

As we transform our business to meet competitive challenges and adapt to how our guests want to shop, we remain focused on our legacy of giving and service and our commitment to strong, healthy and safe communities. And in today's era of unprecedented transparency around pricing and merchandising strategies, we believe it's also important to be transparent in reporting our goals and progress around corporate responsibility.

Engaging with our team members, guests, shareholders and communities is vital to overcoming challenges and meeting our goals for environmental sustainability, team member well-being, education and volunteerism – areas that are essential to the strength of the communities in which we operate worldwide and to the long-term health of our business.

From our sourcing offices all over the world to our stores across the United States and now Canada, our team is Target's single biggest competitive advantage. That's why we remain committed to creating workplaces that include opportunities for advancement; an environment where everyone feels welcome, respected and valued; and strong ethics training for our team members.

And to help ensure we have the talent to remain relevant and successful, we've committed to helping children reach their full potential and remain on track to meet our goal of giving \$1 billion for education by the end of 2015.

We continued to advance our commitment to responsible sourcing and environmental sustainability in 2012 by ending the harmful practice of sandblasting denim; working with our pork-product vendors to ban sow-gestation crates by 2022; committing to increase our organic food selection by 25 percent by the end of 2017; and making progress toward our goals of offering a 100-percent sustainable seafood selection in our stores and reducing waste, water and greenhouse gas emissions by the end of 2015.

Additionally, we are working to cut excess miles from our U.S. supply chain, limit packaging waste, and help our guests increase their use of reusable shopping bags, which has reduced plastic-bag consumption in our stores over the past four years.

Our approach to corporate responsibility has also played a significant role in our expansion into Canada. Since announcing our plans for Target Canada in 2011, we've built a strong Canadian team, pursued LEED certification for the 124 stores we'll open this year, and directly engaged with our communities to provide the best stores possible and help shape our giving and volunteerism efforts nationwide.

By leveraging our business strengths, we are meeting the challenges associated with our ambitious goals – to the benefit of our company and the communities we serve. And reporting our progress publicly – while continuing to listen and learn – helps us drive improvement and demonstrate to our guests that Target is a partner they can trust.

Gregg Steinhafel | Chairman,

President and CEO, Target