

KOHL'S

TERMS OF ENGAGEMENT FOR KOHL'S BUSINESS PARTNERS

These Terms of Engagement apply to all of Kohl's Business Partners. Kohl's strongly encourages Business Partners to exceed these Terms of Engagement and promote best practices and compliance by Business Partners with the Terms of Engagement in all factories in which they manufacture merchandise. For questions or for information pertaining to Kohl's Terms of Engagement e-mail: kohlslaw@kohls.com.

While Kohl's recognizes that there are different legal and cultural environments in which Business Partners operate throughout the world, these Terms of Engagement set forth the basic minimum requirements Business Partners must meet in order to do business with Kohl's. The Terms of Engagement also provide the foundation for Kohl's ongoing evaluation of compliance by Business Partners with the Terms of Engagement.

Business Partners are defined as vendors, manufacturers, contractors, subcontractors and other suppliers, sources and agents who provide Kohl's with goods or services ordered pursuant to any purchase order, contract or agreement issued directly by Kohl's or ordered on Kohl's behalf.

LAWS & REGULATIONS

All Kohl's Business Partners must operate in full compliance with all applicable local and national laws, rules and regulations pertaining to all aspects of factory operations in the jurisdiction of which they conduct business.

EMPLOYMENT PRACTICES

Kohl's will only do business with Business Partners whose workers are treated fairly and who in all cases are present voluntarily, not put at risk of physical harm, fairly compensated, and allowed the right of free association and not exploited in any way. Business Partners shall ensure procedures are in place by which workers, alleging violations of these Terms of Engagement, may do so without fear of negative repercussions.

In addition, Kohl's Business Partners must adhere to the following:

- **Wages and Benefits:** Kohl's Business Partners must pay workers wages and legally mandated benefits that comply with the higher of (a) any applicable law, or (b) to match the prevailing local manufacturing or industry practices. In addition to their compensation for regular hours of work, workers shall be compensated for overtime hours at such premium rates as are legally required, or in those countries where such laws do not exist, at least equal to their regular hourly wage rate. Kohl's recognizes that wages are essential to meet workers' basic needs. Kohl's will seek and favor Business Partners who are committed to the betterment of wages and benefits within their facilities.

- **Working Hours:** Kohl's expects its Business Partners to operate based on prevailing local work hours. Except in extraordinary circumstances, Business Partners shall limit the number of hours that workers may work on a regularly scheduled basis to the legal limit on regular and overtime hours established by local laws and regulations in the jurisdiction in which they manufacture. Subject to the requirements of local law, a regularly scheduled workweek of no more than sixty (60) hours and one day off in every seven (7) day period are encouraged. Partners will comply with applicable laws that entitle workers to vacation time, leave periods and holidays. Business Partners must regularly provide reasonable rest periods and one day off within a seven-day period.

Any time worked over the norm for the area should be compensated as prescribed by the local labor laws. Working hours must be recorded by an automated timekeeping system. Whenever a worker is present in a facility, the worker's time must be recorded and the worker properly compensated. This applies to both regular and overtime working hours and any time used for work preparations or repairs.

- **Child Labor:** Use of child labor is strictly prohibited. Business Partners must observe all legal requirements for the work of authorized minors, particularly those relating to hours of work, wages, minimum education and working conditions. Kohl's supports the development of legitimate, workplace apprenticeship programs and Business Partners will be expected to comply with all laws and regulations applicable to such apprenticeship programs.

"Child" is defined as a person who is younger than 15 (or 14 where the law of that country permits) or younger than the age for completing compulsory education in the country where such age is higher than 15. Kohl's will not utilize Business Partners who use or permit the use of child labor in any of their facilities.

- **Prison Labor/
Forced Labor:** Business Partners will not use or permit the use of bonded labor, indentured labor, prison labor or Forced Labor in the manufacture or finishing of products ordered by Kohl's. Nor will Kohl's knowingly purchase materials from a Business Partner utilizing bonded labor, indentured labor, prison labor or Forced Labor. "Forced Labor" is defined as any work or service which is extracted from any person under the threat of penalty for its non-performance and for which the worker does not offer himself voluntarily. An employer involuntarily keeping workers identification documents is prohibited.

- **Discrimination:** While Kohl's recognizes and respects cultural differences, employment (hiring, wages, benefits, advancement, termination, and retirement) shall be based on the worker's ability and not on personal characteristics. Kohl's believes that workers should be employed on the basis of their ability to do the job, rather than on the basis of gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs or similar factors. Kohl's will not utilize Business Partners who discriminate against workers on the basis of gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs or similar factors.

- **Free
Association:** Workers must be free to join organizations of their own choice. Business Partners shall recognize and respect the rights of workers to freedom of association and collective bargaining. Workers shall not be subject to intimidation or harassment in the peaceful exercise of their legal right to join or to refrain from joining an Organization.

- **Disciplinary
Practices:** All Business Partners must treat all workers with respect and dignity. Kohl's will not utilize Business Partners who use, or permit the use of corporal punishment, physical, sexual, psychological or verbal harassment or other forms of mental or physical coercion, abuse or intimidation. Business Partners shall not use, or permit the use of fines as a disciplinary practice.

- **Women's Rights:** All Business Partners will ensure that workers who are women receive equal treatment in all aspects of employment. Pregnancy tests will not be a condition of employment or continuation thereof and pregnancy testing, to the extent it is provided, will be voluntary and at the option of the worker. Workers will not be exposed to hazards that may endanger their reproductive health and Business Partners will not force workers to use contraception.

- **Health & Safety:** Kohl's will only utilize Business Partners who provide workers with a clean, safe and healthful work environment designated to prevent accidents and injuries arising out of or occurring while in the course of work or as a result of the operation of a Business Partner's facility. All Business Partners must comply with all applicable, legally mandated standards for workplace health and safety. Where applicable, Business Partners who provide residential facilities for their workers must provide safe and healthy facilities, separate from production facilities, that comply with legally mandated standards for health and safety.

ETHICAL STANDARDS

Kohl's will seek to identify and work with Business Partners who aspire as individuals and in the conduct of their business to a set of ethical standards which are compatible with Kohl's standards. Bribes, kickbacks or other similar unlawful or improper payments are strictly prohibited to be given to any person or entity to obtain or retain business.

ENVIRONMENTAL REQUIREMENTS

Kohl's will only do business with Business Partners who comply with all applicable government laws and regulations, international standards, U.S. regulations prohibiting the use of ozone depleting chemicals (hydrochlorofluorocarbons) and the International Trade in Endangered Species of Wild Fauna and Flora, as listed in the United States Endangered Species Act of 1973.

LEGAL REQUIREMENTS

Kohl's policy is to obey the laws of each country in which merchandise is manufactured for Kohl's. Business Partners will comply with all applicable local and national laws, rules and regulations pertaining to all aspects of factory operations. This includes compliance with these Terms of Engagement and the terms and conditions of purchase orders issued by Kohl's or on Kohl's behalf and also requires attention to U.S. country of origin regulations which govern quota classification and the marking of products. **Business Partners manufacturing facilities will comply with US Customs-Trade Partnership Against Terrorism (C-TPAT) requirements.**

COMMUNICATION

All Business Partners must post the Terms of Engagement in places in their factories readily accessible to workers, translated into the language of the workers and supervisors and communicate these provisions to all workers. Business Partners shall take appropriate steps to ensure the provisions of these Terms of Engagement are communicated to all workers. Upon employment, as part of worker orientation, the Terms of Engagement shall be presented to workers and explained to them. From time to time Business Partners shall periodically review these Terms of Engagement with workers.

**MONITORING/
COMPLIANCE**

Kohl's takes affirmative measures to monitor compliance with Kohl's Terms of Engagement and Kohl's Purchase Order Terms and Conditions. Such measures may include prescreening Business Partners, scheduled or random, announced and unannounced on-site inspections of factories by Kohl's representatives, or certification by Kohl's Business Partners that Kohl's Terms of Engagement have been complied with.

Kohl's associates and representatives have been asked to be watchful for violations of Kohl's Terms of Engagement on visits to factories or manufacturing facilities and to report questionable conduct to management for follow up and when appropriate, for corrective action.

**RECORD
KEEPING**

All Business Partners must maintain in the factories producing merchandise for Kohl's all documentation necessary to demonstrate compliance with Kohl's Terms of Engagement. Business Partners must furnish Kohl's representatives reasonable access to production facilities, employment records and workers for confidential interviews in connection with monitoring factory or inspection visits. Business Partners must promptly respond to reasonable inquiries by Kohl's representatives concerning the operations of factories with respect to Kohl's Terms of Engagement.

SUBCONTRACTING

Business Partners shall not utilize subcontractors for the production of Kohl's merchandise, or components thereof, without Kohl's prior written approval and only after the subcontractor has agreed to comply with Kohl's Terms of Engagement. Business Partners shall require each Kohl's approved subcontractor to abide by the Terms of Engagement. Business Partners shall be held accountable for a subcontractor's failure to abide by Kohl's Terms of Engagement.

**CORRECTIVE
ACTION**

If a Business Partner is in violation of Kohl's Terms of Engagement, Kohl's will work with the Business Partner to remediate the violation if at all possible. If this effort is unsuccessful or not possible, Kohl's shall reevaluate its business relationship with the Business Partner and shall take appropriate corrective action. Corrective action may include cancellation of the affected order, prohibition of subsequent use of a factory or termination of Kohl's business relationship with any Business Partner found to be in violation of these Terms of Engagement, or exercising any other rights and remedies to which Kohl's may be entitled under Purchase Orders issued by Kohl's or on behalf of Kohl's, at law or otherwise.

**COUNTRY
EXCEPTIONS**

Business Partners will not produce merchandise for Kohl's in countries which are considered by Kohl's to deny basic human rights. Kohl's will not initiate or continue its business relationship with Business Partners that produce merchandise for Kohl's where there are gross and systematic violations of human rights and when there is a recognized movement from within the country calling for withdrawal.

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