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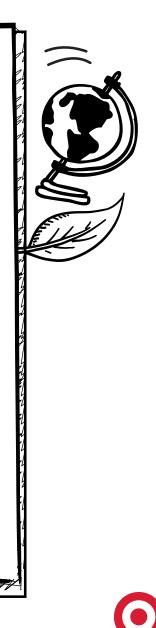
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## A Message To Our Stakeholders



Brian C. Cornell Chairman and Chief Executive Officer



At Target, our team is rallied around five core beliefs that give us a sense of purpose and serve as guides for how we show up for our guests, each other, and our communities each and every day.

And as we look back to 2015, we're really proud of how these beliefs—innovation, leadership, growth, inclusivity and community—shaped our ongoing commitment to corporate social responsibility and challenged us to reach even higher to ensure we're active citizens and valued neighbors in the communities we serve.

After all, Target was founded on the idea that our performance as a company is intrinsically linked to the health and vitality of the communities in which we live and work. And that belief is why we continue to give 5 percent of our profit to local communities, a tradition that we've upheld for the past 70 years.

As you'll see in the pages of this report, philanthropy is just one way we're working to do good in the world. As we look to the future, you'll continue to see Target working hand in hand with partners to help make wellness more accessible for our team members, communities and the guests we serve; to ensure our environmental footprint is sustainable from the entire lifecycle of the products we create and sell to the way we operate our business. You can also expect Target to continue to champion a culture of inclusivity and make meaningful investments in our local communities to help them grow and thrive.

Of course, we're proud of the progress we've made as a team this past year. But we're also the first to say there is so much more that can be done. And I am always inspired by what is possible when our teams and our partners—leveraging our size, our scale and our global reach—work together and do good for our guests, each other and our communities around the world.

## A Look At Target's CSR Strategy



laysha Ward

Laysha L. Ward Executive Vice President and Chief Corporate Social Responsibility Officer

## **Q**: What does corporate social responsibility mean at Target?

A: At Target, purpose has always been our compass and guide. We see corporate social responsibility (CSR) as an enterprise-wide commitment focused on business, social and environmental impact to protect and enhance our reputation. We believe we can fuel Target's growth, improve people's lives and make a sustainable difference in the world. That aspiration is fully integrated with the company's overall purpose and strategy. In 2015, we built the foundation for the future of CSR at Target that focuses on:

- making wellness a way of life for our guests, team members and communities;
- pursuing sustainability for our products and business operations;
- championing a more inclusive society; and
- investing and engaging in our communities.

Decades before business experts coined the term CSR, Bruce Dayton – a grandson of our company's founder, a former CEO and a personal mentor to me – asserted that businesses should act in the best interest of society. Today, we're honored to carry on the Dayton family legacy in service of our team, guests and communities.

## **Q**: What is the role of a mass merchant retailer in CSR?

A: As a purpose-driven brand, we stand for something larger than ourselves. And as a national retailer, we use the strength of our team, brand, size, voice and reach to fuel the potential of our guests. We want to offer them products and services that are accessible, affordable and inspiring; helping them to make better choices for themselves, their family, community and the world. To do this, we listen to our guests to understand what's important to them and how we can help; we regularly review a wide range of business and societal issues; and we work with our Target team and partners across sectors to engage in local, national and global stakeholder conversations to gauge where Target can drive and contribute to meaningful change. All of this helps us ensure we continue to live our purpose.

#### Q: What's next?

A: Five years ago, we established public goals to help us prioritize our work and deliver value to both our business and society. Each year, we've shared our progress, successes and challenges. These goals came to a close in 2015, and while we're celebrating successes and examining where we fell short, we are also working on the next chapter by creating a new set of aspirational goals and milestones that will guide our efforts into the future. Later this year, you'll see this come to life, aligned to macro trends and our evolving guest needs, and prioritized where there is opportunity to make an impact both for our business as well as society.

The difference any one brand can make is limited, but creating and leveraging an ecosystem that includes our own team members, strategic partners —and even competitors—creates exponential opportunities to do good. We're actively working across sectors to listen, learn, test and co-create solutions that drive systems and transformational change in the areas most material to our business.

Together, we're tackling some of today's most pressing issues, including aligning our work in support of the UN Sustainable Development Goals, a universal agenda to address sustainable development globally.

It's been said that there are few things in this world we do well by ourselves. That's why I want to extend my deepest gratitude to everyone who's been part of our journey. You celebrate our accomplishments with us, help us when we stumble, and ultimately keep learning and moving forward alongside us. It's progress not perfection, and it's done with a sense of humanity and generosity.



## Working To Achieve Our Goals

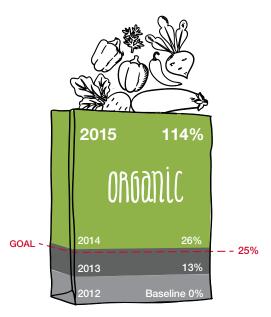
Target.com

To us, a goal isn't just an item on a checklist. A goal is something worth working hard to attain—and working even harder to exceed. We're proud that we surpassed almost half of the 20 goals we set and made strong progress on many of the goals that expired in 2015. Now we're giving ourselves new challenges by closing out all of our current goals and setting new ones for the future.



#### Environment Increase organic food offerings

Increase organic food offerings by 25 percent by 2017.



#### 2015 Progress: 114% increase

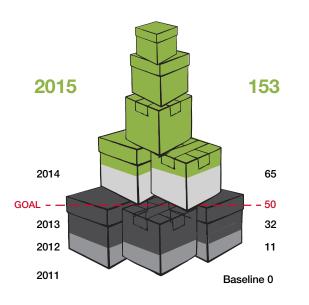
We achieved this goal two years early, increasing organic food offerings by 114 percent since 2012.

## Exceeded

#### Environment

## Improve owned-brand packaging sustainability

Enhance at least 50 owned-brand packaging designs to be more sustainable by 2016.



#### 2015 Progress: 153 packaging designs

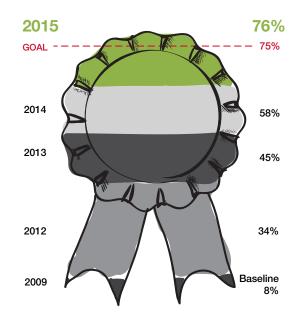
We improved the design of 153 Target ownedbrand packages, exceeding our goal by over 100 packaging designs. We continue to look for and deliver packaging improvements across our supply chain that reduce the impact of our packaging on the environment while ensuring we provide adequate protection to our products.



#### Environment

## Increase ENERGY STAR<sup>®</sup> certifications

Earn the ENERGY STAR® status for at least 75 percent of U.S. Target buildings by 2015.



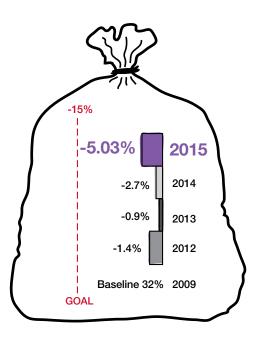
#### 2015 Progress: 76% U.S. buildings certified

At the end of fiscal 2015, 1,409 of our U.S. buildings earned ENERGY STAR® certification–76 percent of our U.S. buildings in all. But we're not done yet. We're shooting to make 80 percent of our locations ENERGY STAR® certified by 2020.

#### Environment

#### **Reduce waste**

Reduce the amount of operating waste sent to landfills by 15 percent by 2015.



#### 2015 Progress: 5.03% reduction

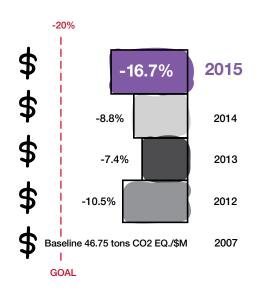
This goal is driven largely by the launch and execution of compost and organics recycling, which make up 30 percent of Target's total tons to landfill. Due to delays in infrastructure development to support a nationwide roll out, we did not meet our goal.

### Not Achieved

#### Environment

#### Reduce greenhouse gas emissions: per retail sales

Reduce Scope 1 and Scope 2 greenhouse gas emissions by 20 percent per million dollars of retail sales by 2015.

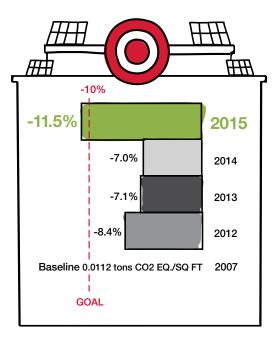


## Exceeded

#### Environment

## Reduce greenhouse gas emissions: per square foot

Reduce Scope 1 and Scope 2 greenhouse gas emissions by 10 percent per square foot by 2015.



#### 2015 Progress: 16.7% reduction

In 2015 we ended our goal period with a reduction in emissions of 16.7 percent per retail dollar sales. Although we did not meet our goal of 20 percent, we'll continue to improve our operations in an effort to reduce greenhouse gas emissions by implementing energy efficiency projects and technologies.

#### 2015 Progress: 11.5% reduction

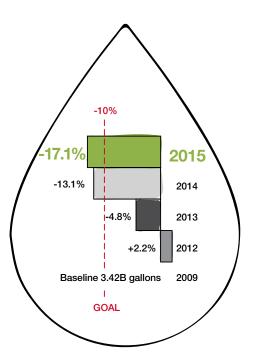
We concluded our period with an 11.5 percent reduction in greenhouse gas emissions per square foot. Even though we exceeded our goal of 10 percent, we're continuing to implement energy efficiency projects and technologies to improve the carbon footprint of our operations.

#### Exceeded

#### Environment

#### Reduce water use

Reduce water use by 10 percent per square foot by 2015.



#### 2015 Progress: 17.1% reduction

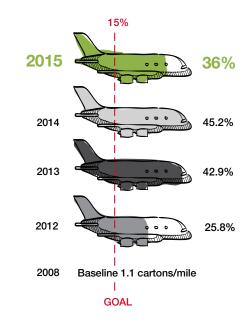
We used 3.03 billion gallons of water in 2015, a decrease of 17.1 percent per square foot from our 2009 baseline. In 2015, we expanded our smart irrigation technology to an additional 601 locations. We are also working toward incorporating 75 percent native and sustainable plantings in each new U.S. store. We continue to seek innovative ways to reduce water use.

#### Exceeded

#### Environment

## Improve transportation efficiencies: inbound

Improve the efficiency of general merchandise transportation inbound to distribution centers by 15 percent and support the adoption of cleaner and more fuel-efficient transportation practices by 2015.



#### 2015 Progress: 36% improvement

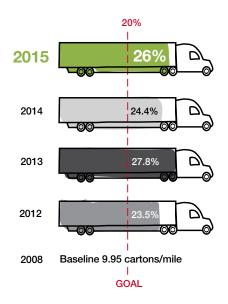
Target reduced loads and miles inbound to distribution centers by making improvements to our transportation management system, which enables us to optimize deliveries. We're focused on driving greater efficiency by combining store deliveries with inbound vendor deliveries and thus driving more efficient use of Target's capacity.



#### Environment

## Improve transportation efficiencies: outbound

Improve the efficiency of general merchandise transportation outbound from distribution centers by 20 percent and more fuel-efficient transportation practices by 2015.



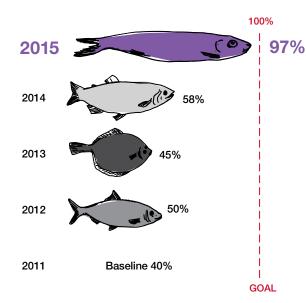
#### 2015 Progress: 26% improvement

Target reduced loads and miles outbound from distribution centers by making improvements and becoming more proficient with our transportation management system. Target continues to apply a theoretical modeling methodology and tools to our transportation network design to ensure we drive as much efficiency as possible out of our network.

#### Environment

## Increase sustainable seafood selection

Ensure our fresh and frozen seafood selection is 100 percent sustainable, traceable or in a time-bound improvement process by 2015.



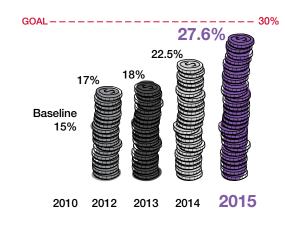
## 2015 Progress: 97% sustainable, traceable or in a time-bound improvement process

Working hand-in-hand with our environmental partner FishWise, trusted vendors and other stakeholders, we're proud to say we made it 97 percent to achieving our goal and achieved it for 100 percent of owned-brand items. Moving forward, we'll aim to achieve full compliance across our fresh and frozen categories.

#### Not Achieved

#### Team Member Well-being Increase use of financial tools

Increase the percentage of team members participating in the Target 401(k) who are using financial tools and resources provided by Target to 30 percent by 2015.



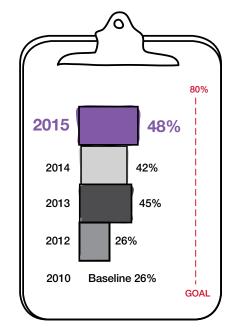
#### 2015 Progress: 27.6% participation

In 2015, 27.6 percent of eligible team members participated in the Target 401(k) financial tools and resources. We drove progress by having an increased focus on team members' financial wellbeing and continue to increase the percent of team members participating in the Target 401(k) financial tools and resources.

## Not Achieved

#### Team Member Well-being Increase health assessments

Increase the percentage of team members and spouses/domestic partners enrolled in a Target health plan completing a health assessment to 80 percent by 2015.

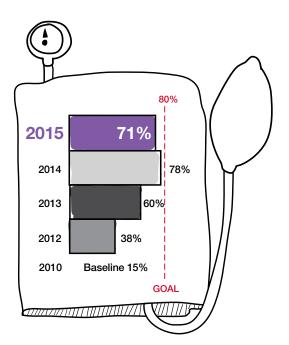


#### 2015 Progress: 48% completion

In 2015, 48 percent of eligible team members and spouses/domestic partners enrolled in a health plan completed the health assessment. We're continuing to explore ways to increase access and participation, like through the rollout of Rally, a new digital wellness platform that incentivizes team members to improve their health.

#### Team Member Well-being Increase biometric health screenings

Increase the percentage of team members and spouses/domestic partners enrolled in a Target health plan completing a biometric screening to 80 percent by 2015.



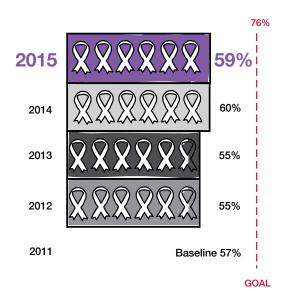
#### 2015 Progress: 71% completion

In 2015, 71 percent of team members and spouses/domestic partners enrolled in a Target health plan completed a biometric screening. Going forward, we'll continue to offer free on-site screenings at all of our locations to help them better understand their risk for preventable chronic diseases and increase engagement.

### Not Achieved

#### Team Member Well-being Increase breast cancer screenings

Increase the percentage of eligible team members and their dependents enrolled in a Target health plan getting breast cancer screenings to 76 percent by 2015.



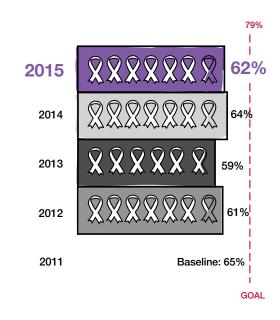
#### 2015 Progress: 59% compliant

In 2015, 59 percent of eligible team members and dependents enrolled in a Target health plan received a breast cancer screening. We'll continue to make progress and build awareness around the importance of all cancer screenings.

## Not Achieved

#### Team Member Well-being Increase cervical cancer screenings

Increase the percentage of eligible team members and their dependents enrolled in a Target health plan getting cervical cancer screenings to 79 percent by 2015.

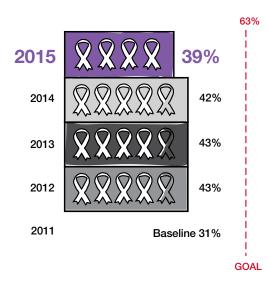


#### 2015 Progress: 62% compliant

In 2015, 62 percent of eligible team members and dependents enrolled in a Target health plan got a cervical cancer screening. We'll continue to make this a focus by increasing outreach and awareness efforts.

#### Team Member Well-being Increase colon cancer screenings

Increase the percentage of eligible team members and dependents enrolled in a Target health plan getting colon cancer screenings to 63 percent by 2015.



#### 2015 Progress: 39% compliant

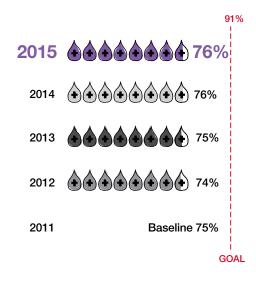
In 2015, 39 percent of eligible team members and dependents enrolled in a Target health plan received a colon cancer screening. We'll continue to make testing more convenient by providing athome test kits and sharing information about the importance of colon cancer screenings.

### Not Achieved

#### Team Member Well-being

## Increase diabetes HBA1C testing compliance

Increase the percentage of eligible team members and dependents enrolled in a Target health plan getting diabetes testing to 91 percent by 2015.



#### 2015 Progress: 76% compliant

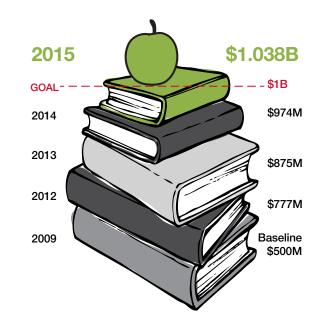
In 2015, 76 percent of eligible team members and dependents were tested for diabetes. We're continuing to explore innovative ways to increase diabetic compliance, including a glucose monitor pilot provided to eligible team members with reminders and real-time feedback on how they are managing their condition.



#### Education

#### **Double education support**

Double Target's year-end 2009 cumulative support of education, with a focus on reading, to \$1 billion by 2015.



## 2015 Progress: **\$1.038B cumulative support** of education

In 2015, we reached our goal to give \$1 billion for education. Target's support has provided \$498 million in classroom resources; \$218 million in reading programs; \$125 million in higher education, scholarships and international grants; \$104 million in education programs; and \$93 million in arts in schools and hunger. We'll continue to focus on youth, both in school and out, primarily through the lens of wellness.



#### Education Increase TCOE giving

Increase cumulative giving to schools nationwide through Target's signature Take Charge of Education (TCOE) program to \$425 million by 2015.



#### Exceeded

#### Volunteerism

#### Increase volunteer hours

Strengthen local communities and help kids learn, schools teach and parents and caring adults engage by increasing team member volunteer hours to 700,000 annually by 2015.

1,177,079 1,100,502 1M 679K - 700K GOAL - $\bigcirc$ 3  $\Theta$ Ď Ē Baseline 430K 2014 2015 2010 2012 2013

## 2015 Progress: **\$432M cumulative giving** to schools, as of FY 2015

At time of publication, we're proud to have donated more than \$460 million in total to more than 120,000 schools across the country, with the help of our guests. After surpassing a milestone of giving \$1 billion for education, TCOE has come to a close as of May 14, 2016.

#### 2015 Progress: 1,100,502 hours

Our passionate team members enabled us to achieve our goal of maintaining 1 million volunteer hours annually, with a total of 1,100,502 hours volunteered in 2015. We will continue to strive for 1 million hours volunteered in 2016.

#### Next Steps On Our Goals

At Target, we set the bar high. We set goals in 2010 to push ourselves to new heights, and we made significant and meaningful progress in many of the areas we focused on. At the same time, we fell short in more places than we'd like. As we move forward, we'll look at our material issues, our resources and the business and societal changes we'd like to see to inform the goals and metrics we set for the future. We plan to roll out a new goal framework later this year.

## **Inspiring Wellness**



For Target guests, wellness is a personal journey, and it's about the choices they make every day. They're seeking progress over perfection, looking for new ideas and unique product choices that help them and their families lead healthy lives. We know this is true for our team members as well. To meet people where they are on this journey, in 2015, we kicked off a holistic, integrated approach—making wellness a signature business category, the focus of our CSR efforts and a continued priority for investing in our team.

By making it easier for our guests, team members and communities to be active, eat healthy and choose products made with materials they can trust, we believe we can make wellness more accessible and more affordable to all.





"Target's longstanding commitment to creating brighter futures for the communities it serves, coupled with its unparalleled scale and reach, has been invaluable in the national expansion of our UNICEF Kid Power program to empower kids to get active and save lives."

**Caryl Stern,** President and CEO, U.S. Fund for UNICEF

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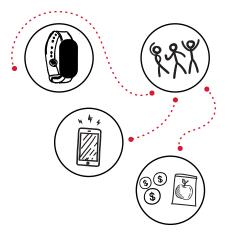
## Achieving Wellness Through Active Living And Healthy Eating

Target is focused on meeting people where they are on their wellness journey. That includes helping youth and families overcome the barriers to eating healthy, being active and driving community wellness.

One way we're doing that is by partnering with the U.S. Fund for UNICEF in support of UNICEF Kid Power, featuring a child-sized fitness tracker called the Kid Power Band. As the program's exclusive retailer, we're helping launch the Kid Power Band to guests and Target team members nationwide in store and online. Kid Power sends kids on fun "missions" to learn about new cultures and earn points. Points unlock funding from partners, parents and fans, and funds are used by UNICEF to deliver lifesaving packets of therapeutic food to severely malnourished children around the world. The more kids move, the more points they earn, the more lives they save. In total, we've committed \$2.5 million to support Kid Power and help the Kid Power school program reach up to 70,000 students in high-need communities across the country.

Another vital component of wellness is healthy eating. In addition to giving guests easy options for eating well through products in our Simply Balanced and Made to Matter assortments, we're providing more opportunities for our guests to choose better food options through what we offer in our checkout lanes. In 2015, we tested the addition of better-for-you snacks in our checkout lanes and guests responded asking for more options like this focused on kids. We're working to find ways to add better-for-you options in all Target stores. Meanwhile we're offering our youngest guests the choice between a free piece of fruit or a cookie at SuperTarget bakery counters.

Learn More O



Learn More About The UNICEF Kid Power 4-Step Process O

#### Creating Innovative Ways For Kids To Play Everywhere

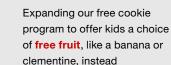
We believe communities know how best to foster innovation and provide opportunities to improve health outcomes for the children and families that live there. That's where the idea of playability comes in. Similar to the better-known concepts of walkability and bikeability, playability is the extent to which cities make it easy for all kids—especially the 16 million living in poverty in America—to get the balanced and active play they need to thrive.

Because play is an important part of both exercise and child development, we've joined together with KaBOOM!, the Robert Wood Johnson Foundation, Playworld, the U.S. Department for Housing and Urban Development and the National Endowment for the Arts to launch the <u>Play Everywhere</u> <u>Challenge</u>. This national competition will award \$1 million in prizes for the best replicable, scalable innovations in city redevelopment and design that help make play easy, available and fun for kids and families.



#### **Our Expanded Healthy Food Offerings...**

Testing in-market check lane models that include healthier options



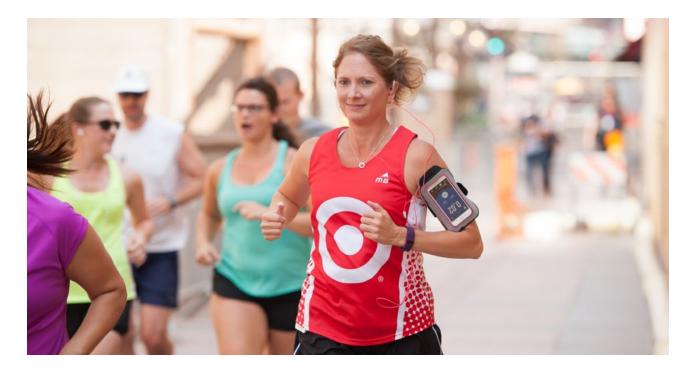


## Focusing On Wellness For Our Team

In 2015, we implemented changes that support making the healthier choice the default choice for our team. We introduced new wellness initiatives that encourage our team members across the country to set and achieve their own wellness goals at work and at home.

**Team Member Wellness Discount:** reduces barriers to healthy eating for all team members and their families. As part of Target's commitment to team member health and financial well-being, we offer a wellness discount that gives all U.S. team members an additional 20 percent off fresh and frozen fruits and vegetables; Simply Balanced, our wellness grocery brand; and athletic apparel and workout gear for men, women and kids from C9 by Champion—all on top of their existing Team Member Discount. In just the first four months of our new wellness discount, team members saved a total of \$3.9 million and spent 38 percent more on wellness items compared to the previous year.

Activity Challenge: engages team members and encourages them to increase their daily physical activity levels. Because healthy eating and active living are fundamental to helping team members and their families achieve optimal health, we're advancing our culture of wellness efforts to focus on these areas. As part of these efforts, we've offered every U.S. team member a free or discounted Fitbit<sup>™</sup> device. We also used a corporate wellness platform from Fitbit to host group activity challenges-team members competed to share a \$1 million dollar donation to be distributed to a local wellness nonprofit in their community. Team members took over 13 billion steps and increased their daily activity throughout the challenge.



#### Giving Team Members Time To Spend On Wellness

Inherent in our wellness strategy is the belief that wellness begins where our guests and team members live, learn, work and play. And, because wellness doesn't happen only during working hours, we've expanded our time-off policies to help our team members pursue wellness outside of the workplace. In addition to existing paid time off such as parental leave and vacation, eligible team members now have paid time off to use for well-being activities. This time can be used for financial advancement, physical improvement or volunteer activities. Spending time on well-being is time well spent: our research shows Target stores with high well-being scores also experience higher sales.

Learn More O







## We Have High Standards For Our Products—And So Do Our Guests

Our guests are increasingly concerned about the chemicals and additives in products they put in, on or around their bodies. Their concern prompted us to offer more "clean label" products that strive to clearly list their contents and are made with ingredients guests can trust. Clean label products are part of our effort to expand our selection of wellness and sustainable product choices that balance price, performance and convenience.

In fact, we're building a complete assortment of products our guests can feel good about through our Sustainable Product Index (SPI), which we launched in 2014 for products in personal care, beauty, household cleaning and baby care. We use the SPI to assess products for healthier living, as well as the environmental impact of ingredients, packaging and sourcing practices. We collect information from our vendors and evaluate the products against criteria built into the SPI. Although the product ratings aren't something our guests can find in-store, the SPI is the foundation for our sustainable changes in these categories. As a result, guests will start to find more and more information about ingredients on product packaging and online. And we're working to expand the SPI to include cosmetics in the next year.

In 2015, we also developed a standard to give business partners, buyers and product developers a common framework for what Target considers "food wellness products" in our stores. The products that fare best against the standard are those made with nutrient-rich ingredients, like whole grains, lean meats and fruits and vegetables, and without unnecessary synthetic ingredients and additives, while also employing the types of responsible sourcing practices we know our wellness guests are looking for.

## When Products Are Made To Matter, Guests Notice

What matters to our guests, matters to us. That's why in 2014 we introduced a new program called Made to Matter—Handpicked by Target, a first-of-its-kind collection from leading natural, organic and sustainable brands. In 2015, we updated the assortment to give guests even more robust options with a total of 31 brands and more than 200 new and exclusive products. To qualify, brands must foster unique, collaborative partnerships, develop exclusive innovations and be committed to social and environmental impact. And Made to Matter has been a hit with guests so far—sales reached \$1 billion in 2015.

#### Learn More O

#### Following Up On Our Beauty And Personal Care Summit

Our concern about sustainable products led us to co-host a day-long Beauty and Personal Care Products Sustainability Summit with Walmart in 2014. The summit, which brought together 50 beauty and personal care companies and organizations to discuss product sustainability, was facilitated by global nonprofit Forum for the Future. The summit has produced positive results: in December 2015, Forum for the Future convened a new leadership group comprising members from across the value chainincluding retailers, product manufacturers and chemical companies. These industry leaders are helping foster ingredient transparency, and accelerate the route to market of sustainable ingredients, ultimately enabling us to bring better beauty and personal care products to guests.

## Fostering <sup>-</sup> Sustainability

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The idea of operating sustainably isn't something new for us. We've been working to improve social and environmental impact through our product design and development, manufacturing and operations for years. Today, sustainability drives decisions we make across our business. We aim to act as a progressive force for curating sustainable products and business operations, ensuring we create long-term value that goes beyond Target and into the communities where we do business.

## Leveraging Our Global Reach To Influence Product Sustainability And Responsible Sourcing





Source: © U. Roberto Romano, courtesy of GoodWeave International

We're in the unique position of having the scale, influence and resources to improve how products come to market in a way that can drive transformational change for society. Last year, we launched a partnership with GoodWeave to ensure our owned-brand woven rugs produced in India are made ethically and without the use of child labor. With an eye toward more visibility to human rights in the supply chain, we helped establish a unique partnership called Supply Unchained, an anti human-trafficking initiative developed by the United States Agency for International Development (USAID) and GoodWeave, and co-funded by the Skoll Foundation. Supply Unchained will enable us to aggregate information about supply chain relationships, locations and workforces so we can more precisely pinpoint production sites at greater risk of labor issues. This partnership will help us address issues more effectively and ensure workers are being treated fairly.

Another way we're working to source goods responsibly is through our continuing role in the Alliance for Bangladesh Worker Safety, which we helped launch in 2013. This initiative aims to elevate <u>safety conditions</u> for garment workers across Bangladesh. More than 1.2 million factory workers and security guards have received basic fire safety training since the Alliance began, and a first-of-its-kind anonymous helpline was expanded to 650 factories, which allows more than 866,000 workers to confidentially report issues of concern. In 2015, all factories in Bangladesh that are producing goods for Target were inspected for fire, electrical and structural safety, and significant safety improvements were made where needed.

Knowing the textile, apparel and footwear sectors use a great deal of energy and water, since 2012 Target has partnered with the Natural Resources Defense Council (NRDC) to implement Clean by Design—a program to reduce the environmental footprint of textile mills. In 2015, Target suppliers participating in Clean by Design realized amazing results, including a total reduction in water use of 726,352 tons last year. In 2016, we are increasing our commitment with Target suppliers accounting for 35 percent of Clean by Design factory participants as we continue to expand the program in our supply chain.

## How2Recycle

#### Product Labels That Show Target Guests How2Recycle™

Variations in recycling programs, unclear labeling and inaccurate recyclability claims can make it difficult for our guests to recycle properly. That's why we've added the How2Recycle<sup>™</sup> Label-a standardized labeling system that clearly communicates recycling instructionsto our owned-brand packaging. We were the first mass retailer to join the program in 2013, and we rolled it out in stores over the last two years. Adding the label to our packaging provides guests with an easy way to live more sustainably, while helping reduce waste-things we know our guests find valuable. The label is currently on over 1,265 unique products.

#### Giving Plastic Bottles Another Life

More than 14.5 million. That's how many recycled plastic bottles were used to produce fabric for some of Target's owned-brand jeans in 2015. The fiber, which is called REPREVE, is made by Unifi from recycled bottles. Many of our owned-brand backpacks also started out as plastic bottles. Designed to be just as functional and fashionable as ordinary backpacks, their exterior body fabric is made from 100 percent post-consumer recycled plastic bottles.

#### Learn More O





#### A Commitment To Sustainably Source Palm Oil

In addition to setting our 2018 sustainable palm oil goal, we've taken major steps to understand the volumes of palm oil that are entering Target's owned brands. This work included assessing the amount of palm oil, palm kernel oil and palm oil derivatives used to produce products covered by our commitment in 2014. We now have a better understanding of these volumes and have embarked on the longer-term and complicated process of mapping our supply chains back to the palm oil mills. As a new member of the Roundtable on Sustainable Palm Oil. Target supports and commits to strengthening standards across the palm oil supply chain.

Learn More O

#### Feeling Good About The Eggs You Eat

We're dedicated to the humane treatment of animals and believe they should be raised in clean, safe environments, free from cruelty, abuse and neglect. In 2015, we began exploring a transition to cage-free shell eggs. In a cage-free environment, hens are free to move around in an open barn. This allows them to express natural behaviors. In 2016, we began working with our suppliers to increase our offerings of cage-free shell eggs nationwide and are working toward a 100 percent cage-free shell egg assortment by 2025, based on available supply.

#### Learn More O

#### **Food Animal Welfare**

Target is committed to ensuring the meat, dairy and eggs sold in stores reflect our belief in the proper treatment of animals. In 2015, we developed a <u>Food Animal</u> <u>Welfare Policy</u> to ensure our vendor and supplier partners meet or exceed external standards, based on their business. Our policy also includes guidelines on antibiotics/antimicrobials that go beyond industry standards.



## **Building A Sustainable Business For The Future**

Building a sustainable business means focusing on the areas where we have the greatest impact and where we can make meaningful improvement through investments, partnerships and scalable solutions. Ultimately, we believe this is the best approach for both our business and society as a whole. Recently, our efforts were recognized by the Environmental Protection Agency (EPA), which named us an ENERGY STAR® Partner of the Year, the highest honor from the EPA for energy-efficient companies. Currently, 76 percent of our buildings are ENERGY STAR® certified-more than any other retailer. That means all of those buildings (1,409 in all) meet strict guidelines for energy use and greenhouse gas emissions. But our work isn't finished. Our new goal is to make 80 percent of our locations ENERGY STAR<sup>®</sup> worthy by 2020-a 5 percent increase over our 2015 goal.

We're also investing in innovative programs that leverage our building automation and energy systems to improve demand-side energy management. When electric grids are stressed, the utilities call on demand response participants like Target to reduce their electrical use. In 2015, we extended our demand response program to more than 1,000 locations that decrease their electric load and energy usage when grid consumption peaks.

Demonstrating our support for action on climate change, in 2015, we became one of 154 companies to sign the American Business Act on Climate Pledge. We have established a number of <u>goals</u> to support our pledge, including reducing energy intensity-per-square-foot by 10 percent by 2020 for our stores against a baseline of 2010. This effort alone will eliminate 271,500 metric tons of GHG emissions from our stores—equal to the reduction of annual GHG emissions from nearly 25,000 homes' energy use.





Achieve ENERGY STAR<sup>®</sup> certification in 80% of our buildings

Reduce the energy intensity-per-square-foot in our stores by 10%





Add solar rooftop panels to **500** of our stores and distribution centers

Expand our investment in offsite renewable energy to complement onsite renewables

#### Introduce hydrofluorocarbon (HFC)-free refrigerants in our food distribution centers

and stand-alone refrigerated display cases

Reduce water use by 10% per square foot in our stores



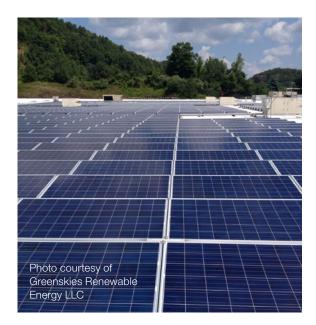
Div lan

Divert 70% of our retail waste from landfills through reuse or recycle programs

#### Engage additional vendors

and product categories in our work with the Natural Resources Defense Council Clean by Design program





#### Number Of Solar Rooftop Panels On Target Buildings Up 800%

Renewable energy, such as solar, is not only a cleaner alternative to fossil fuels, but also offers significant public health benefits. In fact, an <u>EPA study</u> found that replacing fossil fuels with renewable energy can reduce premature mortality and lost workdays, and reduce overall healthcare costs. That's one reason we've increased the number of solar rooftop panels on Target buildings by over 800 percent since 2010, with solar panels at 193 sites as of early 2016. These panels are capable of generating up to one-third of each building's energy. We may sell the renewable energy certificates for that energy. Our goal is to install solar panels on a total of 500 stores and distribution centers by 2020.

#### Keeping Coolers From Contributing To Climate Change

Part of our American Business Act on Climate Pledge is to drive implementation of refrigerants free of hydrofluorocarbons (HFC)—which contribute to climate change—in our food distribution centers and stand-alone refrigerated display cases. Recently, we opened two new food distribution centers that employ an HFC-free refrigerant, eliminating 900 metric tons CO2e—the equivalent of CO2 emissions from consuming 101,272 gallons of gas. We also require all new and replacement stand-alone coolers use a natural, HFC-free refrigerant (R290) to meet this commitment. We're joined by more than 50 food retailers in the EPA's GreenChill program to reduce refrigerant emissions and their impact to climate change.



"Target is demonstrating incredible leadership and innovation in their refrigeration systems by moving away from using HFCs, which are potent greenhouse gases that damage our earth's climate."

Tom Land,

Manager of EPA's GreenChill Program

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## Championing Inclusion

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FRSTT

As demographics continue to shift, the only way we'll continue to thrive as a business is to ensure our guest experience reflects the changing world. We're proud to be doing our part to champion an inclusive society, and we strive to make our guests and team members feel accepted, respected and welcome.



Caroline's Cart has changed the way the Stanford family shops with their six-year-old daughter, Savannah.



We Work To Make Every Guest Feel At Home

We put our guests at the center of everything we do including our diversity and inclusion efforts. That means creating and fostering an environment where every guest feels welcome, valued and respected.

And to us, making guests feel welcome means every guest during every visit. So when we learned that shopping at Target with a special needs child could be challenging, we introduced Caroline's Cart. Incorporating a large seat on the front, Caroline's Cart was created especially for children with disabilities. It gives parents and caregivers a viable option to transport a child while shopping—without the impossible task of maneuvering a wheelchair and a traditional shopping cart simultaneously. It's named after Caroline, the special needs daughter of Drew Ann and David Long who came up with the idea. The vast majority of our stores—with the exception of a handful of our smallest stores where we don't have full-size carts—have at least one Caroline's Cart, and many have more, depending on guests' needs.

Caroline's Cart is a great example of how we're always working to find new ways to make guests feel welcome in our stores by listening to them and our team members, and responding to their feedback.

This approach previously helped us significantly improve the experience for guests who require assistive technology when using Target.com. And now, it's helping us to bring inclusion to the aisles of Target stores when team members told us guests were asking for a broader selection of <u>dolls</u> that look like them. We listened—and responded with dolls that have a greater variety of physical features. Our multicultural dolls demonstrate how incorporating relevant assortments in our stores can improve the Target experience for our guests.

Learn More O

"We love shopping at Target, and it's great to know that every store we go to anywhere in this country will have at least one Caroline's Cart for us or someone else to use. This cart will enable my wife to be able to get her shopping done without the worries of transporting Savannah."

Adam Stanford, Target Guest

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Target carries a variety of dolls with varying physical features.

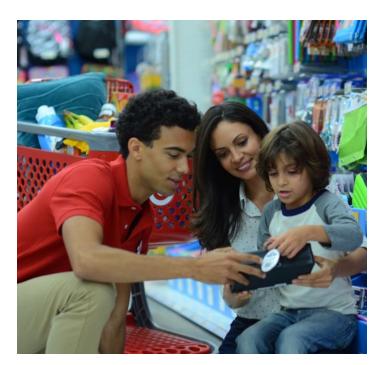
## Building A Workplace That's As Diverse And Inclusive As The World Itself

What does a diverse and inclusive work environment look like? At Target, it looks more and more like the world outside our stores and offices. Inclusivity is such a big part of who we are—and who we want to be—that we've made it one of our five beliefs: *We believe diversity and inclusivity make teams and Target better*. Our teams are currently identifying goals and metrics to continue to drive accountability for diversity across Target.

We're proud that Target outperforms key benchmarks in terms of women in leadership roles on our team and Board. We're consistently recognized as a leader in female representation, and our focus on hiring, retaining and developing female team members and leaders is evident in our results: our overall team member population is 57 percent female, and women comprise 46 percent of our senior leadership ranks.

But gender diversity is just part of our inclusive approach. We know our guests expect to see themselves reflected in the companies they support and are keenly aware our country is becoming far more diverse. Target's total workforce is already more <u>diverse</u> than the U.S. population as a whole, and our Board outperforms S&P benchmarks for race with 31 percent of the board racially/ethnically diverse compared to a benchmark of 15 percent, according to the <u>2015</u> <u>Spencer Stuart Board Composition Report</u>. All of these efforts and more helped us rank 22nd on <u>DiversityInc's</u> <u>Top 50</u> list, up from 25th the previous year, and we continue to focus on the need for racial and ethnic diversity across all levels of the company.

Learn More O



DiversityInc magazine ranked Target No. 22 on its list of the Top 50 Companies for Diversity.

"Target's commitment to diversity and inclusion exemplifies how corporations can innovate by accelerating progress for women through workplace inclusion. Together, we aspire to change workplaces, and change lives."

Deborah Gillis, President and CEO, Catalyst

Learn More About Our Diversity And Inclusion Reporting O

#### Demonstrating The Value Of Diverse Perspectives

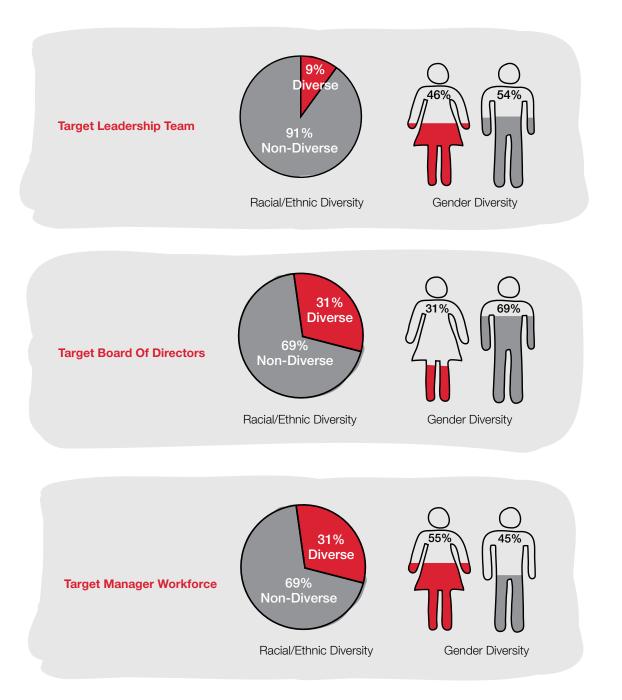
We believe presenting diverse perspectives to our team members and establishing new behaviors, routines and daily practices can help us appeal more effectively to our guests. That's why we invited Richard Montañez to tell his story at Target. Richard was working as a janitor at a Frito-Lay plant when he came up with the idea of Flamin' Hot Cheetosand pitched it all the way up to the CEO of PepsiCo. Because the company valued diverse perspectives and created space for innovation to grow everywhere, it discovered a multimillion-dollar business opportunity. Richard now leads Multicultural Sales & Community Promotions across PepsiCo's North American divisions. And he's not the only inspiring speaker to visit our Minneapolis headquarters. In a special series of innovation talks, we've hosted Earvin "Magic" Johnson, Walker & Company CEO Tristan Walker. Pinterest CEO Ben Silbermann and Snapchat CEO Evan Spiegel.

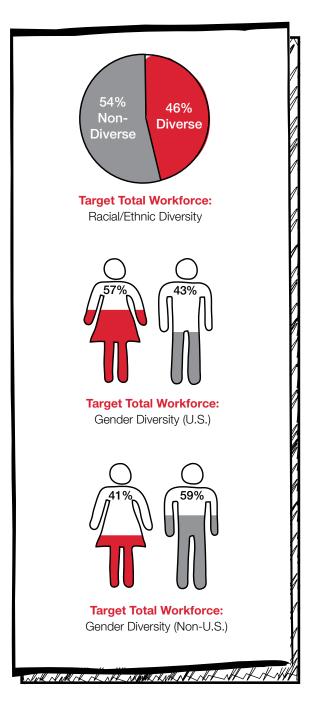
#### Learn More O



Richard Montañez and Brian Cornell

#### **Composition Of Governance Bodies And Employees As Of FY2015**





## Investing In Communities

 $\checkmark$ 

Community

Each Target store is more than a place to shop. It's part of a community where our guests and team members live, learn, work and play. It's a place that supports community needs through corporate giving, by donating resources in times of crisis and by encouraging team members to volunteer for the causes they care about most.

"We are proud to work with Target to increase the nation's on-time high school graduation rate. Target's support and investment in our kids and our future helps make the promise of America real for every child."

**General Colin L. Powell**, USA (Ret.) and **Alma J. Powell**, America's Promise Alliance

Il latter to the still but the the the



Children's artwork featured in our Thanks a Billion campaign



## **Building A Better Future With A** Foundation Of Education

In 2010, we made a bold commitment. Driven by our belief that every child—regardless of race or socioeconomic status—should have the opportunity to reach his or her full potential, we pledged to double our education funding to reach \$1 billion by the end of 2015. We did it because our guests told us education was their top social concern. We did it to help address America's dropout crisis. And we did it to help create an educated workforce of future leaders to ensure our global competitiveness.

Last year, we were beyond excited to tell our guests, team members and communities that we achieved our goal. Along the way, we've touched more than 120,000 schools across the nation, donated more than 8.2 million books and renovated more than 200 libraries. Our 2015 Thanks a Billion teacher appreciation <u>campaign</u> encouraged guests to share a message honoring a teacher who has made an impact on their life. We donated \$25 for each thank you message (up to \$25,000 per school)—a total of \$6 million.

At Target, community giving has always been—and continues to be—a cornerstone of our company. We remain committed to Target's long legacy of giving 5 percent of our profit and will keep working to address the unique needs of our local communities.

#### Learn More O



#### 19 Years. \$460 Million. 120,000+ Schools.

Over the last 19 years, we've provided more than \$460 million in unrestricted funding to schools through our Take Charge of Education (TCOE) program-nearly half of our goal to give \$1 billion for education by the end of 2015. This unique program let participating schools use funds for whatever the school needed most-and they did, turning our funding into books, field trips, art supplies, new technology and much, much more. Although we discontinued the TCOE program this spring, we're thankful for the guests, parents, teachers and other supporters who have made it possible for schools to benefit from this program.

#### Giving 5% To Communities For 70 Years—And Counting

In 1946, The Dayton Company formalized its practice of giving 5 percent of its annual profit to the community, and we've kept that commitment alive ever since. Today, that adds up to more than \$4 million every week to support partners and programs that enrich our communities. Our community aiving fights hunger, aids disaster preparedness and relief efforts, supports the arts and funds educational. wellness and diversity programs. We think it's one of the best investments we could ever make.





#### Ready With Relief When Disaster Strikes

The more we help our team members prepare in advance of severe weather and other disasters, the easier it is for them to help their communities recover quickly. That's why we provide them with tips on how to keep themselves and their families safe, conduct preparedness drills throughout the year and provide hotlines to call in case of emergency. And when disasters do strike, we partner with local organizations to help our guests, team members and others in need. In 2015. we provided assistance with the Texas and Oklahoma storms and floods. Northern California wildfires. South Carolina floods and Winter Storm Goliath, which hit a number of southern states in December.

Learn More O

#### Sharing Our Love Where We Live

Our team members love the communities they live in. And they show it by volunteering more than a million hours each year to help make their neighborhoods safer, healthier places for everyone. We encourage team members to choose activities that match their interests-from renovating elementary school libraries and distributing food to the hungry, to responding to disasters and reading with students. We also encourage our store team members to volunteer during our annual Regional Days of Service, a weeklong opportunity designed and driven by team members to apply their personal passions, skills and talents to address the needs of the places they call home.

#### Learn More O



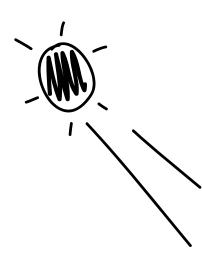


#### Arming Kids With Critical Real-World Skills

Digital education is so critical that we've teamed up with an army to provide instruction to kids in grades K-12 across the U.S. The Salvation Army Digital Learning Program presented by Target is offered at 200 Salvation Army afterschool programs throughout the country. The program aims to empower youth and communities with meaningful and critical life skills in areas like financial literacy, digital preparedness, STEM (science, technology, engineering and mathematics) readiness. health and wellness and diversity and inclusion. Our grant enabled The Salvation Army to add more than 1,700 new computers and make accessibility upgrades so more kids can participate in the program.

# Reporting & Additional Information

6







#### Structure

Our report is organized in three main sections. We start with a review of the progress we made against each of our Goals. Then, we share stories that highlight our progress aligned with our Corporate Social Responsibility strategy. The third section is organized by the Global Reporting Initiative (GRI) G4 Index and includes additional information on our most significant achievements and challenges in 2015, with many links to more information on our corporate site. We believe this format best conveys our corporate social responsibility approach and our commitment to improving people's lives and making a sustainable difference in the world. Although the format for this report has evolved, the scope, boundary and measurement methods used in this report have not changed from 2013.

#### Scope

This annual report represents Target's global operations as of FYE 2015. Unless noted, goals and other data within the report reflect our U.S. operations. This report was published in July 2016 and reflects our activities and performance for FY 2015 (Feb 1, 2015 – Jan 30, 2016) and includes forward-looking statements about our business plans, initiatives and objectives. Our most recent report (2014 Corporate Responsibility Report) was published in June 2015.

#### **Reporting Standards**

This report is aligned to be in accordance with the Global Reporting Initiative G4 Guidelines at the "core" level, which we recognize as the most credible standard for reporting on environmental, social and governance performance issues most important to our business and stakeholders.

#### Stakeholder Engagement

In addition to the internal and external partnerships described in this report, you can find more detail about our stakeholders <u>online</u>.

#### **Materiality Process**

In order to determine the most important corporate responsibility issues that should be discussed in this year's report, we reviewed issue and industry research and interviewed Target executives to understand Target's biggest issues, themes and events in 2015. We also reviewed competitor company reports within the retail industry media landscape.

This, paired with the materiality process we performed in 2014, helped us to identify, evaluate and prioritize the issues of greatest importance to both Target and our stakeholders. As a result of this analysis, the following material issues remain important to address:

- Climate Change & Resource Scarcity
- Value Chain (Material Use, Responsible Sourcing & Social Compliance)
- Transparency
- Corporate Giving
- Health & Wellbeing
- Great Place to Work
- Safety & Preparedness



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## G4 GENERAL STANDARD DISCLOSURES

#### G4-1

CEO Statement

CEO Letter

#### G4-2

Key Impacts, Risks And Opportunities

CEO Letter

Chief CSR Officer Q&A 2015 10-K: Risk Factors

#### G4-3

Organization Name

Target Corporation

#### G4-4

Products 2015 10-K: Business

#### G4-5

Headquarter Location 2015 10-K: Properties

G4-6 Countries Of Operation 2015 10-K: Business

#### G4-7 Nature Of Ownership

And Legal Form 2015 10-K: Business

G4-8 Markets Served 2015 10-K: Business

#### G4-9 Scale Of The Organization 2015 10-K: Business

#### G4-10

Total Number Of Employees By Type 2015 10-K: Employees

#### G4-11

#### **Collective Bargaining Agreements**

No Target team members are currently covered by terms of collective bargaining agreements.

### G4-12

#### Supply Chain Description

We sell a wide assortment of general merchandise and food. The majority of our general merchandise stores offer an edited food assortment, including perishables, dry grocery, dairy and frozen items. Nearly all of our stores larger than 170.000 square feet offer a full line of food items comparable to traditional supermarkets. Our small, flexible format stores, generally smaller than 50,000 square feet, offer edited general merchandise and food assortments. Our digital channels include a wide assortment of general merchandise, including many items found in our stores, along with a complementary assortment, such as additional sizes and colors sold only online. A significant portion of our sales is from national brand merchandise. Approximately one-third of our 2015 sales were related to our owned and exclusive brands.

The Target Sourcing Services team sources Target-brand merchandise from

all over the world. We source Targetbrand products from 3,025 registered manufacturing facilities in 49 countries, all of which we require to follow our standards for how to treat workers and care for the environment. We continually evaluate the mix of countries from which we source and adjust for many factors, including production quality, social responsibility, capacity, speed to market and pricing.

The vast majority of merchandise is distributed to our stores through our network of 40 distribution centers. Common carriers ship general merchandise to and from our distribution centers. Vendors or third-party distributors ship certain food items and other merchandise directly to our stores. Merchandise sold through our digital sales channels is distributed to our guests via common carriers from our distribution centers, from vendors or third-party distributors, from our stores or through guest pick-up at our stores. Using our stores as fulfillment points allows for improved product availability and delivery times and also reduces shipping costs.

#### G4-13

#### Organizational Changes During The Reporting Period

2015 10-K: Business

#### G4-14

#### **Precautionary Principle**

Target does not have an official policy as it pertains to the precautionary principle.

#### Target Sustainable Products Index

Refer to G4-15 for full list of internal and external standards.

#### G4-15

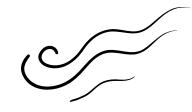
External Charters, Principles Or Other Initiatives

#### INTERNAL STANDARDS:

- Target Sustainable Product Index
- Our <u>food animal welfare policy</u> ensures the meat, dairy and eggs sold in our stores reflect Target's belief in the proper treatment of animals.
- <u>Standards of Vendor Engagement</u> (<u>SOVE</u>)
- <u>Conflict Minerals Policy</u>
- <u>Simply Balanced</u>

#### EXTERNAL STANDARDS:

- Better Work
- <u>Higg Index</u>
- Leadership in Energy & Environmental Design (LEED)
- ENERGY STAR®
- Clean By Design (project of NRDC)
- Section 608 of the Clean Air Act



#### G4-16 Membership Associations

Trade Association and Policy-Based Organization Support

#### G4-17

Entities Included In Financial Statements 2015 10-K: Business

#### G4-18

Process For Defining Report Boundaries And Content

CEO Letter

Materiality

#### G4-19

Material Aspects Included In The Report Materiality

#### G4-20

Descriptions Of Material Aspect Boundaries Within The Organization

#### Reporting & Additional Information Materiality

Material aspects apply to Target operations in the U.S., India and all entities as described in <u>Target's 2015 10-K</u>

Material aspect boundaries within the organization include:

- Logistics/transportation/delivery
  of products
- Owned-brand product design
- Marketing/retail/sale of products

#### G4-21

Descriptions Of Material Aspect Boundaries Outside The Organization Reporting & Additional Information

Material aspects boundaries outside of the organization include:

- Raw material sourcing from third-party suppliers
- Product manufacturing by vendors and business partners
- Guest use of products and services

#### G4-22

#### Restatements

In 2015, Target closed 133 stores in Canada. As such, data stated in this report do not include Canada operations.

#### G4-23

Changes From Previous Reports In Terms Of Scope And/Or Boundaries

#### Reporting & Additional Information

Now that Target is consolidating all corporate giving numbers, cash/inkind donations of food are presented in pounds of food. There are no comparable pounds data for the previous five years.

#### G4-24

Stakeholder Groups Reporting & Additional Information

#### G4-24

Stakeholder Groups Stakeholder Engagement G4-25

How Stakeholders Were Identified Stakeholder Engagement

#### G4-26

Approach To Stakeholder Engagement

#### Stakeholder Engagement

Engaging with our stakeholders and listening to their ideas, concerns and perspectives is vital to the success of our business. We aim for meaningful dialogue with stakeholders who are focused on our top priority issues, and we initiate conversations with and respond to stakeholders in formal and informal ways every day across the company, throughout our communities and across a variety of different channels.

In addition, we periodically engage a third party to complete confidential interviews with key stakeholders to gather specific feedback around Target's overall reputation and efforts related to our corporate responsibility focus areas.

#### G4-27

#### Topics Raised During Stakeholder Engagements

We have ongoing relationships with community leaders, government agencies and non-governmental organizations that help us understand the most pressing issues facing our communities. They also influence how we support our team members and guests. <u>Read more</u> about the organizations we engage with and how we are responding to key topics and concerns. G4-28 Reporting Period Stakeholder Engagement

G4-29 Date Of Most Recent Report Reporting & Additional Information

G4-30 Date Of Most Recent Report Reporting & Additional Information

G4-31 Report Contact

csr@target.com

#### G4-32

"In Accordance" Option, GRI Index And Report Assurance

Reporting & Additional Information

#### G4-33

#### Policy Regarding Report Assurance

Some of our environmental data are assured. It is noted in this index where relevant. We did not seek external assurance for the remainder of this report.

#### G4-34

Governance Structure Of The Organization

Board of Directors Board Committees Governance Guidelines



#### G4-35

Process For Delegating Authority For Sustainability Topics From The Board To Senior Executives And Other Employees

The Board of Directors maintains oversight responsibility over Target's reputation and corporate social responsibility efforts. It has the authority to delegate any of its responsibilities to subcommittees of one or more persons, including persons who are not directors.

#### G4-36

#### High-Level Accountability For Sustainability Topics

Laysha Ward serves as EVP and Chief CSR Officer at Target, a position overseeing CSR strategy across the enterprise. She leads Target's commitment to integrate corporate citizenship into its daily operations, with direct responsibility for sustainability, diversity and inclusion, service and philanthropy and other key reputational strategies.

Chief CSR Officer Q&A

#### G4-37

#### Processes For Consultation Between Stakeholders And The Board On Sustainability Topics

Target regularly collects stakeholder feedback through a variety of mechanisms including guest and consumer surveys, focused sustainability groups and intentional stakeholder engagement efforts.

2015 Proxy Statement

#### G4-38 Composition Of The Board

And Its Committees

2015 Proxy Statement Board of Directors Board Committees

#### G4-39

Whether The Chair Of The Board Is Also An Executive Officer Sustainability Topics

2015 10-K: Executive Officers

#### G4-40

Nomination And Selection Processes For The Board And Its Committees

2015 Proxy Statement

G4-41 Board Conflicts Of Interest 2015 Proxy Statement

#### G4-42

Board And Executives' Roles In The Organization's Mission Statements, Strategies, Policies And Goals Related To Sustainability Impacts

Target recognizes that environmental, social and governance issues are of increasing importance to many investors. The Chief CSR Officer and CSR team work with functional leaders across the company to determine strategies, policies and goals related to sustainability.

2015 Proxy Statement

#### G4-43 Board Knowledge Of Sustainability Topics

#### **Corporate Governance Guidelines**

Target's EVP and Chief CSR Officer presents to the Board annually on CSRrelated topics. Additionally, new directors participate in an orientation program that includes discussions with senior management, background materials on the Corporation's plans, organization and financial statements, including CSR strategy, priorities and progress.

#### G4-47

Frequency Of The Board's Review Of Sustainability Impacts, Risks And Opportunities

The Board of Directors' review of sustainability is part of the broader annual update on all CSR strategies, priorities and progress. This happens independently of our financial reporting process.

#### G4-48

Highest Committee Or Position That Formally Reviews And Approves The Organization's Sustainability Report

Target's EVP and Chief CSR Officer is responsible for monitoring and managing the organization's sustainability performance and providing final review of the sustainability report with the support of key executives across the company.

#### G4-49

Process For Communicating Critical Concerns To The Board

2015 Proxy Statement

#### Governance Guidelines Business Conduct Guide

There are multiple methods for communicating critical conerns to the Board of Directors including through Target's CEO, who also serves as Chariman of the Board. Shareholders and other interested parties also can communicate critical concerns with any individual director or group of directors via mail or email, a process managed by the Board's Corporate Secretary.

#### G4-51

Remuneration Policies For The Board And Senior Executives

2015 Proxy Statement

#### G4-52

Process For Determining Remuneration

2015 Proxy Statement

#### G4-56

Code Of Conduct

Mission and Values Business Conduct Guide Standards of Vendor Engagement Vendor Code of Conduct

#### G4-57

Helplines Or Advice Lines For Employees

Business Conduct Guide

#### G4-58

Mechanisms For Reporting Concerns About Unethical Or Unlawful Behavior Business Conduct Guide

#### ECONOMIC

#### DMA-EC

#### Disclosures On Management Approach (DMA)

Learn more about Target's management approach to economic material issues in our 2015 10-K.

EC1

**Economic Value** 

<u>2015 10-K</u>

#### EC2

#### **Climate Change Risks**

See Target CDP Carbon Response See Target CDP Climate Change Response

Refer to EN3-7, EN15-17

#### EC7

Infrastructure Investments

#### Goals



Progress Toward 2015 Goal: Double Education Support



Progress Toward 2015 Goal: Increase TCOE Giving



Progress Toward 2015 Goal: Increase Volunteer Hours

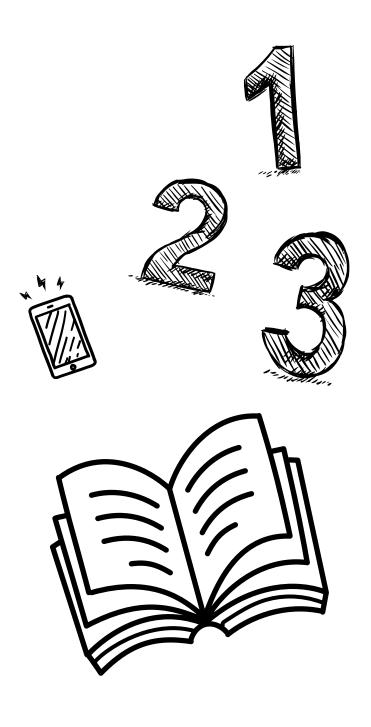
Total amount given for corporate philanthropy: \$215.6M

• Amount provided in cash to community programs: \$111.5M

- Value of in-kind donations: \$104.1M
- Amount given for disaster relief: \$539K
- Total number of volunteer hours: 1,100,502
- Pounds of food donated: 65 million, which equals more than 54 million meals through programs like our store food donations to Feeding America affiliates across the country and our Meals for Minds school food pantry program.
- Percent of team members and total donated to the United Way: 40.1% participation (\$13.1M donated)

#### Total Giving Amount (cash and in-kind)

FYE	
2015	\$216M
2014	\$244M
2013	► \$246M ◄
2012	\$223M
2011	\$209M



#### ENVIRONMENT

#### **DMA-EN**

#### Disclosures On Management Approach (DMA)

Target's management approach to environmental responsibility focuses on reducing resource use (water, energy, fuel), as well as waste and carbon emissions output. <u>Read more</u> about our strategies to achieve sustainable products and business operations.

Target also measures and tracks water and carbon impact throughout our operations by responding to the CDP.

- See Target CDP Water Response
- See Target CDP Climate Change Response

#### EN3

Energy Consumption (Scope 1 + 2)

#### Goals

Progress Toward 2015 Goal: Increase ENERGY STAR® Certifications

#### **Direct Energy Use**

#### Nonrenewable:

Natural Gas: 3,612,125 GJ (34,238,156 Therms)

Propane: 25,464 GJ (264,426 Gallons)

Stationary Diesel: 21,173 GJ (153,424 Gallons)

Mobile Diesel: 289,990 GJ (2,101,377 Gallons)

#### Indirect Energy Use

Nonrenewable: Electricity: 16,358,540 GJ (4,544,039 MWh)

Steam: 61,807 GJ (58,585 MMBtue)

Chilled Water: 11,912 GJ (3,309 MWh)

#### Renewable:

Solar: 223,826 GJ (62,174 MWh)

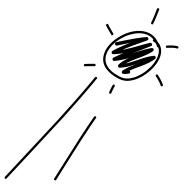
#### **Corporate Emissions Calculations Data**

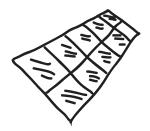
#### Direct Energy Use

Non-Renewable	Activity Data	Units	GJ
Natural Gas	34,238,156	Therms	3,612,125
Propane	264,426	Gallons	25,464
Stationary Diesel	153,424	Gallons	21,173
Mobile Diesel	2,101,377	Gallons	289,990

#### Indirect Energy Use

Non-Renewable	Activity Data	Units	GJ
Electricity	4,544,039	MWh	16,358,540
Steam	58,585	MMBtue	61,807
Chilled Water	3,309	MWh	11,912
Renewable	Activity Data	Units	GJ
Solar	62,174	MWh	223,826





Solar: We added solar panels to 89 Target locations in 2015, bringing our total onsite solar installations to 193. Solar power is capable of generating up to one-third of each site's energy for our locations with solar installations.

See Target CDP Climate Change Response

See Target CDP Response

Smart Development

Seeing Stars: A Closer Look at Target's ENERGY STAR® Certified Stores

ENERGY STAR® Partner of the Year

#### EN6

**Energy Reductions** 

#### **Energy Efficiency Projects**

- Portrait Studio LED: 242 GJ (67 MWh)
- Variable Condensing Pressure: 1,294 GJ (359 MWh)
- Walk-in Freezer Temp: 3,054 GJ (848 MWh)
- ENERGY STAR® Ventilation: 2,782 GJ (773 MWh)
- Sale Floor LED: 12,539 GJ (3,483 MWh)

Total: 19,910 GJ (5,531 MWh)

Sustainable Operations

Sustainable Business for the Future

#### EN8

## Water Withdrawals By Source Goals

Progress Toward 2015 Goal: Reduce Water Use

Sustainable Operations

See Target CDP Water Response

#### EN9

#### Water Sources Affected By Withdrawals

Target consumes water almost exclusively from municipal water utilities and does not track withdrawals by source. Our strategy is to achieve milestones in our business by using resources responsibly, eliminating waste and minimizing our water consumption.

#### **EN10**

#### Water Recycled And Reused

We currently have no facilities that recycle or reuse water and have one facility that captures rainwater for use in flushing toilets and urinals. We do not have a meter at this facility to report the amount of water captured and used within our operations.

#### **EN13**

#### Biodiversity Habitats Protected Or Restored

We continue to manage our storm water systems in an environmentally compliant manner and search out opportunities to improve the sustainability of our systems through low-impact design projects.

#### **EN15**

GHG Emissions (Scope 1)

#### Goals



Progress Toward 2015 Goal: Reduce Greenhouse Gas Emissions: Per Square Foot



#### Progress Toward 2015 Goal: Reduce Greenhouse Gas Emissions: Per Retail Sales

#### GHG Emissions: Direct Emissions (U.S.)

Direct Emissions	Emissions (MTCO2 eq.)
Natural Gas	182,105
Propane	1,537
Stationary Diesel	1,574
Mobile Diesel	21,482
Refrigerants	374,869
Total Scope 1	581,568

#### EN16

GHG Emissions (Scope 2)

GHG Emissions: Indirect Emissions (U.S.)

Indirect Emissions	Emissions (MTCO2 eq.)
Electric	2,286,639
Steam	3,127
Chilled Water	1,172
Total Scope 2	2,290,938

#### EN17 GHG Emissions (Scope 3)

Our business travel emissions estimate includes passenger miles on commercial airlines. We used emissions factors from U.S. EPA Climate Leaders Business Travel Module. Global warming potentials are from the IPCC Second Assessment Report. We did not apply a radiative forcing adjustment to the airline travel emissions.

#### GHG Emissions: Gross Other Indirect (U.S.)

• Business Travel: 13,084 MTCO2 eq.

These data only include corporate employee air travel. Gases included in the calculation include CO2, CH4 and N2O.

See Target CDP Response

#### **EN19**

#### **Reduction Of GHG Emissions**

#### GHG Emissions Reduction Projects (U.S.)

- Portrait Studio LED: 37 MTCO2 eq. (67 MWh)
- Variable Condensing Pressure: 199 MTCO2 eq. (359 MWh)
- Walk in Freezer Temp: 470 MTCO2 eq. (848 MWh)
- ENERGY STAR® Ventilation: 428 MTCO2 eq. (773 MWh)
- Sales Floor LED: 1,930 MTCO2 eq. (3,483 MWh)
   Total: 3,064 MTCO2 eq. (5,531 MWh)

### EN23

Waste By Type And Disposal Method



Progress Toward 2015 Goal: Reduce Waste

#### Progress Toward 2016 Goal: Improved Owned-Brand Packaging Sustainability

In 2015, Target diverted 44 percent of our construction waste (6,780 tons) from landfills. The remaining 56 percent was landfilled or non-recycled.

We have quantified the disposal method at the Target waste program level (i.e., landfill is assumed for all trash disposals, hazardous waste is generalized under the Environmentally Sensitive Item Management program, similarly with recycle and reuse). The ESIM program is designed to help identify, handle, manage and store environmentally sensitive items that require special handling based on federal and state law. Our current data collection for both trash and ESIM does not allow for quantification at the final disposition method.

In 2015 Target diverted 69.2 percent of its waste via recycle or reuse streams (58.7 percent recycle and 10.5 percent reuse); 0.8 percent of Target's waste was processed via hazardous waste processing and 30 percent was disposed of to landfill through trash hauling.

#### Recycling (U.S.)

- Cardboard: 475,987 tons
- Plastic Bags and Shrink Wrap: 7,737 tons

- Plastic, Glass and Aluminum Cans and Bottles: 2,791 tons
- MP3 Players, Cell Phones and Ink Cartridges: 23 tons
- Donations: 32,000 tons
- Salvage: 60,124 tons
- Construction Waste Diversion from Landfills: 6,780 tons (44%)

#### Where Our Waste Goes (U.S.)

- Recycle: 58.7%
- Landfill: 30%
- Reuse: 10.5%
- Hazardous: 0.8%

From Scraps to Soil: Target Teams Find a New Way to Recycle

#### **EN27**

Mitigation Of Environmental Impacts Of Products And Services

#### Goals



Progress Toward 2017 Goal: Increase Organic Food Offerings



Progress Toward 2015 Goal: Increase Sustainable Seafood Selection

All palm oil in Target's owned-brand food (Market Pantry, Archer Farms, Simply Balanced), personal care (up & up) and household cleaning products (up & up) will be fully traceable and sustainably sourced by 2018 or sooner.

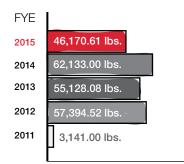
In 2015, Target supported the recycling of more than 1,085 tons of plastic bags. Our guests used reusable bags more than 82 million times, avoiding the use of 205 million plastic bags.





In 2015, 46,170 pounds of electronic waste was recycled and diverted from landfills.

#### Electronics Recycling:



The distinct decline from 2014-2015 can be attributed to disposition optimization where electronics have been shifted to other diversionary streams, a backlog at the recycling center with additional weights to be reported due to a change in vendor.

Nine Reasons to Love Target's Not-So-Generic Store Brand

Product Safety & Quality Assurance

Food Safety & Quality Assurance Tools & Processes

Our food animal welfare policy ensures the meat, dairy and eggs sold in our stores reflects the belief Target has in the proper treatment of animals

Product Sustainability & Responsible Sourcing

**Clean Label Solutions** 

Healthy Eating & Active Living

#### EN30

Environmental Impacts From Product

#### Goals

Progress Toward 2015 Goal: Improve Transportation Efficiencies: Inbound

Progress Toward 2015 Goal: Improve Transportation Efficiencies: Outbound

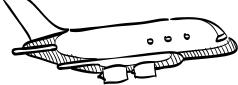
#### Domestic Transportation Network Optimization

Sustainability is a priority with our transportation network. In 2015, we finished the implementation of a system upgrade aimed at domestic network optimization. Our goal is to get more products on our trailers and fewer total miles on our network. We were able to refine our shipping strategy to ensure we are making the most efficient moves throughout our domestic network by allowing automated systematic decision making to simplify the complex transportation routing process. In 2015, we also looked closely at how our distribution centers are aligned with delivery routes to ensure we are optimizing our outbound loads to stores for both food and GM deliveries.

#### Kansas Tests With CNG/LNG

We continue to explore ways to implement cleaner and more fuel-efficient transportation practices, including the use of compressed natural gas (CNG) and liquid natural gas (LNG) fuels. At this point, we maintain that we don't believe a network infrastructure to fully support CNG/LNG has been established. We will continue to actively explore the role CNG/ LNG may play within our transportation system in the future but do not expect this test will expand beyond its current scope.

Target Transportation does not currently track employee travel.



#### SOCIAL

#### DMA-LA

#### Disclosures On Management Approach (DMA)

Target complies with international, federal, state and local laws and regulations relating to our business. Target expects all team members to conduct themselves with the utmost personal and professional integrity every day.

Target's approach to responsible labor practices includes:

- Dedicated Corporate Compliance and Ethics Team
- Business teams focused on building and sustaining business compliance programs
- Semiannual online integrity training
- An "integrity hotline," where team members or any third party can anonymously report ethics concerns 24 hours a day
- <u>Business Conduct Guide: Describes</u> our expectations for ethical behavior
- <u>Standards of Vendor Engagement</u> (SOVE)

Team Member Well-being

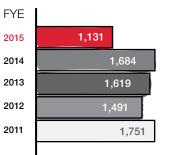
#### **Diversity & Inclusion**

Diversity & Inclusion Business Councils: 5,590 team members participated in Diversity & Inclusion Business Councils in 2015.

Team Member Networks: 119 networks

- Alumni: 46
- Health & Wellness: 25
- Professional: 17
- Interests & Hobbies: 20
- Life & Family: 11

Number of factories audited and remediated for labor and human rights issues: 1,131



Inclusive Guest Experiences Diverse & Inclusive Work Environment

#### LA2

Benefits Provided To Full-time Employees

<u>2015 10-K</u>

Employee Benefits

Team Member Well-being

#### Goals

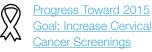




Progress Toward 2015 Goal: Increase Use of Financial Tools



Progress Toward 2015 Goal: Increase Breast Cancer Screenings



Reprogress Toward 2015 Goal: Increase Colon Cancer Screenings

Team Member Benefits

Team Member Well-being

Target Kicks off New Team Member Wellness Initiatives

#### LA5

#### Workforce Represented In Health And Safety Committees

Target has safety committees and captains at all locations. In the field, safety committees are scheduled to meet monthly in all stores and distribution centers. They are required to be composed of at least 50 percent non-exempt and no more than 50 percent exempt employees. There is a minimum of 8.3 percent of team members across all of our stores who participate in safety meetings each month, but Target does not track total numbers and therefore cannot determine a percentage of total workforce represented in formal joint management work, health and safety committees.

#### LA7

#### Workers With High Incidence Risk Of Diseases

To the best of our knowledge, there aren't any workers at Target who are involved in occupational activities [and would have] a high incidence or high risk of specific diseases.

#### LA8

Health And Safety Topics Covered In Agreements

Not applicable as we do not have any formal agreements with trade unions.

#### LA10

Programs For Skills Management And Managing Career Endings

Career Benefits

#### LA11

#### Employees Receiving Performance And Career Development Reviews

All team members participate in a <u>formal</u> <u>performance review process</u> once a year.

#### LA12 Composition Of

#### Composition Of Governance Bodies And Employees

See charts on page 24

Read more about our Diversity and Inclusion initiatives, and view our EEO-1 report

#### **DMA-HR**

#### Disclosures On Management Approach (DMA)

Learn more about Target's management approach to Human Rights by visiting:

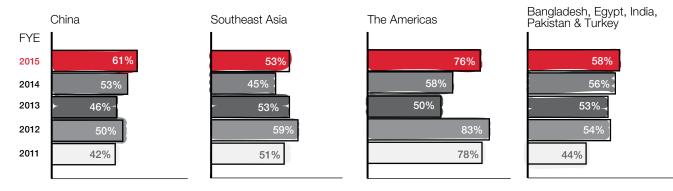
- Labor and Human Rights Policies
- Social Compliance Audit Process
- <u>Standards of Vendor Engagement</u> (SOVE)

Target social compliance audits of factories producing Target-Brand Merchandise as of the end of fiscal year 2015.

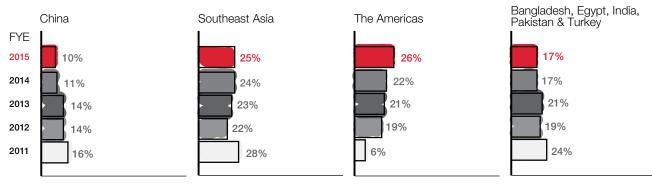
#### Number And Location Of Registered Manufacturing Facilities Producing Target-Brand Merchandise

Country	#
China	1,345
Southeast Asia	255
The Americas	1,211
Bangladesh, Egypt, India, Pakistan & Turkey	146
Other	68

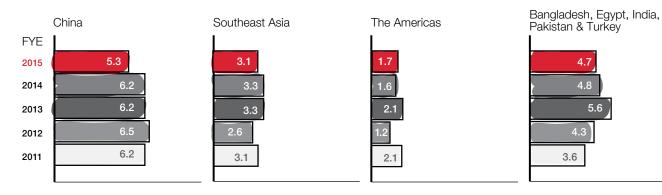
#### Percentage Of Audits With Acceptable Results By Country/Region



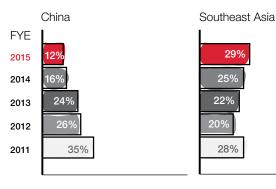
#### Percentage Of Critical Issues Identified By Country/Region



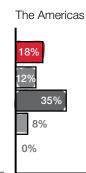
#### Average Number Of Health And Safety Issues Per Audit

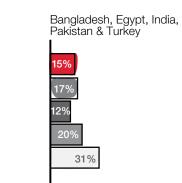


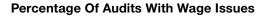
#### Percentage Of Audits With Working Hours And Time-Off Issues

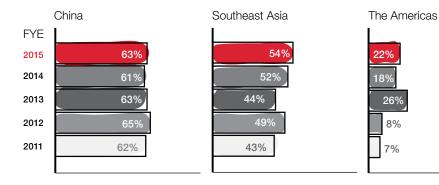






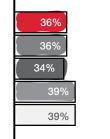




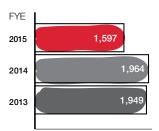






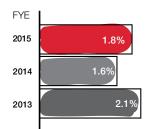


#### **Unannounced Audits\***

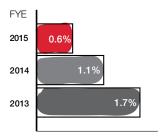


#### **Denied Audits** FYE 2015 1.5% 0.8% 2014 0.6% 2013

#### Audits With "Noncompliant" **Results – 1-Year Noncompliant**



Audits With "Noncompliant" **Results – Zero Tolerance** 



\*We began to shift some of our resources from auditing to consulting in 2015, which resulted in fewer audits. Consulting allows us to work directly with factories and vendors to identify the root causes of issues and determine long-term plans to achieve sustained compliance. We also upgraded our audit forecasting system so we are able to focus our auditing resources on the highest risk factories.

#### • 2015 CSR Report

#### HR9

#### Operations That Have Been Subject To Human Rights Assessments

Because Target doesn't own its factories, our global sourcing offices are the only operations we own. These offices are subject to the same standards and policies as our domestic offices. Human rights considerations are made when exploring new countries for office locations.

#### Factories Producing Target-Brand Merchandise

Total number and percentage of operations that have been subject to human rights reviews of human rights impact assessments, by country:



#### North America: 1,175

Country	#	% of total
Canada	54	1.78%
Mexico	29	0.96%
United States	1,092	36.05%

#### **Central and South America: 38**

Country	#	% of total
Argentina	1	0.03%
Brazil	2	0.07%
Chile	1	0.03%
Dominican Republic	2	0.07%
Ecuador	2	0.07%
El Salvador	2	0.07%
Guatemala	15	0.50%
Haiti	3	0.10%
Nicaragua	9	0.30%
Peru	1	0.03%

#### Europe: 54

Country	#	% of total
Belgium	3	0.10%
Denmark	1	0.03%
France	1	0.03%
Germany	9	0.30%
Greece	1	0.03%
Hungary	1	0.03%
Italy	15	0.50%
Netherlands	3	0.10%
Poland	2	0.07%
Portugal	3	0.10%
Romania*	1	0.03%
Spain	5	0.17%
Sweden	1	0.03%
Switzerland	2	0.07%
Turkey	2	0.07%
United Kingdom	4	0.13%

#### Middle East and Africa: 14

Country	#	% of total
Bahrain	1	0.03%
Egypt	4	0.13%
Israel	6	0.20%
South Africa	1	0.03%
Jordan*	2	0.07%

#### Asia and Pacific Region: 1,748

Country	#	% of total
American Samoa	1	0.03%
Australia*	1	0.03%
Bangladesh	33	1.09%
Cambodia	23	0.76%
China	1,345	44.40%
Hong Kong	1	0.03%
India	84	2.77%
Indonesia	58	1.91%
Malaysia	8	0.26%
Pakistan	23	0.76%
Philippines	14	0.46%
Korea, Republic of (South Korea)	5	0.17%
Sri Lanka	1	0.03%
Taiwan	27	0.89%
Thailand	23	0.76%
Vietnam	101	3.33%

\* New starting in 2015

#### DMA-SO

#### Disclosures On Management Approach (DMA)

Learn more about Target's management approach to societal material issues by visiting:

- <u>Suppliers</u>
- <u>Responsible Sourcing</u>
- Social Compliance
- Target Clinic
- Target Pharmacy

Target Suppliers: Diversity & Innovation

Product Sustainability & Responsible Sourcing

#### **Responsible Sourcing**

<u>CVS Health and Target Sign Agreement</u> for CVS Health to Acquire, Rebrand and <u>Operate Target's Pharmacies and Clinics</u>

Target & CVS Health FAQs

#### **Supplier Diversity**

- Number of Diverse Suppliers in 2015: 510
- New Diverse Suppliers: 8
- First-Tier Spending with Diverse Suppliers: \$937,550,930
- Second-Tier Spending with Diverse Suppliers: \$647,184,280
- Spending with Diverse Suppliers: 2.9% decrease over 2014
- Diversity Spending 2010-2015 Compound Annual Growth Rate: -3%
- Percentage of Diverse Supplier Bid Inclusion: 17.68%

#### SO1

Local Community Engagement, Impact Assessments And Development Programs

Refer to EC7 for more information on community engagement efforts

#### Volunteerism

All Target locations have opportunities to engage with their community through volunteerism efforts, and our store locations have specific discretionary funds to spend in their local communities for local grants and/or local volunteerism events.

#### Disaster Preparedness and Response

### SO6

#### Public Policy

Political Engagement

#### Issues Advocacy

#### Trade Association and Policy-Based Organization Support

#### **Target Citizens PAC Contributions**

- Democratic: \$105,000 (49%)
- Bipartisan: \$5,000 (2%)
- Republican: \$105,000 (49%)

#### Trade Association And Policy-Based Organization Support

The aggregate amount of financial support is \$3.6 million, 34 percent of which supports non-deductible lobbying activities (66% deductible).

#### **Corporate Political Contributions**

The following is a list of contributions of general corporate funds in the amount of \$5,000 or more to support or oppose the election of candidates for office or ballot initiatives.

- California Business Properties Association PAC: \$7,000
- California Retailers Association Good Government Council: \$7,000
- California Chamber of Commerce PAC: \$7,000
- Illinois Merchants Political Action Committee Team: \$20,000
- New York Retailers for Effective Government: \$5,000
- Florida Retail Federation Political Committee: \$15,000
- Tennessee Retail Association
  PAC: \$10,000
- Washington Retail Association PAC: \$10,000

#### **Corporate Political Contributions**

Target is also a member of national organizations. Our team members attend conferences and other events hosted by these organizations to learn about elected officials' policy priorities and initiatives and to share a retail perspective. Target expressly requires our funds are used only to support educational and association management activities and not for campaign contributions. Because these organizations also engage in political efforts, we disclose our memberships as political contributions.

- Democratic Governors Association: \$50,000
- Democratic Legislative Campaign Committee: \$10,000
- Republican Governors Association: \$50,000
- Republican Legislative Campaign Committee: \$10,000

#### DMA-PR

#### Disclosures On Management Approach (DMA)

Target's approach to product responsibility spans the lifecycle of our products, from design to end of life:

- Design: We build responsibility and sustainability into every product design.
- Produce: We collaborate with vendors to make products and services better for people and the planet.
- Ship: We reduce loads shipped and miles traveled so that we save fuel, reduce our carbon emissions and lower costs, while getting products to our guests fast.
- Sell: We focus on sustainable and responsible operations from our headquarters to our stores.
- Use and Reuse: We provide tools, information and incentives to help guests reduce waste and turn their old items into something new.

Product Safety & Quality Assurance Supply Chain Sustainability

