



TARGET'S SUSTAINABLE SOURCING POLICY FOR COTTON PRODUCTS

Background

Cotton, in both its virgin and recycled forms, is a staple fiber in Target products and is vital to our business. It is used in a diverse array of fabrics and materials, which in turn are incorporated into a diverse range of products. Cotton farming is critical to the economic wellbeing of communities around the world and a number of methods are used to grow it – some more sustainable than others. For those reasons, Target is committed to leveraging our scale to drive positive change within the cotton industry. Although the complexity of the cotton supply chain poses significant challenges, we are determined to answer the call of our guests, our shareholders, our team members and the textile industry for proactive, positive change. This sustainable cotton policy, is founded, in part, upon the United Nations Sustainable Development Goals, a global effort we proudly support.

Policy

Target is committed to sourcing 100% sustainable cotton for our Owned Brand and exclusive National Brand products by 2022. In our view, sustainable cotton farming means:

- Maximized water efficiency
- Optimized inputs and chemical use
- Improved soil health
- Ethical working conditions

To meet our goal, we aim to achieve full visibility into where the cotton our vendors use to produce our products is grown. We aspire to continuous improvement within the interconnected supply chain through collaboration with farmers and brands, as well as other retailers and organizations who share our commitment. We also intend to track and validate our progress. We will report on our progress annually.

Transparency – Target will work towards the long-term aspiration of identifying where cotton is grown for all Owned Brand and exclusive National Brand products. The first step will be partnering with our vendors to map the supply chain for each product containing cotton. This mapping will require considerable time and effort in view of the complex nature of the cotton industry. However, we believe understanding how and where our cotton is grown is fundamental for enabling positive change.

Continuous improvement – To create the shift we believe the broader market requires, we will collaborate with supply chain partners and industry stakeholders to leverage our collective scale, influence and expertise throughout the supply chain. Target will also support innovative technological developments within cotton farming. But, our highest priorities are these:

- Ensure the cotton used in our supply chain is not cultivated or harvested using underage or forced labor
- Ensure working conditions in our supply chain are both ethical and compliant with applicable laws
- Optimize production practices to minimize environmental impact, such as water use and pollution, and chemical use

Preferred Cotton – There are several notable programs that promote, measure and provide education around sustainable cotton production, allowing Target to rely on them to help fulfill our commitment. We will use a combination of those that support our definition of sustainable cotton – primarily Better Cotton Initiative, Organic and Cotton LEADS™ – that best suit the varied geographies, supply chains and practices that Target relies upon. As we are making a long-standing commitment, this may include standards that have not yet been developed or our own programs. We will work internally and with our vendors to incorporate sustainably sourced cotton into our Owned Brands and exclusive National Brands products.

Learn more about our *Labor and Human Rights policies*.
