



SOCIAL COMPLIANCE DEPARTMENT

MISSION: ENSURE RESPONSIBLE SOURCING

To ensure factories that produce private brands, exclusive brands, or goods where Kohl's is the importer of record are compliant with Kohl's Terms of Engagement and the laws of the country where the factory is located.

RISK-BASED METHODOLOGY

On-site factory visits are performed to monitor compliance with Kohl's Terms of Engagement and national laws. Initial factory monitoring visits are scheduled "announced" or "unannounced" based upon risk. All follow-up visits are conducted "unannounced". The following methodology is used to assess risk:

- Social conditions in the geographic location of the factory
- Factory management's receptiveness towards the Social Compliance program
- Vendor's historical factory performance
- Past monitoring visit results



VENDOR/FACTORY APPROVAL PROCESS

- A Vendor Principal must sign Certificate of Compliance and submit with Contact Form and Cotton Compliance Form
- A Vendor completed Factory Evaluation for each factory
- Social Compliance and Product Sourcing approval is required prior to Purchase Order issuance and placement of production

FACTORY MONITORING PROCESS

- Factories are monitored on an annual basis or according to collaborative program guidelines, if applicable
- Follow-up visits are conducted until all violations have been rectified or the factory is made Not Authorized (NA) to produce for Kohl's. Generally, an audit cycle will include a maximum of three monitoring visits
- Subcontractors are treated the same as the main factory and carry equal risk

COLLABORATIVE MONITORING PROGRAMS

- Kohl's / Li & Fung Collaborative Monitoring Program: Factories in this program will receive 105 days between visits for major deficiency issues to allow Li & Fung to conduct training visits. Once found compliant, the next monitoring cycle will begin in approximately 550 days, instead of the standard 365 days
- Better Work Vietnam, Nicaragua, and Indonesia: A partnership between the International Labor Organization (ILO) and the International Finance Corporation (IFC) to improve labor standards and competitiveness in global supply chains and to reduce audit fatigue
- A factory that is deemed compliant on its first monitoring visit in two consecutive audit cycles will have its audit cycle extended for two years

ZERO TOLERANCE VIOLATIONS

The following will result in immediate termination of our relationship with the factory, and merchandise produced under such conditions will not be accepted:

- Child labor
- Prison labor, forced labor, slavery, or human trafficking
- Physical or sexual abuse
- Nonpayment of wages
- Unauthorized subcontracting
- Attempted bribery of social compliance or quality assurance monitors
- Transshipment or altering country of origin markings

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