



TO: Kohl's Valued Business Partner
FROM: Kohl's Global Trade Compliance-Factory Compliance Department
DATE: September 4, 2020
SUBJECT: Kohl's Requirement Regarding Removing XPCC and All Existing and Future SDN Parties From Supply Chain

Dear Valued Supplier,

Kohl's, Inc. ("Kohl's") is committed to complying with all applicable laws and regulations in the locations in which it operates, including U.S. export controls and sanctions laws. Recent changes to U.S. sanctions laws have required us to ensure that certain parties are **removed completely from our supply chain**. Specifically, the U.S. Department of Treasury's Office of Foreign Asset Controls (OFAC) placed China's Xinjian Production and Construction Corporation (XPCC) on its Specially Designated Nationals (SDN) List on July 31, 2020 for serious human rights abuses against ethnic minorities in China's Xinjiang Uyghur Autonomous Region (XUAR).

As such, we are asking you to please review and certify to the following as it relates to our supply chain:

- Supplier understands that XPCC and entities that are 50% or more owned either directly or indirectly by XPCC are now designated by the U.S. Government as SDN parties and, therefore, subject to broad and significant restrictions under U.S. law.
- Supplier and its suppliers have terminated all transactions, dealings, or engagement of any kind with XPCC as of July 31, 2020.
- Supplier and its suppliers will wind-down and terminate all transactions, dealings, or engagement of any kind with XPCC majority owned subsidiaries by September 30, 2020 and warrants that all such wind-down activities will be reported to OFAC per the terms of the General License No. 2 of Global Magnitsky Sanctions Regulations by October 14, 2020. *See* 31 C.F.R. Part 583.
- In addition to the above, to conform to U.S. export controls and sanctions laws an ongoing verification of your supply chain and those of your suppliers to existing and future SDN designated parties must occur. If SDN parties are identified, they will be immediately removed from our supply chain and Kohl's Factory Compliance Department (factory.compliance@kohls.com) requires notification.
- Supplier represents and warrants that it has conducted adequate due diligence to verify its operations and those of its suppliers conform to the provisions of this agreement and will produce documentation to support such compliance as requested by Kohl's.

If Kohl's is assessed any monetary amounts, or Kohl's suffers economic or reputational harm, as a result of an actual or claimed violation of this agreement, Supplier agrees to pay any and all actual and consequential damages and reasonable attorney fees in connection with any such violation, including, but specifically not limited to, any penalties, fines, or liquidated damages assessed. Kohl's shall be entitled, at its discretion, to withhold any payment due Supplier to recover actual and consequential damages and reasonable attorney fees in connection with any such breach. The foregoing remedies are supplemental to, and not in lieu of, all rights and remedies available to Kohl's pursuant to the Supply Agreements (referenced below).



This agreement is intended to supplement any and all contracts and agreements between Kohl's and Supplier related to the supply of goods or services by Supplier to Kohl's, including Kohl's Purchase Order Terms and Conditions, Kohl's Terms of Engagement (referenced therein) and any other contractual terms pursuant to which Kohl's purchases merchandise from Supplier ("Supply Contracts"). This Agreement applies to all existing Supply Contracts, whether in force on the date of this agreement or entered into thereafter.

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**Agreement and Acknowledgement
For and on behalf of Supplier**

Supplier Name: _____

Signature: _____

Name: _____

Position: _____

Date: _____

Submission Instructions: Please send the signed Agreement to **NAME** via e-mail at **[insert email address]**.