largest single donation in Kohl's history with a \$10 million commitment to Boys & Girls Clubs of America over three years, half of which will count toward our DEI philanthropic goal in support of the development and delivery of trauma-informed care. Additionally, we continue to be proud of our partnerships with Alliance for a Healthier Generation and National Alliance on Mental Illness, and all that they do to provide resources, activities, and tips for healthy living, mental health support groups, and virtual services for diverse communities.



Local Giving

We've strengthened our support of our hometown community in Milwaukee with renewal commitments in 2022 to five hometown partners that help advance BIPOC communities, including Acts Housing, Boys & Girls Clubs of Greater Milwaukee, Employ Milwaukee, Greater Milwaukee Urban League, and Safe & Sound.



Additional Giving

In collaboration with our Business Resource Groups and the Diversity Design Council, we celebrated cultural moments by supporting select national nonprofits such as Alliance for a Healthier Generation, Boys & Girls Clubs of America, Hispanic Scholarship Fund, National Urban League, Operation Homefront, and The Trevor Project. Kohl's also partnered with the Runway of Dreams Foundation through a sponsorship of their two fashion shows to help further their mission of empowering people with disabilities. Through a partnership with the National Park Foundation, Kohl's supported ParkVentures, a program that helps eliminate barriers for communities historically excluded from parks.





Kohl's Cares about Family Health and Wellness

KOHL'S 2022 ESG REPORT

Philanthropy

In 2022, we worked to strengthen our long-standing philanthropic commitment to family health and wellness, including mental health in the communities we serve.

Kohl's Cares

Since its inception more than 20 years ago, 100% of the net profit from the sale of Kohl's Cares® books and plush toys has been given to various nonprofits that support the health and wellness of families in our communities.

In 2022, we raised nearly \$13 million for local communities across the U.S. and, since the inception of the program, have raised more than \$415 million through Kohl's Cares® merchandise. We have our customers to thank for making this difference. Read on for a few highlights on the partners and nonprofits who benefit from Kohl's Cares®.

Kohl's believes healthy communities help support healthy families, so we give back to our communities with grants, resources, talent, and time.



raised nearly
\$13M
in 2022

\$415M
since inception

National Partnerships

Boys & Girls Clubs of America

Our partnership, which began in 2019, is rooted in Kohl's commitment to develop and execute critical programming aimed at improving the physical and emotional well-being of children and families. This renewal marks the largest single donation in Kohl's history. It is also part of the company's broader diversity, equity and inclusion commitment to give \$20 million in support of diverse communities by 2025. As part of the partnership, Kohl's is also a Signature Sponsor of BGCA's annual Youth of the Year program, further illustrating the company's support of youth across the nation.

In 2022, we renewed our national partnership with Boys & Girls Clubs of America (BGCA) with a commitment of \$10 million over three years to support the development and delivery of trauma-informed training to Club staff.



**BOYS & GIRLS CLUBS
OF AMERICA**



“We are excited to extend our national partnership with Boys & Girls Clubs of America and help the organization offer trauma-informed care to over 4 million youth”

- Michelle A. Banks,
Chief Diversity, Equity & Inclusion Officer



National Partnerships



committed
\$5M
over 3 years

Now in the second year of our grant with Alliance for a Healthier Generation, they continue to expand and scale their innovative family health and wellness initiative, Kohl's Healthy at Home. Kohl's made a \$5 million commitment to Alliance for a Healthier Generation in 2021 across three years. The initiative, which launched in 2019, is rooted in health equity and works closely with schools and community partners to inspire families to prioritize a healthy lifestyle. Consisting of a multimedia hub of proven tips, activities, and resources designed for parents and caregivers, Kohl's Healthy at Home helps to make healthy choices easier for families.

We continue to showcase the company's ongoing commitment to health and wellness, including mental health, highlighted by our national nonprofit partnership with the National Alliance on Mental Illness (NAMI). This past year marked the second year of a \$2 million grant over two years, which the organization is using to refresh its support group model. With this gift, NAMI's support groups will be expanded to reach additional people and serve more diverse communities, rolling out virtually in communities across the United States. The programming will be enhanced to include new trauma-informed, cross-cultural training and materials to better support those whose mental health has been impacted by trauma, including the impacts of COVID-19 and economic uncertainty.

committed
\$2M
over 2 years



Giving Programs

we committed
\$5M
 to more than 169 nonprofits

A community
 with
Heart

In celebration of the holidays and the season of giving, we committed \$5 million to more than 169 nonprofits across the country through our A Community With Heart Program. Kohl's associates nationwide are empowered to nominate nonprofits making a difference in their local communities, in support of the company's overarching philanthropic platform focused on family health and wellness. Grants ranged from \$5,000 to \$65,000 and were distributed to nonprofits such as the Alliance for a Healthier Generation, American Cancer Society, and the National Urban League, as well as local chapters of Boys & Girls Clubs of America, National Alliance on Mental Illness, Ronald McDonald House Charities and unique local nonprofits nationwide. Click [here](#) to view the full list of grant recipients.



KOHL'S
Hometown
 GIVING PROGRAM

\$500K
 to more than 20 nonprofits

Kohl's Hometown Giving Program allows Kohl's to broaden its support of impactful organizations that make a difference in the Greater Milwaukee and Waukesha communities, expanding upon traditional hometown partnerships. Through this program, Kohl's Cares awarded more than \$500,000 in grants to more than 20 deserving nonprofit organizations. Since the inception of Kohl's Hometown Giving Program, the company has donated more than \$2.5 million to nonprofit organizations in the Milwaukee area.



Hometown Support

Our hometown roots are a source of pride. We started in the Milwaukee-area more than 60 years ago and it continues to be the home of our corporate headquarters today. We believe it's vital to help make a difference in this important community.

Our efforts in our hometown touch a wide range of causes, from arts and culture to health and social services. Throughout our history, we've given more than \$152 million to Milwaukee nonprofits, including \$7.8 million in 2022.



Supporting Diverse Communities



These philanthropic efforts reflect some of the ways that Kohl's is taking action as part of our DEI Pledge for Progress, which includes our commitment of donating \$20 million to diverse communities from 2022 to 2025, specifically, Asian American, Native Hawaiian and Pacific Islander (AANHPI), Black, Indigenous and People of Color (BIPOC), LGBTQIA+, people with disabilities, veterans and active military members, and women. The Pledge for Progress outlines how Kohl's plans to deliver meaningful change for customers and the communities that Kohl's serves. In 2022, Kohl's and Kohl's Cares committed nearly \$8 million of our \$20 million goal, putting us well on track to meet our 2025 goal.

On a local level, in 2022 we renewed our commitment with donations of more than \$1 million in total to five nonprofit hometown partners that help underrepresented communities, including:



Acts Housing, whose funding focuses on increasing the number of Black and Brown individuals and families who receive pre-approval for home loans and who purchase homes for owner-occupancy in Milwaukee



Employ Milwaukee, whose funding works to further advance and scale DEI efforts by enhancing Basic IT skills training, device distribution, access to affordable and reliable internet, and expansion of a virtual service delivery platform



Boys & Girls Clubs of Greater Milwaukee, whose funding provides access to leadership and character programs within the Clubs, including mentoring, community involvement, social-emotional well-being, and college and career planning



Safe & Sound, whose funding focuses on using collective impact as a framework for how safety is improved on a neighborhood level for residents in Milwaukee



Greater Milwaukee Urban League, whose funding supports its mission to lead through education, employment and advocacy, to achieve economic vibrancy and equal access to all industries and disciplines that position Black communities to create wealth and live a better quality of life.

On a national level, we celebrated meaningful DEI moments with in-store and online product spotlight collections, many of which were curated by Kohl's Diversity Design Council, as well as by providing more than \$800,000 in total grants supporting organizations making an impact in our communities, such as Boys & Girls Clubs of America's SMART Girls, Alliance for a Healthier Generation, The Trevor Project, National Urban League, Hispanic Scholarship Fund, and Operation Homefront.

Runway of Dreams

Kohl's was proud to be the presenting sponsor of the 2022 Runway of Dreams Fashion Show in both Los Angeles and New York. The Runway of Dreams Foundation, a nonprofit organization that empowers people with disabilities with confidence and self-expression through fashion and beauty inclusion, directly aligns with our ongoing efforts to champion diversity, equity and inclusion across our business. The Los Angeles spring fashion show featured more than 60 models with varying disabilities and differences, ethnicities, and backgrounds to showcase mainstream adaptive clothing and footwear options and highlight necessary changes needed in the fashion industry as a whole.



Photo: Jonathan Lopez

At the New York fall fashion show, we announced the expansion of our adaptive product offerings to adults, giving individuals, regardless of ability, the access to style-forward, quality dressing options at a great value. The collection, designed in partnership with GAMUT Management—a leading consulting and talent management company for people with disabilities—includes thoughtfully integrated garment features with ease and comfort at the forefront. Available now at Kohls.com, customers will discover women's adaptive products across Kohl's proprietary brands Sonoma Goods For Life, Tek Gear, and SO, and men's offerings in both Sonoma Goods For Life and Tek Gear, as well as an assortment from Tommy Hilfiger.

Volunteer Program

Community volunteering is a source of pride for Kohl's and our associates.



Kohl's associates support their communities year-round by volunteering their time with local nonprofits. In recognition of their efforts, Kohl's donates \$25 in rewards to the nonprofit for every approved volunteer hour. Throughout the year, associates are encouraged to double their impact by supporting company-wide initiatives, when rewards are increased.

In 2022, our associates volunteered more than **75,000** hours for **1,900+** charities

Examples of Volunteer Events Held Throughout the Company

Luv Michael

Luv Michael is a nonprofit dedicated to training, educating, and employing autistic adults and improving the lives of the autistic community beyond the lives of their parents.

On September 13, 2022, Kohl's associates volunteered at Luv Michael's Surfers Healing event at Ponquogue Beach in Southampton, N.Y. Kohl's volunteers assisted with setting up, tearing down, registration, and distributing snacks and water. Additionally, volunteers helped at art and activity stations and provided a warm, welcoming, and supportive experience for children on the autism spectrum and their families.

Ronald McDonald House of Chapel Hill

The Ronald McDonald House of Chapel Hill offers a comforting home away from home and a community of support for seriously ill children and their families.

On April 13, 2022, Kohl's associates volunteered at the Ronald McDonald House of Chapel Hill in North Carolina. Volunteers helped to prepare the grounds for spring and summer by managing landscaping, performing general cleanup tasks, and spring cleaning the interiors.

Periodically throughout the year, associates are encouraged to double their impact by supporting company-wide initiatives. During the 2022 April Spring into Service initiative, associates volunteered more than 17,000 hours nationwide and grants were doubled for every hour volunteered. Additionally, to support the company's DEI goals and commitments, our Business Resource Groups sponsored initiatives during key cultural moments in which rewards were also doubled, providing even more support for their community.



Volunteer Program



Examples of Volunteer Events Held Throughout the Company

PTSD Foundation Of America

The mission of the PTSD Foundation of America is to bring hope and healing to combat veterans and their families suffering from the effects of combat-related post-traumatic stress.

As part of Kohl's Spring into Service initiative, Kohl's associates volunteered at the PTSD Foundation Of America's Camp Hope in Houston, Texas, on April 28, 2022. They helped with site maintenance and beautification, both inside and out. The majority of the cleanup efforts went to gardening, raking leaves and the general cleaning of common areas.



Bay Area Community Health

Bay Area Community Health aims to deliver exceptional health and social services that improve quality of life for the individuals, families, and communities they serve.

As part of Kohl's Spring Into Service Initiative, Kohl's associates volunteered at the Bay Area Community Health's Food Drive in Fremont, California, on April 19, 2022. Volunteers sorted fresh produce and placed it into bags, assisted patrons with shopping, and helped load customers' cars.



Moose Foundation

Moose Foundation exists to provide the necessary resources for the continued support and maintenance of Mooseheart Child City & School and Moosehaven Senior Living Community.

As part of Kohl's Spring Into Service Initiative, Kohl's associates volunteered at the Mooseheart Child City campus in Mooseheart, Illinois, on April 23, 2022. Volunteers came to the campus to help with groundskeeping and campus beautification. As a nonprofit organization that operates entirely through donations, this serves as a great opportunity to give back to a local organization that is giving children a safe environment to live and learn.



Additional Support & Oversight

In addition to directly supporting our associates, we announced a donation of \$150,000 to the American Red Cross, which delivered vital relief to communities impacted by Hurricane Ian. Kohl's also encouraged its associates to volunteer in support of relief efforts. In an effort to increase the impact our associates made to help provide relief, Kohl's doubled the reward grant to \$50 per hour for our associates who volunteered with the American Red Cross nationwide.

In-Kind Donations

Through in-kind donations, Kohl's simultaneously reduces waste and supports family health and wellness nonprofits in the community. Over the past year, Kohl's has donated a surplus of goods, including Kohl's Cares merchandise, hand sanitizer, and various brand and beauty merchandise to nonprofits in our communities. In total, Kohl's donated products with a retail value totalling more than \$7 million to local nonprofits, Kohl's hometown and national partners, Project Glimmer, and Good360.

Kohl's Philanthropic Governance Committee

Our philanthropic giving is chaired by a member of Kohl's senior leadership team and overseen by an internal Governance Committee comprised of Audit; Community Relations; Diversity, Equity and Inclusion; Finance; Human Resources; Legal; Marketing; Merchandising; Risk and Compliance; and Stores. This group of individuals provides oversight and guidance to ensure our giving reflects our values as an organization.

In response to Hurricane Ian, Kohl's Associate Relief Fund provided supplemental monetary relief to qualifying associates who experienced property damage.





Workplace Benefits & Our Commitment to Associates

KOHL'S 2022 ESG REPORT

Workplace

Kohl's commitment to living our values starts within our walls. We operate with great clarity and an unwavering sense of purpose. We seek out talent that shares our values and we strive to support our associates at work, at home, and within our communities.



Attracting Top Talent

Behind our success are great teams of talented individuals who embody our values. We are committed to attracting, growing, and engaging diverse talent, while giving associates equitable opportunities for career growth. We've enhanced our hiring practices to leverage new recruitment tools, and expanded search parameters to reach diverse candidates for career opportunities at every level of the organization. The average hourly wage of full-time store and distribution center associates at the end of the year was \$17.54. The average hourly wage of all store and distribution center associates at the end of the year was \$14.91. All hourly start rates are well above the federal minimum wage. Additionally, we are focused on making more meaningful connections with Black and Hispanic and Latino professionals, including broadening our reach to include diverse colleges and universities.

Internships

Balancing the continued adjustment to a new normal with the ongoing talent needs of our organization, we were excited to offer a hybrid internship experience in 2022. Many of our top performers have come to us through our nationwide intern program, where we actively recruit students from several hundred colleges and universities. Our 2022 intern program saw nearly 540 college students from nearly 200 different universities across more than 40 states, bringing new energy and thinking to our business. The 10-week paid internship program combined over 290 corporate and 20 e-commerce fulfillment center interns. An additional 215 store interns participated in an eight-week program. Many students will transition to full-time roles, with more than 70% being offered roles in corporate departments like Merchandising, Marketing, Finance, Human Resources, Technology, and Logistics. Additionally, more than 50% were offered entry-level store management roles and 70% were offered e-commerce fulfillment center positions across the nation.

Our Commitment to Associates

Associates are the heart of our organization. We foster a workplace that champions inclusion, belonging, appreciation, everyday development, and transparency.

The investment we make in our associates' professional development is important to us. We work to keep associates feeling empowered and engaged so they can do their best work.

Talent Management

Our talent management team brings synergy to performance management, talent assessment, succession planning, and career planning. This team provides tools, resources, and best practices to ensure that we have the right talent in the right roles at the right time. We are able to achieve our goals because we invest in our associates' ability to achieve theirs.

Associate Training and Team Development

From initial onboarding to high-potential leadership development, we believe in training and career growth for our associates. We encourage our associates to keep their skills fresh through different mediums ranging from live workshops to on-demand skills training available through our online library of courses. We also provide training to teams that provide skills and mindsets to help them perform at their highest level. Additionally, our development teams throughout the company provide job-specific training to ensure associates have the tools they need to excel in their jobs and serve our customers.



Our Commitment to Associates

Leadership Development

We provide a variety of opportunities for our leaders to build and enhance their development to bring out the best in their associates. We invest in executive coaching, assessments, internal programs, external courses, peer networks, and more.

Additionally, we have established several partnerships with organizations that offer both professional and leadership development programs focused on our Black, Asian American, Native Hawaiian and Pacific Islander (AANHPI), Hispanic and Latino, LGBTQIA+ and/or female associates. These experiences are thoughtfully selected to provide opportunities to expand networks, be recognized by the company, and offer unique perspectives to their growth and development. These partnerships have positively impacted individuals across the nation.

A Culture of Appreciation

Acknowledging accomplishments bolsters engagement and helps associates focus on their career paths. Our Recognizing Greatness platform is an easy-to-use tool to give shout-outs to individuals and teams who have gone above and beyond. We have received more than 2.7 million of these submissions since the program launched in 2015.



“This year, I had the opportunity to go through the McKinsey Black Management Accelerator Program and this program was nothing short of fantastic. Through this program, I had the opportunity to really develop a leadership mindset and my management muscles. I feel I’ve become stronger at building robust business cases and became empowered to execute critical strategic decisions. Not only was I able to develop a number of critical skills that will help me in my current role and future roles, but I was also able to network with a group of Black professionals I would have never been able to network with if it wasn’t for this program”



- Art Flowers,
Director,
Executive and Diversity Recruiting



“The **Leadership Education for Asian Pacifics** (LEAP) program provided a safe space to self-reflect and share experiences with others who have similar cultural values and beliefs as myself. This opportunity allowed me to be vulnerable and honest, which encouraged me to embrace my true identity, grow, and strive for more. The one-on-one coaching sessions after the LEAP program are invaluable and helped me be my best self, both personally and professionally.”



- Linh Nguyen,
Manager, Procurement

Benefit Offerings

All of our associates are seen as contributors to our business success. All eligible associates receive a 100% match (up to 5% of pay) in Kohl's 401(k) Savings Plan after one year of employment. Full-time associates are offered medical, dental, vision, prescription drug, disability, life insurance coverage, and long-term care coverage. Our medical plan has been expanded to include an inclusive fertility benefit, a broader range of transgender coverages, and a LGBTQIA+ benefits guide. Kohl's also offers adoption and surrogacy reimbursement options. For associates based at our corporate headquarters, on-site daycare is offered. Additionally, we provide a 10% tuition discount at any Learning Care Group center for children ages birth to 12. We've enhanced both our exempt PTO and hourly paid parental leave programs. Exempt associates now start out with five additional days of PTO. Our hourly parental leave is now paid out at 100% for four weeks.

We provide a wide range of voluntary programs, such as pet insurance, group auto and home insurance, accident protection, hospital indemnity, and critical illness plans to help associates protect and save money in the event of unexpected medical expenses. Our prepaid legal plan has extended coverage to include reproductive services such as fertility and surrogacy agreements as well as gender ID change documents. A new education benefit was introduced in 2022, which provides fully funded tuition, books, and fees for associates pursuing high school completion, select certificates, and undergraduate degrees. The program was launched in partnership with Guild Education to help associates, including eligible part-time associates, access educational opportunities to achieve life and career goals. Part-time associates are offered a new primary care health and pharmacy plan, dental, vision, and supplementary life insurance.

Associates are also offered paid time off, including a vacation buy program. Associates are also provided a merchandise discount ranging from 15-35%.

Our support doesn't stop there. We're proud of the ways we contribute to our associates' total well-being year-round, because when they're at their best, they can bring their best to work.

Healthy Rewards

Associates can take ownership of their personal health and reduce their medical premiums by participating in our Healthy Rewards program. All associates, as well as their spouse/domestic partner, are encouraged to participate in well-being activities throughout the year.

Wellness Centers

Our Wellness Centers are a unique benefit provided to associates at corporate and credit locations, distribution centers, and e-commerce fulfillment centers. Preventive exams, lab services, physical therapy, health coaching, and treatment for routine illnesses are administered by compassionate and experienced health care professionals. Additionally, uniquely offered at our corporate wellness center, we have pediatric care and, at our corporate location, an on-site child care center that can support up to 450 children of our associates. More than 31,000 visits were made to our Wellness Centers in CY 2022. We also offer virtual care, which launched in 2016.



Total Well-Being — *Be Well at Kohl's*

Mental health is a critical component of our total well-being. To help foster our associates' total well-being, we've elevated our workplace culture to better support our associates' mental well-being journeys. Be Well at Kohl's provides resources, benefits, offerings, and more for associates and their families that focus on mental well-being and health, including:

Employee Assistance Program (EAP) — Our EAP offers confidential counseling to address mental and emotional concerns, a mental health toolkit, and more.

Counseling Coverage — Our medical coverage includes in-person or virtual counseling services.

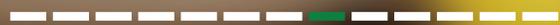
Mental Well-Being Activities — Our partnership with a digital health platform offers tips and resources on topics including managing stress and anxiety, appreciating life, and more.

Webinars — Our EAP and Wellness Center partners host a variety of webinars on mental health topics, including mindfulness, suicide awareness, mental health awareness, and more.

Business Resource Groups — Our Business Resource Groups share information on mental health resources that meet the specific needs of our diverse and inclusive workforce.

Support Groups — We offer support groups for associates, led by associates, to connect with others going through similar life situations. Examples include Healing Together, a group that focuses on infertility and pregnancy loss. We also offer parenting groups for adoption and fostering and parents of children with special needs. New in 2022, we added a Working Parent support group.

Leader Resources — We continue to give leaders tools to create and cultivate a caring culture, such as mental health check-in questions, training, videos, and online tool kits specific to leading and supporting teams.



Responsible Sourcing

KOHL'S 2022 ESG REPORT

Social Supply Chain Management

At Kohl's, responsible sourcing begins with the business partners we choose to produce our proprietary brands.

They must live up to the standards defined in our social compliance process, share our convictions, and operate according to our universally applied standards regarding ethics, fair business practices, and workplace safety. Additionally, all business partners must abide by our policies, including our [Global Human Rights Policy](#) and [Environmental Policy](#).

Sourcing products responsibly requires the collaboration of internal and external business partners. Our Global Sourcing, Production & Product Services, and Merchant departments identify product categories for proprietary brands, develop individual product styles, and negotiate the purchase transaction with our business partners. The Factory Compliance team works closely with agents, vendor partners, and facilities to assess working conditions, ensure workers are treated in a fair and ethical manner, and a safe and healthy work environment is provided.

Terms of Engagement

We are committed to respecting human rights across our supply chain and operations. We hold ourselves to high ethical standards to create a positive social impact, and we expect the same from our business partners. We require our vendors and facility partners to adhere to our Terms of Engagement. Our Terms of Engagement, which are posted at [Corporate.Kohls.com](#), reflect our high standards and seek to protect the human rights and safety of the workers who manufacture products procured for sale in our stores and online.

Our Terms of Engagement align with internationally recognized human rights principles developed by the United Nations, Core Conventions of the International Labour Organization (ILO), and other respected international organizations to promote and maintain fair business practices and put ethics and safety at the forefront of our business decisions.

Our vendor and facility partners are strictly held to our Terms of Engagement, which outline our requirements and expectations of social compliance regarding wages and benefits, working hours, prohibited use of child or forced labor (which includes, without limitation, prison, slave or bonded labor or human trafficking), discrimination, disciplinary practices, women's rights, legally protected rights of workers to free association, health and safety issues, environmental requirements, and more.

Zero-Tolerance Policy

Our compliance philosophy focuses on continuous improvement; however, we enforce a zero-tolerance policy for certain violations of our Terms of Engagement, which can result in immediate termination of our business relationship with the vendor and/or facility. In certain circumstances, merchandise produced under the following conditions will not be accepted:

- ▶ Forced labor, child labor, prison labor, bonded labor, slavery or human trafficking
- ▶ Physical or sexual abuse
- ▶ Nonpayment of wages
- ▶ Unsafe working conditions
- ▶ Unauthorized subcontracting
- ▶ Unethical business practices: Attempted bribery of social compliance, Customs Trade Partnership Against Terrorism (CTPAT), environmental or quality assurance auditors
- ▶ Trans-shipment or altering/tampering with country-of-origin markings
- ▶ Products or product inputs produced in prohibited countries or areas
- ▶ Products or product inputs produced by or has nexus to entities on United States global entity lists

In an effort to eliminate human rights risks in our supply chain and ensure our goods are responsibly sourced, we communicate our zero-tolerance policy for certain violations of our Terms of Engagement to our vendor and facility partners during meetings and through business correspondence to ensure awareness and understanding of these critical issues.

Identifying Human Rights Risks

Building on our experience and insight gained from the industry, we constantly develop and improve our social compliance program to address salient human rights risks. To strengthen our program, we make updates to our Terms of Engagement, and actively assess, audit, and train our supply chain partners.

Vendor and facility partners must share our commitment to the principles contained in our Terms of Engagement. They understand we will monitor their compliance efforts and exercise our ability to take corrective action when necessary. Kohl's has a formalized risk identification process for our supply chain. We closely monitor social compliance practices within our supply chain and encourage our vendor and facility partners to protect the health, safety, and human rights of workers and the surrounding communities. We work closely with our business partners to identify challenges and address them in a responsible manner that considers the needs and expectations of the affected vendor, its suppliers, workforce and our shareholders.

Proprietary Brand Social Compliance Program Performance

Our social compliance audit program has been in place for more than two decades protecting the workers in our supply chain. Partnering with like-minded vendors and facilities has improved compliance performance year-over-year, and has resulted in fewer monitoring visits. As our supply chain partners recover from COVID-19 impacts, our number of facilities deemed not authorized to produce our goods has increased to expected levels.

Our social compliance program includes a capacity building component to develop and strengthen the compliance within our supply chain. Elements of our program include vendor and facility education, facility monitoring, facility remediation, and one-on-one targeted training if needed. Our efforts have resulted in improved and consistent social compliance performance at facilities producing our proprietary brand products.



2022 Audit Numbers

	Total Number of Production Facilities	Facilities Deemed Not Authorized to Produce for Kohl's	Total Number of Audits Conducted	Unannounced Audit Visits
2022	1,233	12	955	289 (30%)
2021	1,195	4	1,101	266 (24%)
2020	1,253	3	1,112	282 (23%)

Social Monitoring Visits Explained

We rely on three professional, independent, third-party audit firms to evaluate facility partner compliance with our Terms of Engagement.

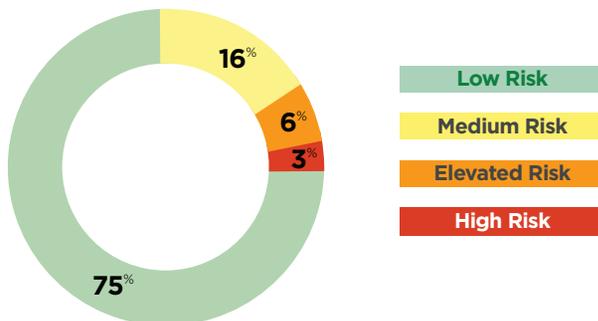
These auditing professionals are able to speak the language of the workers and management and have extensive experience monitoring social compliance on behalf of international customers. Facilities are evaluated for compliance on a regular basis. Completion of our full audit program typically requires a minimum two-day visit. Follow-up audits are traditionally completed in one day.

We reserve the right to review vendor partner facilities and conduct unannounced on-site inspections. Once a facility is deemed compliant with our Terms of Engagement, we apply a facility risk rating system based on the facility's performance. The categories are low risk (green), medium risk (yellow), elevated risk (orange), and high risk (red). Using this risk-based approach, a facility may be subject to more audits.

The following factors are used during our risk assessment:

- ▶ Social risks and conditions in the geographic location of the facility
- ▶ Facility management commitment toward social compliance
- ▶ Historical audit results of both vendor and facility partner
- ▶ Open-source information
- ▶ Potential issues reported outside of our standard auditing process

Kohl's Social Compliance Risk Distribution for Active Facilities



The Facility Audit Process Explained

When our auditors arrive at a facility, they conduct an opening meeting with management to review our Terms of Engagement and discuss the audit plan. After, the facility is toured reviewing worker health and safety conditions, and workers are randomly selected to be interviewed. Worker interviews are conducted privately in their local language.

The content of worker interviews is kept strictly confidential from the facility and vendor partner(s). In addition, a detailed review of workers' time cards and wage payments is conducted and other business records are reviewed to evaluate compliance with our Terms of Engagement. In particular, age verification documentation is reviewed to ensure that facility management does not employ child labor, and conditions of employment are voluntary. During each facility visit, our independent auditor documents the potential noncompliance with our Terms of Engagement.

At the conclusion of a facility inspection, the auditor summarizes and discusses instances of noncompliance with facility management for immediate corrective action. The audit report is sent to the Factory Compliance team for review and we work with our vendor and facility partners to implement Corrective Action Plans (CAP). Third-party follow-up audits are performed, as needed, to monitor the noncompliance remediation process.

When our assessments identify noncompliance issues, we categorize them as major or minor. This is based on the severity of the issue and the level of risk to workers. We then take action as appropriate that will include working with our vendor and facility partner(s) to ensure adequate steps are taken to address the noncompliance issue(s). This includes providing targeted training, conducting additional third-party audits and investigations, and reviewing our future business relationship. Whenever possible, we work toward improvement and attempt to bring underperforming facilities into compliance.

Addressing Noncompliances

Upon conclusion of a facility inspection, an online Corrective Action Plan (CAP) is created and assigned to facility management, vendor partner, and agent (if applicable) to update as noncompliance issues are remediated. All business partners can submit questions, make comments and upload pictures to support their remediation efforts.

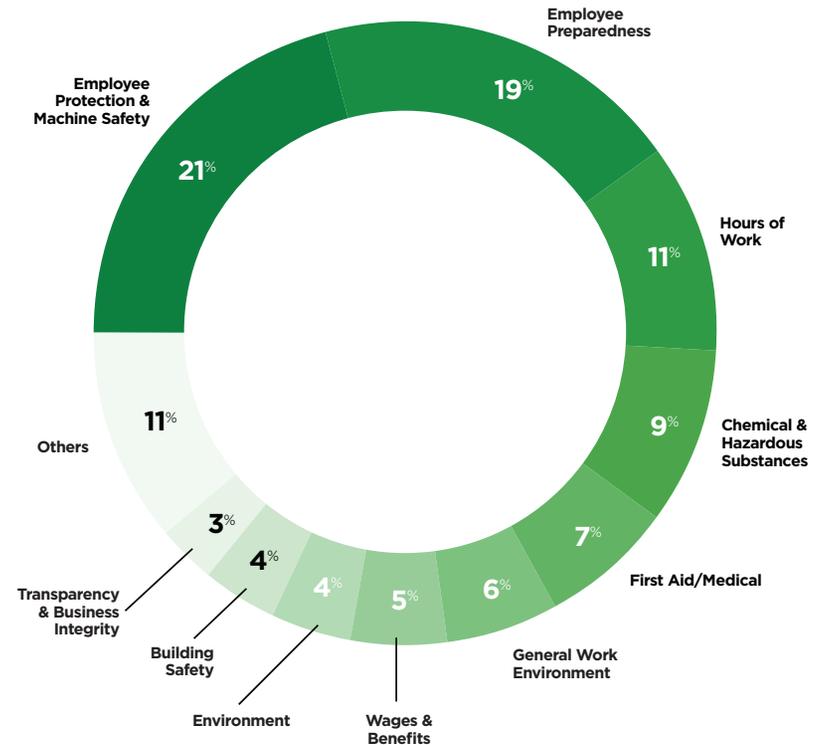
We track the collaborative efforts of our business partners and work to ensure remediation occurs without delay. CAPs are designed to drive improved compliance performance and provide visibility throughout the audit process. Since the implementation of the automated CAP process in spring 2018, the CAP completion rate has exceeded 94%. To help elevate compliance and support our vendor and facility partners, the Factory Compliance team classifies and tracks all noncompliance issues to guide future training content.

Abiding Practices

Doing business with us means abiding by all of the laws that govern our industry. We require our vendor and facility partners to adhere to laws and treaties, both domestic and international, and our Terms of Engagement that align with internationally recognized human rights principles developed by the United Nations, Core Conventions of the International Labour Organization (ILO) core labor standards, and other respected international organizations. We evaluate their compliance by using independent, professional third parties to diligently monitor our supply chain.

To address salient industry risks and align with rising social challenges, we update our Terms of Engagement, implement new policies, and communicate these changes to our vendor and facility partners to ensure that our human rights commitments are met. In the past several years, we have taken steps to consolidate our vendor and facility base so that we partner more closely with like-minded vendors and facilities regarding the commitment to human rights and fair and safe working conditions. Vendor and facility compliance with our Terms of Engagement is a threshold determination of whether or not the production of our proprietary-branded goods may be placed at a facility. We review production capacities and working conditions prior to placing production in order to support our commitment to human rights.

Top 10 Noncompliances by Category in 2022



Forced Labor/ Human Trafficking

Kohl's has strict requirements that our business partners not use any type of forced, prison, bonded or indentured labor, or labor acquired through slavery or human trafficking in the purchasing of raw or production materials, and manufacturing or finishing of our products.

We do not knowingly carry products that are made, in whole or in part, with child or forced labor. To support our commitment to our Terms of Engagement and Global Human Rights Policy, we receive written confirmation from our vendor partners that they will not source from regions or suppliers that utilize or condone child or forced labor.

These prohibitions include labor that is provided under duress, financial obligation, or improper oversight. Working must be voluntary and workers must be free to leave work and terminate their employment or other work status at any time. Workers must not be required to pay any fees, make any monetary deposits, or surrender any original identification documents as a condition of employment.

We manage human rights impacts in our supply chain through due diligence efforts, policies, and collaborative partnerships. Forced labor indicators, to the extent present, are identified during our social compliance auditing and business partner screening process. We continue to strengthen our monitoring program by raising our expectations and evolving our standards to support responsible recruitment efforts established by the Fair Labor Association (FLA).

Our partners must ensure fair treatment of foreign and domestic migrant workers in facilities by eliminating conditions that can lead to the exploitation of this vulnerable population. It is Kohl's requirement that the vendor and facility partners provide transparency and apply additional due diligence to prevent forced labor in any form within our supply chain. We will continue to measure our compliance efforts and progress against our Terms of Engagement for future enhancements.

To assist our vendor partners in their journey to prevent, identify, and eliminate forced labor in their facilities and supply chains, Kohl's nominated more than 2,300 business partners to complete trainings focusing on forced labor and transparency within the supply chain. The trainings were complementary to each other and aimed to drive awareness of the topics, to empower business partners to recognize the hidden risks, and to enable business partners to manage the risks in the most effective and appropriate way.

Training topics included:

- ▶ Forced Labor Prevention
- ▶ Recognizing Forced Labor
- ▶ Supply Chain Transparency and Traceability
- ▶ Transparency and Ethics

Facility Sustainability and the Higg Index

Our commitment to sustainability is grounded in the belief that we need to actively address the challenges facing our industry and the world in which we live.

We are dedicated to reducing our environmental footprint and upholding workers' fundamental rights within the facilities producing our goods and within our supply chain.

To assist us in driving facility social and environmental improvements globally, we use the Higg Index. Kohl's currently leverages multiple tools within the Higg Index, including the Higg Facility Environmental Module (FEM), Higg Verified Facility Environmental Module (VFEM), and Higg Facility Social and Labor Module (FSLM). This suite of tools delivers a holistic overview that empowers us to make meaningful improvements that protect the well-being of factory workers, local communities, and the environment.

We use the Higg Index to benchmark ourselves and the sustainability efforts of the facilities involved in the production of our goods. We require all approved facilities producing our proprietary-branded products to complete the Higg FEM. The Higg FEM assesses energy use, greenhouse gas and air emissions, water use, wastewater, waste management, environmental management systems, and chemical management. We understand that when the facilities that produce our goods operate more sustainably, they are also operating more efficiently using less water, energy and chemicals, and creating less waste. In addition to completing the Higg FEM, our strategic suppliers are required to complete the Higg VFEM and the Higg FSLM. To demonstrate our ongoing commitment to driving sustainability within our supply chain, we established environmental standards in 2022 for our strategic suppliers and they will be assessed for compliance in 2023.

For more information on our sustainability efforts, please refer to the [Environmental Sustainability](#) section of this report and our [Environmental Policy](#).



#3
Highest absolute number of received posted FEM 2021 self-assessment modules*

#2
Highest absolute number of received posted verified FEM 2021 modules*

38%
Average score performance improvement against 2018

89%
Tier 1 facilities completed the Higg Index FEM and shared results with Kohl's



60%
Tier 2 and beyond facilities completed the Higg FEM and shared results with Kohl's

99% **98%**
Tier 1 **Tier 2 & Beyond**
Facilities are in compliance with wastewater discharge permits and/or contracted agreements



One key component is comparing year-to-year results to determine if progress is being made. Kohl's has a total of 1,139 Tier 1 and 549 Tier 2 and beyond facilities.

* More than 100 companies used the adoption tool to track FEM 2021

Facility Sustainability and the Higg Index

To strengthen our chemical compliance program, Kohl's leveraged the Higg FEM Chemical Management section and focused on specific areas to drive compliance.



Chemical Management / Zero Discharge of Hazardous Chemicals

Specific steps taken to strengthen our chemical compliance program include:

- ▶ Aligning our business partners with tools that will digitize suppliers' chemical inventory and manage individual chemical compliance
- ▶ Providing vendor and facility partner training opportunities
- ▶ Offering Restricted Substance List (RSL) / Manufacturing Restricted Substance List (MRSL) compliance monitoring.

At the beginning of 2021, Kohl's became a participating friend of Zero Discharge of Hazardous Chemicals (ZDHC) Programme.

The Higg FEM Chemical Management section is a joint effort among the Sustainable Apparel Coalition (SAC), the Outdoor Industry Association (OIA), and the ZDHC to converge their respective chemical tools into one assessment questionnaire. ZDHC contributors are encouraged to access and utilize the Higg FEM as a critical part of the ZDHC system of tools for management and to measure chemical management performance.

Water Scarcity

We work with Kohl's proprietary brand business suppliers across the globe to understand the facilities that are located in water-stressed areas and that are or may become subject to water scarcity in the future.



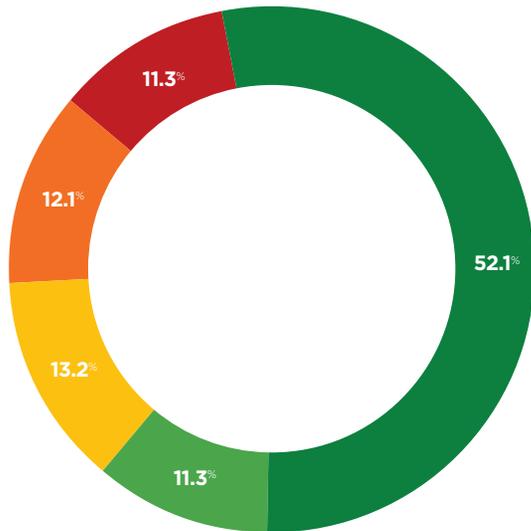
A water risk assessment was conducted using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas to map areas of water risks across our global supply chain.

Our supplier engagement work, along with our Higg FEM 2021 performance analysis for water-intensive facilities, revealed that our suppliers located in the most water-stressed regions already have strong water management practices in place. Some examples include monitoring consumption and baselines, target setting, and implementation plans.

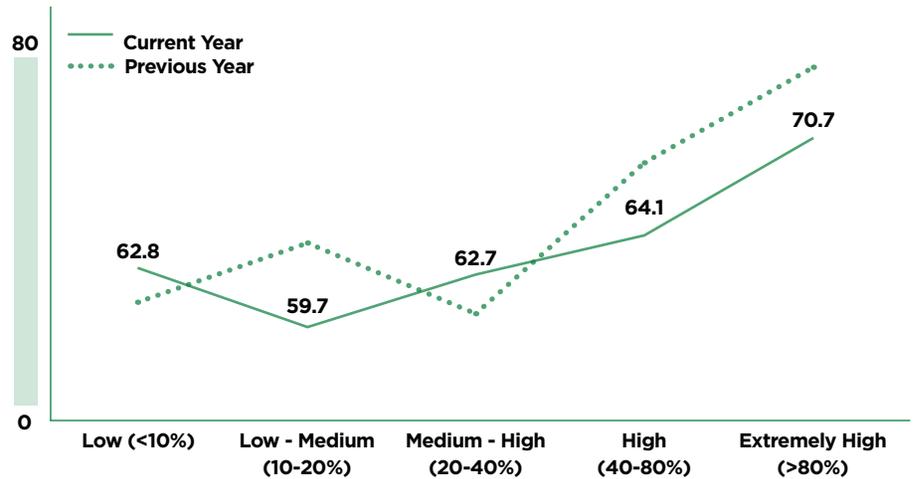
We will continue to utilize these tools to further shape and update our water reduction strategy in the coming years, engage our suppliers located in water-stressed areas to further drive performance improvement, drive water use efficiency, and continue to play their role in addressing local water scarcity challenges.

Water Stress Risk Level

Low Risk
Low-Medium
Medium-High
High Risk
Extremely High



Higg FEM Average Score for Water Section for Water Intensive Facilities



Climate Change & Environmental Training

Climate Change Training

To enable our vendors and facility partners in the Asian region with foundational knowledge on how to get started on achieving emission reductions, Kohl's leveraged a web-based training course that was established in collaboration with the UN Fashion Industry Charter for Climate Action and a few global fashion brands and manufacturers.



United Nations
Climate Change

Kohl's nominated all vendor and facility partners producing proprietary-branded goods in apparel, home textile, footwear, and accessories to complete the five training modules covering the following topics:

- ▶ Climate Change and Action in the Industry
- ▶ Introduction to GHG Emissions (Scope 1, 2, 3)
- ▶ Principles of GHG Accounting
- ▶ Target Setting
- ▶ Low-carbon Solutions (Efficiency and Renewables)

After completion of all the modules and passing the final exam, a certificate of completion is generated.

Environmental Training

Kohl's is committed to promoting supply chain sustainability and continues to leverage the Higg FEM to assess and measure our supply chain partners' environmental performance and identify best practices. To support business partners' continuous improvement efforts, Kohl's held capacity building sessions in multiple languages to our vendor and facility partners. These sessions focused on environmental topics that support our corporate responsible sourcing goals.

Trainings included:

- ▶ Higg FEM - 2021 Overview and Kick off
- ▶ Higg FEM - Environmental Management System Guidance and Best Practices
- ▶ Higg FEM - Energy and Water Guidance and Best Practices
- ▶ Higg FEM - Waste Management Guidance and Best Practices
- ▶ Higg FEM - Verification Process, Scope and Recommendations
- ▶ Wastewater and Chemicals Management Guidance and Best Practices
- ▶ Water Risk Management - Approaches, Tools and Best Practices



Conflict Minerals

We expect all vendor partners to ensure that merchandise sold to us is free of any conflict minerals and be committed to the elimination of conflict minerals from their products and their supply chain. Conflict minerals are tin, tantalum, tungsten, or gold sold to finance conflict in the Democratic Republic of 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 their contractual commitments to Kohl's. View the [Kohl's Policy on Conflict Minerals](#) and [Kohl's Conflict Minerals Report](#) for further details.

We are a member of the Responsible Minerals Initiative (RMI), which helps companies make informed choices about conflict minerals in their supply chains. RMI conducts audits over mineral supply chains, and our 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 insights about developments on regional issues, sourcing initiatives, and regulatory schemes in support of responsible sourcing. Kohl's is part of a multistakeholder RMI committee to address industry-responsible mineral sourcing issues in our supply chains.

View the [Kohl's Policy on Conflict Minerals](#) and [Kohl's Conflict Minerals Report](#) for further details.

Clean Diamond Trade Act

On July 29, 2003, the Clean Diamond Trade Act was implemented, requiring rough diamonds imported to or exported from the United States to be controlled through the Kimberley Process Certification, an internationally recognized certification system that guarantees diamonds as conflict free.

All of our diamond jewelry suppliers must verify that the merchandise they sell to us is legitimately sourced and meets the requirements of the Clean Diamond Trade Act and the Kimberley Process Certification, and ensure that merchandise sold does not contain diamonds involved in funding conflict.

Fur-Free Policy

Kohl's prides itself on responsibly and ethically sourcing our merchandise. Kohl's takes a stance against animal cruelty and does not knowingly carry products that contain real fur. We are aware of our responsibility to global sustainability and our role as it relates to animal welfare and work closely with our suppliers to ensure adherence to our Fur-Free Policy and labeling guidelines. Kohl's remains committed to advancing ethical practices in our retail business.

California Transparency In Supply Chains Act

Our Terms of Engagement further require compliance with 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 Terms of Engagement strictly prohibit the use of any type of forced, prison, bonded, or indentured labor in the purchasing of raw and production materials, or the manufacturing or finishing of the products we order, including without limitation, prison and slave labor or human trafficking.

Training Vendors in Kohl's Compliance

Our Factory Compliance team works with agents, vendors, facilities, subcontractors, and key raw material suppliers to engage both management and workers to review performance and drive improvements.

We work closely with supply chain partners to go beyond regulatory compliance to create a positive impact on workers' lives. We regularly communicate with and provide training to our partners regarding our Terms of Engagement, expectations of compliance, and U.S. regulations.

Vendor and facility training sessions provide a forum for two-way communication regarding requirements and country-level political, cultural, social, and economic issues faced by the facilities. Our vendor and facility partners are invited to additional training based on their identified risk level, newness to our organization, or historical audit results. We focus on our capacity building initiatives with proprietary brand vendors and facilities and will include national brand vendors if circumstances warrant.

Additional training sessions to reinforce our Terms of Engagement and our commitment to human rights are also conducted by our main buying agent, incorporating input from our Factory Compliance team. In 2022, training sessions continued to be limited due to COVID-19 travel restrictions, but a blend of in-person and web-based training was provided.

We encourage our vendor and facility partners to develop their own internal due diligence efforts to raise awareness and drive performance improvements within their social, Customs Trade Partnership Against Terrorism (CTPAT), and sustainability compliance programs. **In addition, facilities approved to produce our proprietary-branded goods must post our Terms of Engagement, which include a grievance channel available for workers to raise complaints or concerns, in a readily accessible location at their facility in the language of the workers to ensure awareness of our expectations.**

It is also key that our associates understand the importance of our Terms of Engagement. Social, Customs Trade Partnership Against Terrorism (CTPAT) and sustainability compliance training is made available to all associates via e-learning, newsletters, and instructor-led sessions.

For those associates who have direct responsibility for supply chain management, we provide industry trends training as well as targeted training on human trafficking, slavery, child labor and forced, prison or indentured labor, particularly with respect to identifying and mitigating zero-tolerance risks within our supply chain.

Our training sessions cover a number of responsible sourcing topics, including:

- Expectations for Suppliers
- Terms of Engagement Definitions
- Best Practices
- Site Verification Methods
- Indicators of Noncompliance
- Facility Assessment Reporting
- Remediation Methods
- Compliance Improvement
- Higg Index Modules and Sustainability
- Customs Trade Partnership Against Terrorism (CTPAT) Minimum Security Criteria
- U.S. Government Regulations

2022 Highlights

Higg Index

Top 5

Among 106 brands, retailers, large manufacturers with highest number of suppliers using Higg FEM

>1,600

Attendees joined our Higg Index capacity building trainings in 2022

Climate Change

76%

Of 200 fashion % textile vendors completed climate change training

>6,000

Climate change training hours completed by Kohl's vendors and facilities

Social

98

Facilities in India, China, Vietnam, and Cambodia had a fire, electrical, and structural safety audit conducted above and beyond our normal auditing process

>440

Hours of virtual training was delivered on forced labor, ethics, anti-corruption, and supply chain transparency

Social Responsibility Committee

The committee is composed of executives, including our Chief Merchandising & Digital Officer, Chief Risk & Compliance Officer, and Chief Legal Officer & Corporate Secretary, and senior leadership from departments with responsibility for business operations, including Merchants, Global Sourcing, Production & Product Services, and Risk and Compliance. The Social Responsibility Committee gathers biannually to discuss governance, strategic initiatives, and supply chain compliance with our requirements.

Communication on Industry Issues

Retailers face varied challenges throughout their supply chains. Our Terms of Engagement are clearly communicated to our partners during vendor town hall meetings, road shows, vendor meetings, and through business correspondence and our vendor portal. New proprietary brand vendors receive new vendor documentation, including a Certification of Compliance with All Legal Obligations form to be signed and returned by a principal of the vendor partner. In addition, our Terms of Engagement and Purchase Order Terms and Conditions set forth the contractual framework and emphasize the importance of the topics described in this report. As new human rights concerns arise, supplementary certifications are required.

Our Social Compliance Team

Social, economic, environmental, and risk management considerations are integrated into our purchasing processes. Our human rights policy commitments are approved and communicated at the Board of Directors level and the Audit Committee has oversight of these policies. Our Chief Risk & Compliance Officer has oversight of Factory Compliance and implementation of our human rights commitments.

The Factory Compliance team includes a Senior Manager of Factory Compliance, who leads a dedicated team of highly experienced compliance associates responsible for the day-to-day administration of the social, CTPAT, and sustainability compliance program. This team is independent of the Global Sourcing, Production & Product Services, and Merchandising departments.

Therefore, day-to-day decisions regarding the compliance status of facilities used to produce our proprietary brand merchandise are made by associates not involved in purchase negotiations to prevent potential conflicts of interest and to promote good governance. Our governance policies and business strategies include risk management activities to help provide a

Our Social Responsibility Committee guides the direction, assessment, and continuous improvement of our social, CTPAT and sustainability compliance programs.



consistent, efficient, and socially compliant supply chain necessary to achieve our long-term financial performance goals.

Partnering for the Common Good

Social responsibility is an integral part of our business. To deliver and create real change in the industry, we recognize the need to work in partnership with others. Forging partnerships to drive change is an essential part of our ESG strategy. These alliances offer a common benchmark to assess our own decisions, and they also provide the entire industry with the critical mass needed to enact meaningful change.

Customs Trade Partnership Against Terrorism (CTPAT)

Kohl's is committed to the highest standards of quality and integrity in its products and operations. Kohl's continues to recognize the need to further protect our product and resources from potential acts of terrorism or trafficking throughout our segment of the international supply chain. Kohl's commits to participate in the CTPAT voluntary program in collaboration with U.S. Customs and Border Protection (CBP) to strengthen our supply chain by implementing, following, and maintaining procedures and practices consistent with the CTPAT Importer Security Criteria.

Kohl's has been a proud member of CTPAT since 2006 and is a Tier III certified trusted trader, the highest rating given by CBP. Kohl's requires all of its international facilities, suppliers, carriers, contractors, and employees to implement, comply, and abide by CTPAT Minimum Security Criteria (MSC).

Kohl's has conducted more than

 **1,200**
security SCAN audits

Kohl's has conducted over 1,200 CTPAT security Supplier Compliance Audit Network (SCAN) audits to validate our supply chain compliance.

For more information, please reference Kohl's Corporate [CTPAT Commitment Policy](#).

Supplier Compliance Audit Network

Supplier Compliance Audit Network (SCAN) is an organization of U.S.- and Canada-based importers with a common goal of facilitating international supply chain security compliance and endorsing the efforts of U.S. CBP, CTPAT, and MSC. We have been a member of SCAN since August 2018. SCAN provides invaluable assistance in helping to standardize supply chain security audits to prevent multiple audits from being conducted over the same facility. SCAN members, including many of the world's top importers, can now participate in a "shared audit" to help reduce duplicative audits at facilities. SCAN has performed 22,889 supply chain security audits in 82 countries and has 23,812 facilities within the SCAN Audit Sharing Network since their inception in 2014.

Kohl's Participation in Better Work Programs

We participate in the International Labour Organization's (ILO) Better Work Vietnam (BWV), Better Work Nicaragua (BWN), and Better Work Indonesia (BWI) programs that cooperate with facilities to improve human rights performance and strengthen labor standards in export garment industries.

Better Work assesses facilities and provides advisory services to improve compliance with ILO core labor standards and national laws regarding compensation, contracts, occupational health and safety, and working hours. Select facilities are monitored by BWV, BWN, and BWI to minimize audit fatigue from our own scheduled visits. This process allows facility management more time to focus on corrective action and sustainable, continual improvement.

Nirapon

As a founding member of the Alliance for Bangladesh Worker Safety (Alliance) in 2013, we continued our commitment to sustaining the culture of facility safety in Bangladesh by joining Nirapon in 2019. Nirapon, the next generation of the Alliance, is committed to helping the facilities from which its members source develop a sustainable culture of safety. Nirapon provides safety oversight, partnership with well-respected training providers, remediation, capacity building, and maintains an effective helpline. Nirapon is supported by 55 brands and serves over 335 factories. For more details on Nirapon's efforts, please see [Nirapon.org](https://www.nirapon.org).

Institute of Public and Environmental Affairs (IPE)

To supplement our responsible sourcing strategy, we leverage the Institute of Public and Environmental Affairs (IPE) to screen our suppliers in China for environmental compliance. IPE is a nonprofit environmental research organization that collects and analyzes government and corporate environmental information to provide transparency on supplier compliance. On a regular basis, we screen our suppliers within IPE's Blue Map website to identify violations and, if found, create a corrective action plan for the respective vendor and facility to remediate within an assigned timeframe. In 2022, we screened more than 80% of our China facilities and over 50% have rectified their violations. We plan to continue expanding the scope of our supplier screening and push our suppliers to remediate outstanding environmental noncompliance.

Supplier Compliance Audit Network

Mekong Sustainable Manufacturing Alliance

We have continued our partnership in the Mekong Sustainable Manufacturing Alliance (The Alliance). The Alliance is a 3-year program funded by the United States Agency for International Development (USAID) and implemented by the Institute for Sustainable Communities (ISC) in partnership with ELEVATE, and the Asian Institute for Technology (AIT).

The Alliance uses a market-driven approach to strengthen sustainable and competitive manufacturing in Cambodia, Thailand, and Vietnam by engaging the private sector, catalyzing market forces, and advancing innovative regional initiatives that will increase the adoption of Environmental, Social and Governance (ESG) standards.

A fundamental element of the program is the foundation of the Alliance Leadership Group (ALG). The ALG is a platform that brings brands together to drive priorities for the ESG strategy. Kohl's, along with other leading international brands and retailers, is participating in the ALG.

With the start of the factory capacity building activities in 2022, Kohl's has nominated 65 factories totaling over 85,000 workers across Vietnam and Cambodia to participate in the broad-based trainings organized by The Alliance. The trainings focused on awareness and expertise training for management on international best practices covering fee remediation, migrant worker protection, gender, sexual harassment/discrimination, and grievance mechanism policies. As a result of these trainings, suppliers' management teams have developed a confident understanding of best practices when managing foreign migrant workers, creating a respectful workplace for employees.

Kohl's will continue its partnership with The Alliance in 2023, overseeing the completion of our supplier training and participation in the country and regional events scheduled. The key learnings identified from this program will be used to improve sustainability in other areas of Kohl's supply chains.



Values, Ethics, Human Rights & Governance

KOHL'S 2022 ESG REPORT

Values and Governance

Our Values are reflected in our Code of Ethics, Global Human Rights Policy, Business Partner Code of Conduct and Terms Of Engagement, and Corporate Governance Guidelines.

Our Values

The values we share as an organization remind us of how we conduct business and connect with people daily. Our four core values are known throughout the organization.



We put customers first.

We see customers as a constant source of inspiration and guidance. We take a “yes we can” approach to everything we do and are passionate about supporting the communities and causes our customers and associates care about.

We act with integrity.

We earn trust by living up to our commitments. We treat others with respect and fairness, and we make decisions that support the organization’s reputation.

We build great teams.

We actively promote the empowerment, engagement, and continuous development of all associates. We communicate openly and embrace diverse perspectives. We support a culture of recognition and celebrate greatness across all teams.

We drive results.

We work with a sense of urgency and accountability. We seek out information to make smart decisions and we offer up new ideas and solutions beyond the status quo.

Values and Governance

We are committed to the highest integrity standards and maintain a Code of Ethics to guide ethical decision-making for associates.

Ethics

We are committed to the highest integrity standards and maintain a Code of Ethics to guide ethical decision-making for associates. As a company of integrity, we expect our associates to be honest and accountable. Our ethics training, which we require all associates to take annually, is refreshed yearly to ensure topics covered are relevant and impactful. The training helps connect ethics to an associate's day-to-day job responsibilities and promotes honesty, integrity, and fairness. Additional key concepts reinforced during training include making ethical decisions, reporting concerns openly or anonymously, and adhering to company guidelines, including cyber security, privacy, and other technology policies. We also require managers to complete annual Leadership Ethics training to understand the role they play in upholding Kohl's ethical culture, leading with integrity, and creating a work environment that reflects our Code of Ethics.

We encourage our associates, customers, business partners, and stakeholders to raise concerns through our Associate Relations team or anonymously through the [Kohl's Integrity Hotline](#). We prohibit retaliation against any party for raising concerns in good faith, regardless of how concerns are communicated to us.

Additionally, we have established a Business Partner Code of Conduct to assist our third-party contractors in identifying ethical issues that may arise. We expect our business partners to conduct business in a lawful, ethical manner and to report any concerns or potential violations.

To learn more about our Ethics program, visit Corporate.Kohls.com.



A World's Most Ethical Company

For the past four years, we have been recognized as one of the World's Most Ethical Companies by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. In 2022, 136 honorees were recognized, spanning 22 countries and 45 industries³.

We were one of only three honorees in the retail industry. We were among honorees recognized for demonstrating our strategic integration of ethics and governance throughout our organization and our ongoing commitment to environmental, social and corporate governance stewardship.



³ - 2022 World's Most Ethical Companies honorees updated by Ethisphere Institute

Values and Governance

We are built on a foundation of integrity that we uphold and exemplify every day. These values are more than a commitment to those we serve; they are fundamental to every aspect of our business. Our intention will always be to act and make decisions that are in accordance with our purpose and with our values. We are committed to embedding respect for human rights throughout our entire business, including our associates, those in our supply chain, and the communities in which we operate. Our Human Rights Policy applies to our workforce, suppliers, partners, and customers

Global Human Rights Policy

We are committed to protecting human rights and safety, and prohibit the use of child or forced labor as well as human trafficking. We continuously evaluate our operations and value chain to identify, assess, and address salient human rights risks, engage key stakeholders, and prioritize key areas where we have the greatest opportunity to have a positive impact on people and communities. The Chief Risk & Compliance Officer and Chief People Officer are responsible for overseeing Kohl's Human Rights Policy. The implementation of the policy is overseen by senior executives and led by a cross-functional team. The Board of Directors reviews our progress on human rights at least annually. We are committed to periodically reporting on human rights impacts in this report.

We implement our responsibility to human rights through our existing commitments laid out in our Purpose and Values statements, Code of Ethics, Business Partner Code of Conduct, Terms of Engagement (TOE), and business programs covered in this report. Our approach on human rights is guided by internationally recognized principles as articulated in United Nations Guiding Principles on Business and Human Rights, Core Conventions of the ILO, ILO Declaration on Fundamental Principles and Rights at Work, UN Universal Declaration of Human Rights, International Bill of Human Rights, United Nations Women Empowerment Principles, and UNICEF's Children's Rights and Business.

We communicate the expectations of this Kohl's Human Rights Policy and provide training to our associates and business partners on topics covered within our Code of Ethics, Business Partner Code of Conduct, and TOE, including how to submit anonymous complaints to Kohl's Integrity Hotline. We are committed to providing our associates and business partners with appropriate access to grievance mechanisms and remedial action. Anyone who violates or fails to report a violation of our policies, regulations, or the applicable laws intended to respect human rights is subject to disciplinary action, up to and including termination. All instances are fully investigated and resolved in a fair, unbiased manner.

Our associates and business partners are encouraged to report violations or concerns through one of several channels available to them without fear of reprisal, as detailed in our existing commitments. Retaliation against anyone who reports a concern in good faith will not be tolerated and is a violation of our Code of Ethics. The Kohl's Integrity Hotline is available to our entire value chain for reporting concerns.

Governance

Responsible corporate citizenship is an important part of our company's values, and we are committed to incorporating socially responsible principles into our daily business activities. Our governance practices form the foundation for how we manage risk, ensure accountability, and provide transparency to our stakeholders.

Board oversight of our ESG strategy is essential to sustain the long-term interests of all stakeholders. In 2021, we expanded the scope of responsibility of the Nominating and Governance Committee to include oversight of ESG matters, and the Committee was renamed the Nominating and ESG Committee.

Commitment to Governance

By having cross-functional leadership on our Governance committees, we ensure transparency and alignment with Kohl's corporate values and ethics. These Governance committees cover Business Continuity, Diversity, Equity and Inclusion, Enterprise Risk Management, Ethics and Integrity, Information Security, Philanthropy, Privacy, Responsible Sourcing, SOX Internal Control, and 401k and Deferred Compensation.

To learn more about our practices and review our governance documents, please visit [Corporate.Kohls.com](https://www.kohls.com/corporate).



Workforce Safety, Health & Well-Being

KOHL'S 2022 ESG REPORT

Workforce Safety, Health & Well-Being

Feeling safe and secure is important to the total well-being of Kohl's associates and our customers.

We've continued to focus on initiatives that improve our associates overall well-being and prevent associate accidents, as well as the costs related to them. These initiatives ensure the way we communicate, work, train, and develop our products enable our customers and associates to shop, work, and engage in a safe environment.

Driving a strong safety culture starts from the moment associates step foot in our store and distribution buildings. Associates complete a comprehensive suite of safety learnings developed to elevate awareness, prevent accidents, and drive safe operational practices. Training covers a variety of topics that impact associates every day, such as safe lifting and ladder use.

To help improve safety and risk mitigation, the Risk Management team collaborates with leaders across the organization to ensure that safety stays at the forefront of business decisions. In conjunction with our collaboration efforts, we lead company-wide initiatives to elevate awareness and strengthen our safety culture.



Our safety brand, identified within Kohl's as C.A.R.L. (Cleanliness, Awareness, Responsibility and Lead by Example), helps to build accountability while reminding associates about the foundational elements that drive safe behaviors in our buildings.

When associates remember principles like keeping work areas clean and using the right tools and equipment, it will lead to fewer accidents and an all-around safer experience in our buildings.

In our distribution environment, we've recognized the increase in demand within our fulfillment operations and strengthened our onboarding process by building a more robust safety presence within our new associates' first days in the building.



Injury And Illness Rate (OSHA Rate)

Kohl's Injury and Illness Rate **2.69**

National Average of 5.50 for Department Stores **5.50**

Because of our continued efforts to identify and mitigate risks, our injury and illness rate (**OSHA Rate**) of **2.69** has improved from last year's rate of 2.77 and continues to compare favorably to the **national average of 5.50** for department stores, as published by the Bureau of Labor Statistics.

Enhancing Associate Health and Recovery

We also offer a virtual care option, as well as support our business with on-site COVID-19 testing and vaccinations, where available. Additionally, our team does routine training with the providers in the Wellness Centers to ensure understanding of our safety procedures and return to work process, as well as upholding our values.

In all of our locations across the country, we provide our associates with medical assistance for work-related injuries through a 24/7 nurse triage line. This nurse line gives every associate immediate access to medical professionals. We have expanded our telephonic offerings to include telepresence using a webcam to provide our associates with a face-to-face experience. Since implementing the line, we continue to provide training to our locations on the importance of nurse triage for our associates' well-being as well as constant feedback to our vendor partner to ensure best-in-class service to our associates. More than one third of our associates have utilized the nurse triage program since its inception.

Beyond providing our associates with medical resources and peace of mind at the beginning of an injury, our nurse program ensures the same level of care carries through the duration of an associate's claim. Through our nurse partnership with Paradigm, we created a nursing model specific to Kohl's with dedicated telephonic case managers and a designated Nurse Advocate. Our nurses understand our values and make sure they treat all of our associates in the best way possible. Treating our associates with dignity and acting with integrity is an integral part of our workers' compensation process.

To keep our workforce healthy, we support our distribution and e-fulfillment locations with on-site Wellness Centers to provide medical care, wellness checks, and immediate on-site treatment should one of our associates become injured.

Between our Wellness Centers, nurse triage line, nurse case management program, preferred medical provider program and overall treatment options, Kohl's has a great success rate in helping our associates recover and get back to work as soon as medically appropriate. We will accommodate injured associates with any restrictions, and continue to improve our programs and guidelines to meet the associates' needs. When needed, we enroll our associates in the Transitional Work Program, an interim work assignment program to temporarily accommodate medical restrictions that cannot be accommodated in their regular position. As such, we can assist our associates to get back to work much faster. This creates a feeling of goodwill for the associate and helps the company to be more productive for our customers.





Product Safety

KOHL'S 2022 ESG REPORT

Product Safety

We scrutinize our proprietary brand products through our corporate testing program to make sure they uphold our product safety and quality standards. We also conduct product testing through independent third-party laboratories. Our Quality Assurance and Product Integrity department works tirelessly to deliver a safe, quality product to our customers.

Additionally, we require all of our vendors to comply with our terms and conditions, which include compliance with all local, state, and federal laws and regulations on consumer product safety.





Cybersecurity & Privacy

KOHL'S 2022 ESG REPORT

Cybersecurity & Privacy

At Kohl's, we believe consumer confidence is critical to our brand. An important part of that trust is how we treat the personal information we collect.

Privacy

We understand that customers, associates and business partners entrust their personal information with us, and we have a responsibility to those individuals to respect their privacy rights. Our Privacy Policy provides transparency into the information we collect, how we use that information, and our commitment to follow all applicable laws governing that information. Additionally, our privacy program ensures individuals' privacy rights are fulfilled to the extent required by law. Our cross-functional Privacy Committee is responsible for identifying and managing privacy risks, with oversight from senior leaders in Risk and Compliance, Technology, Financial Services, Marketing, Human Resources, and Legal.

Read our [Privacy Policy](#)



Defenders of Data

a comprehensive security incident response plan. The program is visible throughout the organization, including updates to the Board of Directors' Audit Committee three quarters per year, with an update to the full Board of Directors for the fourth quarter.

Cybersecurity

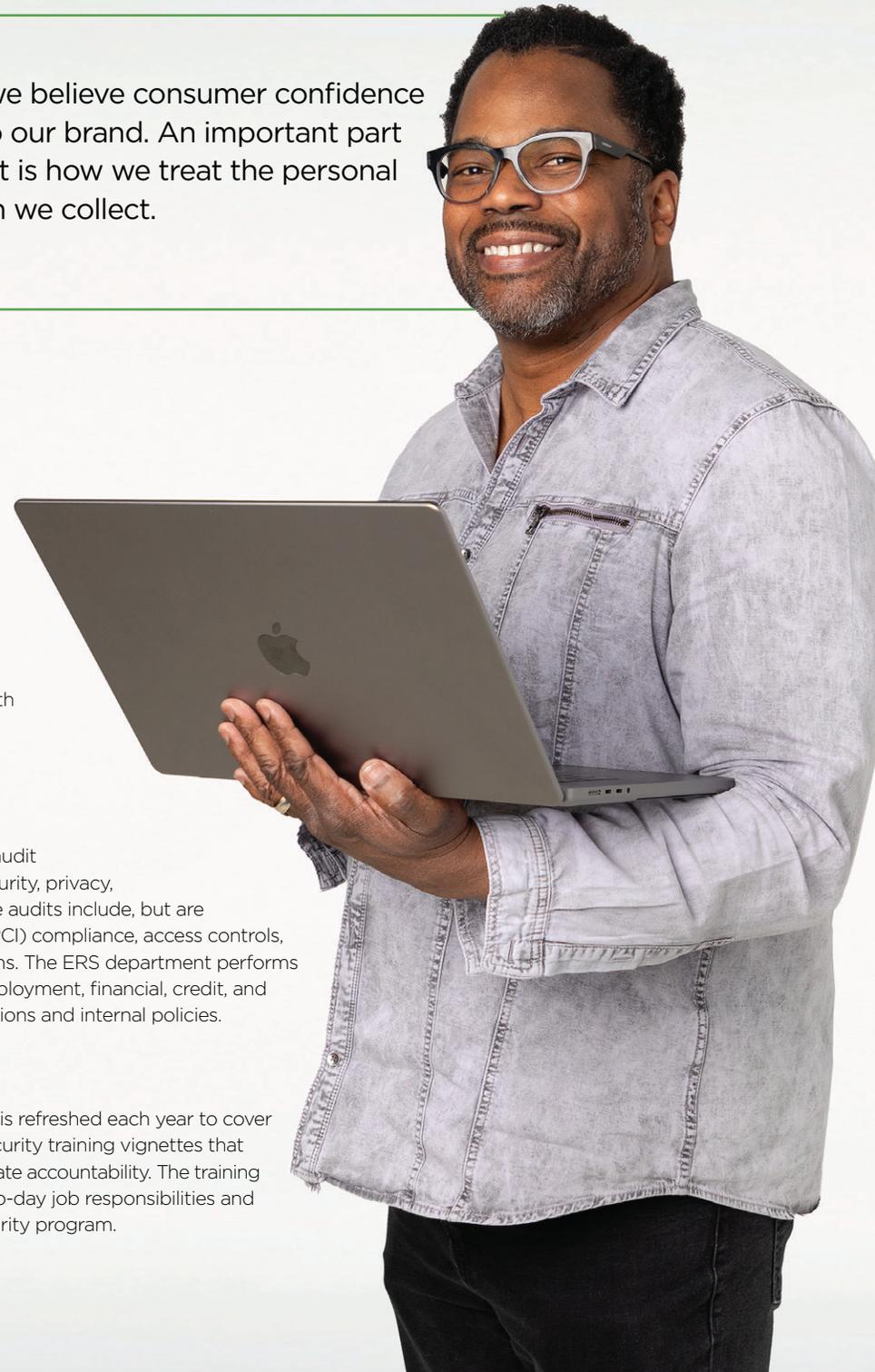
We consider all confidential information a critical asset and have a robust cybersecurity program to protect those details accordingly. Our information cybersecurity program is tied to industry frameworks, requires training for all associates, encompasses oversight of our third-party partners, and includes

Audits & Assessments

The Enterprise Risk Services (ERS) department reports to the Chief Risk & Compliance Officer and serves as an independent audit function for the company. This internal team conducts cybersecurity, privacy, and environmental assessments and audits. The subject of these audits include, but are not limited to, Sarbanes-Oxley (SOX), Payment Card Industry (PCI) compliance, access controls, and other processes-supporting IT infrastructure and applications. The ERS department performs audits across a variety of other compliance topics, including employment, financial, credit, and environmental control areas, to validate compliance with regulations and internal policies.

Annual Training

We require associates to complete annual ethics training, which is refreshed each year to cover integrity-related topics. Within this training are specific cybersecurity training vignettes that highlight key cybersecurity and privacy risks and reinforce associate accountability. The training helps connect cybersecurity and privacy to an associate's day-to-day job responsibilities and promotes awareness of each associate's role in Kohl's cybersecurity program.



A photograph of a Kohl's + Sephora store sign. The sign is dark blue with white text, mounted on a light-colored building. The background shows green trees and a clear blue sky.

KOHL'S
+ SEPHORA

Business Continuity, Crisis Management & Disaster Preparedness

KOHL'S 2022 ESG REPORT

Business Continuity, Crisis Management & Disaster Preparedness

We have a Business Continuity team dedicated to supporting the well-being of associates and customers in times of natural disaster, pandemic, civil unrest, active threat, and other unplanned incidents. The Business Continuity team plans for and performs exercises to seamlessly manage through a crisis and ensure our business operations are restored in a timely manner. Business continuity plans address multiple types of incidents and are exercised through centralized and location-specific simulations to ensure strategies are comprehensive and resilient. In addition to identifying the recovery time objective of each business function, plans also include the critical systems and vendors needed to support each business operation. Critical staffing timeframes, including identifying key recovery team members, are also included in the business continuity plans.

Business Continuity Planning

Our Business Continuity team is led by our Chief Risk & Compliance Officer. To navigate through the incident management life cycle, the team ensures preparedness, supports impacted locations, leads cross-functional incident updates, and suggests actions to mitigate risk across the business. Business continuity plans are developed and managed through industry-leading software to align the company's critical business functions, technology needs, and vendor relationships. To ensure plans stay current, each plan undergoes an annual review/update along with senior leadership approval.

Business Continuity Exercises

In addition to plan reviews, the Business Continuity team facilitates multiple business continuity exercises annually. The exercises vary in scenario and rotate which location or business function is exercised. Key areas participating in simulations include the Supply Chain and Logistics network, Credit servicing and select critical business functions.

See the Crisis Management section below for information on the annual Crisis Management team exercise.

Business Continuity and Systems Resiliency

The Business Continuity team closely partners with the information technology disaster recovery technology team to ensure the applications and infrastructure components are aligned with critical business functions. Disaster recovery testing across internal, cloud and key vendor systems is performed annually to validate recovery requirements. All system recovery capabilities are closely coordinated between the teams to ensure information technology capabilities for business critical functions are available when needed.



Business Continuity, Crisis Management & Disaster Preparedness

Active Threat

Each year, associates are required to complete active threat training. This training provides strategies for personal safety and response to an active threat in alignment with the U.S. Department of Homeland Security guidelines. To support active threats and other time-sensitive incidents, a robust third-party emergency notification system is used to alert associates across multiple contact channels on building closures, provide operational updates, and check on their safety and well-being. The Business Continuity team proactively works with senior leadership to maintain up-to-date contact information.

Crisis Management

Our Crisis Management team is made up of senior leadership across all business areas and provides guidance throughout crises. Annual preparation with the crisis management team provides guidelines and best practices for major system outages and natural disasters, including hurricanes, tornadoes, wildfires, and earthquakes. Annually the Crisis Management team participates in a half-day simulation designed to exercise a company-wide risk scenario. Updates on crisis management activities and business continuity preparedness are also provided to the Board of Directors on a periodic basis.

Disaster Preparedness

In addition to the annual training provided for Active Threat, there is annual training for major natural disasters including earthquakes and hurricanes. The training is facilitated by the Business Continuity team and includes presentations by partners. These trainings are an integral part of our preparedness strategy as we educate associates on actions to keep themselves and customers safe during an incident, share how communications will occur during and after an incident, and outline the support available to them and the local communities should a significant disaster occur.