

Supplemental Material

For

City of Sacramento

City Council

Financing Authority

Housing Authority

Redevelopment Agency

Agenda Packet

Submitted: 7/25/08

For the Meeting of: 7/29/08

- Additional Material
 Revised Material

Title: 65th Street Center Project (P07-063)

Enclosed please find full-size color exhibits for the project. They are being delivered separately due to their size.

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Please include this supplemental material in your agenda packet. This material will also be published to the City's Internet. For additional information, contact the City Clerk Department at Historic City Hall, 915 I Street, First Floor, Sacramento, CA 95814-2604, (916) 808-7200.

Environmental Responsibility.

Target strives to be a responsible steward of the environment. In addition to complying with all environmental regulations, we seek to understand our impact and continuously improve our business practices to achieve the following goals:

- Use resources responsibly
- Eliminate waste
- Minimize our carbon footprint
- Offer a selection of natural, organic and eco-friendly products based on market demand and guest preferences
- Develop facilities that align environmental, community and business needs
- Influence our vendors and suppliers to embrace sustainable practices





Target has a long-standing commitment to the environment. Understanding our environmental footprint and designing programs to minimize that impact is very important to us as responsible stewards of the environment. We have mature programs around recycling, environmental compliance and energy conservation, but our innovative thinking goes beyond these programs. From the stores we build to the products we sell, many aspects of our operations create a triple-bottom line of stewardship that positively affects our guests, communities, and our long-term business strategy.

Our internal partnerships will continue to drive positive change toward more sustainable business practices, more efficient operations and stronger ties to our communities. Working with our vendors to identify opportunities to incorporate sustainability initiatives into our core business functions helps ensure that Target is meeting the expectations of our guests and our communities.

In the section below, we provide our environmental objectives and some insight into our progress as we work toward fulfilling our commitment to the environment.

Environmental Management Program

The Target Environmental Services group is responsible for ensuring compliance with all environmental regulations and for setting environmental goals for the Corporation. Individuals with a wide-range of environmental and technical experience manage the environmental aspects of regulatory compliance, property acquisitions, waste disposal, recycling, and asset reclamation. Elements of our environmental management program include setting environmental goals, communication and outreach, in-house and external training, permit management, data analysis, self-auditing of systems, and information tracking. These elements are integrated into day-to-day operations through web-based programs and external consultant support.

The goal of the environmental management program is to develop systematic solutions to manage the environmental aspects of our business and to drive continuous improvement. Target is in the process of evaluating various environmental management system models such as ISO 14001 and the United States Environmental Protection Agency's (USEPA) Performance Track.

Metrics and Measurements

Developing metrics for our key environmental programs is integral to the success of these programs and our ability to drive great results. For Target, environmental metrics are normalized to sales, where appropriate. This allows Environmental Services to measure achievable goals as the market size increases. Depending on the program, performance metrics are established to provide meaningful and relevant data for analyzing trends and opportunities for improvement.

Regulatory Compliance

Target takes a proactive stance on environmental regulation. In many cases, Target implements programs chain wide that are more stringent than local or regional regulations because we believe in protecting our communities' natural resources, and providing a safe work environment for our team members. We work hard to minimize the number of Notice of Violations (NOVs) we receive — written claims from an agency indicating non-compliance with a regulation — and promptly respond to agency concerns.

Partnerships

Target believes that partnership is one of the most effective ways to develop solutions to environmental issues. We have collaborated with several environmental organizations on special projects, and our team members serve in leadership roles to help promote sustainability. Some of our partners include:

- United States Environmental Protection Agency, Climate Leaders: Stormwater Runoff Strategies Partner, Energy Star and WasteWise
- United States Green Building Council (USGBC), Corporate Sponsor, National Committee (LEED for Retail Application Guide)
- National Recycling Coalition (NRC), Member
- Sustainable Packaging Coalition, Member
- American Industrial Hygiene Association (AIHA), Member
- National Association for Environmental Management (NAEM), Board Member
- National Brownfield Association, Member
- International Council of Shopping Centers, Member
- Recycling Association of Minnesota, Board Member

Natural Resources

At our current rate of growth, Target builds more than 100 new stores annually. With each new store comes the challenge of not only building a great looking store, but of being respectful of the communities we are serving. The Target Property Development team is well versed in design, construction, development and resource-preservation techniques. Through early interaction with community leaders and local planning commissions, Target strives to design stores that are aesthetically pleasing to the community while minimizing our environmental impact.

Water Conservation

At Target, we are conscious about water use and have incorporated several water-saving technologies into our store designs. All Target stores use:

- Low-flow toilets that meet Federal standards
- Ultra low-flow hand-wash faucets that are 75 percent more efficient than required and reduce wash-water flow to sewer treatment plants
- Customized irrigation settings to match the needs of the vegetation planted at each site, which avoids excess water usage for landscaping

At several stores, we are also testing low-flow urinals that use 50 to 100 percent less water flow than conventional urinals.

Low Impact Development

Low Impact Development (LID) is the use of innovative design techniques to filter and infiltrate storm-water runoff on site in order to maintain predevelopment hydrologic conditions. Many local jurisdictions require developers to use LID technology because it helps improve water quality, reduces the need for expensive pipe-and-pond systems, and results in more aesthetically-pleasing landscapes.

When preparing for new store construction, we challenge our designers to look for opportunities to use LID technology. As a result, we have installed bio-swales in lieu of storm sewers to manage runoff from our parking lots, and rain gardens to filter storm water and provide a natural habitat for wildlife in several locations, including:

- Lake Worth, Fla. (opened in October 2006)
- North Dartmouth, Mass. (opened in October 2006)
- Westland, Mich. (remodeled in October 2006)
- Chicago (opened in March 2006)
- Boynton Beach, Fla. (opened in March 2006)
- Chicago (opened in July 2005)
- Austin, Texas (opened in July 2005)
- Tallahassee, Fla. (opened in July 2005)
- Allen Park, Mich. (opened in July 2005)

At a Target store in Austin, Texas, storm water is directed into a sand filter and treated before it discharges into a nearby creek.





The wetland created at a Target Distribution Center in West Jefferson, Ohio, helps treat storm water before it flows into Little Darby Creek, one of the most biologically rich streams in the Midwest.

Natural Resources Management

Natural resources management relates to protecting environmentally sensitive habitats, such as wetlands, surface water and woodlands. Target recognizes the value of preserving natural resources and works with local agencies to do our part. For example, in the fall of 2005, Target began a project to re-establish 40 acres of wetlands on the property of our distribution center in West Jefferson, Ohio. This facility resides in the watershed for Little Darby Creek, an area selected as one of the Last Great Places in the Western Hemisphere by the Nature Conservancy. We created a wetland from a mix of 20 different native species, including ones from the Darby Plains prairie ecosystem. More than 7,000 seedlings were planted. During the first and second years of the project we saw tremendous progress with the native plantings establishing themselves. Now entering its third full growing season, the area is providing a habitat for birds, frogs, butterflies and other wetland fauna. The roots and stems of wetland plants are forming a dense mat where biological and physical processes will treat and cleanse storm water, helping to protect the Little Darby Creek. In addition, the wetland is reducing maintenance costs and will not require the watering or fertilizing typically needed for mowed-grass landscaping.

Waste Reduction

Decades ago, Target was one of the first large retailers to commit to a philosophy and practice of reducing, reusing and recycling. Over the years, we have integrated this approach into many areas of our company including store planning and design, construction, and merchandising. Today, we continue to take our responsibility seriously because we value the environment in which we live and the communities we serve.

Waste Reduction

Waste reduction is at the core of our environmental commitment at Target. Our solid-waste program is centrally managed from our headquarters in Minneapolis, which allows us to track performance for all stores and distribution centers. By collecting

data such as compactor weights, we ensure compactor loads are full, resulting in fewer trips to landfills, while reducing vehicle emissions. Performance metrics compare sales volume to the weight and frequency of compactor loads, and allow each store to measure its performance in comparison with all other stores.

Through our commitment to reduce waste, we have been able to reuse, recycle or rethink the end-of-life use for 70 percent of our materials that would previously have been sent to a landfill. We are encouraged by our success and continue to evaluate new opportunities to expand our programs.

Recycling

We have established recycling programs in place to collect several waste materials generated by our stores and distribution centers. As shown in the graph on the following page, cardboard recycling accounts for the largest part of our waste reduction strategy. Our recycling programs benefit the environment, fuel the economy, and, in many cases, generate income for us. As new markets grow and existing ones strengthen, Target will continue to innovate around recycling. Current initiatives include:

- **Garment Hangers** – Target actively manages our supply of plastic garment hangers by reusing them until they are damaged. Each hanger is re-circulated through our supply chain an average of four times and clothing arrives at stores already set on hangers. This program minimizes packing material, conserves natural resources and reduces workload.

By reusing our hangers in 2006, Target kept 385 million hangers from entering landfills. Another nearly 2.1 million pounds of plastic and 153,000 pounds of metal we've recycled from broken hangers for use in a variety of post-consumer goods.

The environmental benefits of our hanger reuse and recycling program were highlighted in a climate case study produced by the U.S. Environmental Protection Agency in 2004. A copy of this report can be found online at www.epa.gov/epaoswer/non-hw/reduce/wstewise/climate/pubs.htm. To our knowledge, Target is the only national retailer with a hanger reuse program.

Target Stores & Distribution Centers

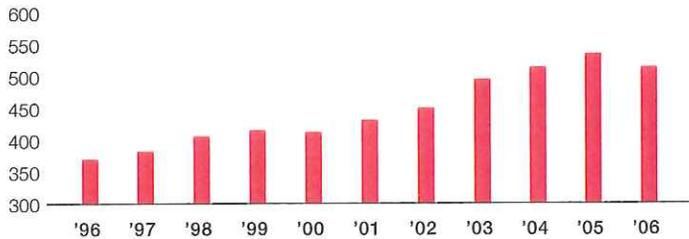
Recycling & Reuse of Waste

(percentages based on total number of recycled and/or reused materials)



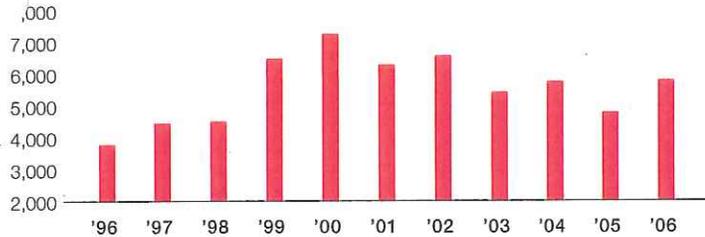
**Target Stores
Cardboard Recycling Average**

(in thousands of pounds per location)



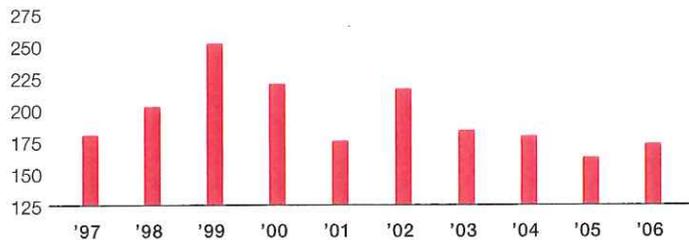
**Target Distribution Centers
Cardboard Recycling Average**

(thousands of pounds per location)



**Target Distribution Centers
Shrink Wrap Recycling Average**

(in thousands of pounds per location)



* 2005 cardboard-recycling totals were over-reported in the 2006 Corporate Responsibility Report. The total amount recycled by Target stores and distribution centers was 858,898,000 pounds.

• **Corrugated Cardboard** – Since the early 1990s, Target has focused heavily on driving cardboard recycling performance at our stores and distribution centers. At these locations, cardboard is baled and sold to contracted recyclers. In 2006, each store recycled an average of 500,000 pounds of cardboard and each DC recycled an average of 6 million, totaling more than 911.1 million pounds.* And as in prior years, Target’s cardboard recycling revenue outpaced the amount paid in trash expenses.

At the end of 2006, 64 percent of Target stores backhauled corrugated cardboard on delivery trailers heading to Target distribution centers. The bales are consolidated into full truck loads at the distribution center. As the graphs below reveal, our cardboard-recycling performance varies from year to year and is likely dependent on product type and volume, and our ever-changing product assortments. We will continue to challenge our stores and distribution centers to maximize their cardboard-recycling performance, and look for additional opportunities to enhance this program in 2007.

• **Electronics** – Environmental Services continues to manage obsolete electronics by recycling through a third-party vendor. Our program includes product returns and company-owned equipment from all Target stores, distribution centers, and headquarters locations. Our recycling vendor uses the “Glass to Glass” recycling method, meaning that all components are recycled and no waste is generated.

In 2006, Target recycled 1.4 million pounds of obsolete electronic equipment.

• **Shrink Wrap** – Our distribution centers receive millions of pallets of merchandise annually, with many of the pallets encased in shrink wrap. Rather than disposing of this valuable commodity in the trash, it is collected and baled for recycling. Shrink wrap is a valuable feedstock for composite lumber and other products.

In 2006, each Target distribution center recycled an average of 175,000 pounds of shrink wrap — a total 4 million pounds and a 16 percent increase over 2005.

• **Shopping Carts** – The Shopping Cart Refurbishing and Recycling Program allows Target to refurbish carts back to Target brand standards and redeploy them into stores. If carts no longer meet Target brand standards, they are sold for reuse to other companies. Carts that are not deemed fit for resale or refurbishment are recycled. The plastic and metal from the carts is recycled for reuse in products such as plastic pallets and rebar in building construction.

Last year, 47,600 broken shopping carts were collected from our stores for refurbishing or recycling. Of this number, we bought back 1,900 refurbished carts (at a reduced fee) to use again, and the remaining carts were either sold to a third party or sent to a recycler.

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Construction Waste – In 2003, Target began requiring metal recycling as part of our remodel construction projects, and we continue to drive this initiative. At the same time, our construction contractors started using our store cardboard balers to recycle packaging from equipment installations. Through 2006, as part of this initiative, more than 1 million pounds of cardboard have been recycled, which otherwise would have been thrown away. Target is also recycling concrete as part of our new store development and remodel construction projects. In 2006, we recycled 3.3 million pounds of concrete.
- Carpet and Ceiling Tiles** – In 2006, Target piloted a carpet-recycling program at six stores undergoing remodeling or a carpet-replacement project. More than 92,000 pounds of carpet were collected for recycling. This pilot is a partnership between the Carpet America Recovery Effort (CARE); one of Target's carpet suppliers, Masland; and the recycler, Champion Polymer. Last year, we also initiated a ceiling-tile recycling pilot. So far, we have tested the recycling process at five remodeled stores. From our pilot, we collected 64,100 pounds of old fiberglass ceiling tile, which was used as feedstock for manufacturing new ceiling tile. By turning old ceiling tile into new ceiling tile, we are creating a closed-loop recycling process.
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Roofing Material – A new pilot is underway to recycle roof membranes, creating another closed-loop recycling process. We are working with one of our roofing suppliers to remove the old membrane at our Target store in Silver Springs, Md., and recycle it into new roofing product, including walkway pads, protection membranes, and roofing and waterproofing membranes. The pilot test will provide insight into best practices and the feasibility of developing a nationwide program.
- Headquarters Recycling** – In 2006, our headquarters locations in Minnesota and Arizona recycled 5.2 million pounds of mixed paper and 803,100 pounds of corrugated cardboard. We also provide recycling for beverage containers at most offices. Last year, Target Plaza (our primary campus) collected 7,100 pounds of aluminum and 100,200 pounds of glass and plastic.

In February 2006, Target rolled out an inkjet-recycling program for headquarters offices in Minnesota, Arizona and South Dakota. Team members are encouraged to recycle used inkjet cartridges from desktop printers (either from work or home). Once collected, each inkjet cartridge is disassembled, refurbished and resold as a new inkjet cartridge. Proceeds are donated to environmental organizations.

Reuse

At Target, we continue to focus on utilizing the full life of a product. We do this by identifying partners within the community who can benefit from items that Target no longer needs. As a result, Target has found ways to reuse everything from food to cabinets; paint cans to party supplies; and office equipment to home décor. This approach not only saves millions of dollars in disposal costs, it allows individuals and organizations throughout the country to acquire goods they need, but could

otherwise not afford. When our salvage opportunities are maximized, we support our communities, keep useful items out of the waste stream, and reduce waste expenses.

- Merchandise Salvage** – Target's salvage program promotes the resale and reuse of damaged and overstocked merchandise. Last year, we salvaged more than 134.7 million pounds of unsold product, including seasonal and clearance merchandise. More than 900 Target stores maintain a for-profit partnership with local Goodwill Industries affiliates or other nonprofit agencies. These nonprofits and charities provide needed goods and services to the community, including basic needs, community enrichment and job training. Remaining stores and distribution centers partner with a select number of national vendors to liquidate product on our behalf.
- Vendor Returns** – Target manages programs in partnership with our merchandise vendors to promote recycling and reuse of unsold product. In 2006, Target processed approximately 45.6 million pounds of product returns to select vendors. These programs only apply to certain products, and support overstock, quality issues, or damage situations.
- Product Donation Program** – Since 2001, Target has partnered with America's Second Harvest, the Nation's Food Bank Network, to donate our overstock grocery items. America's Second Harvest is a nationwide nonprofit organization dedicated to feeding people in need through more than 50,000 food pantries, soup kitchens and after-school feeding programs.

In 2006, Target donated 7.8 million pounds of food. This is the equivalent of providing 6.2 million meals to people in need. In 2007, Target will continue to refine processes to maximize donations and minimize waste of edible product. Our stores and distribution centers also donate overstock and damaged pet food and supplies to local animal humane societies and shelters.
- Asset Recovery** – Target's Asset Recovery program assists team members company wide with the management of excess or retired corporate assets through redeployment, donation, resale and recycling. Requests are managed through internal and external Web sites. Typical items include food-service equipment, store fixtures, forklifts, technology equipment, vehicles, security equipment, semi-trailers and other industrial equipment. Our in-house program helps manage risk, increase recovery and track asset disposition. In 2006, Target sold more than 5,300 surplus assets and redeployed an additional 2,100 items. The Asset Recovery program contributes to our goal of keeping equipment out of the waste stream.

Carbon Footprint

As a responsible corporate citizen, Target recognizes the importance of understanding our carbon footprint. With growing scientific evidence of the threat of global warming, Target is working aggressively to identify ways to minimize our carbon footprint.



Solar roof panels harness the sun's energy at a Los Angeles Target store.

We recognize that climate change could adversely impact us by producing higher energy costs, increased operational expenses (to track and manage climate-change issues) and incremental capital investment (for carbon dioxide reduction projects). As a result, Target puts tremendous focus on best practices for energy-efficient building design and operations. Our objective is to be aware of the implications of our energy decisions and to be a responsible energy consumer in running our business. We are committed to doing our part to minimize carbon dioxide (CO₂) emissions.

Carbon Footprint

Understanding our carbon footprint has involved review of our operations corporate wide and the development of a greenhouse-gas inventory. First developed in 2004, the inventory was prepared in partnership with the U.S. EPA voluntary Climate Leaders program and in accordance with Climate Leaders guidelines, which are based on the Greenhouse Gas (GHG) Protocol. The inventory revealed a carbon footprint consisting mainly of indirect emissions related to our consumption of energy required to light and heat our facilities, and to a lesser degree, direct emissions associated with the generation of power by natural gas.

Our total greenhouse gas emissions in 2006 were 2.63 million metric tons of CO₂-equivalent (CO₂e). This includes all direct and indirect emissions from facilities that are under Target's operational control. GHG Protocol emissions by source are as follows:

- Scope 1, Direct emissions: 140,000 metric tons of CO₂e
- Scope 2, Indirect emissions: 2.49 million metric tons
- Scope 3, Other emissions: not applicable

This data has been reviewed for accuracy by U.S. EPA's technical assistance contractor as part of Target's participation in Climate Leaders.

Carbon Disclosure Project – Since 2005, we have reported our annual greenhouse-gas emissions and climate-change risks to the Carbon Disclosure Project, a group of institutional investors worldwide, representing \$41 trillion in funds under management. The group assesses the potential business risks

and opportunities related to climate change based on responses to a questionnaire completed by the largest quoted companies in their portfolio.

Energy Efficiency

Target continually evaluates new technology to maximum energy efficiency. In 2006, we received rebates and incentives from utility companies nationwide that made it financially feasible to install more energy-efficient equipment. This included the installation of energy-efficient lighting and HVAC equipment in new stores and replacing existing equipment with more efficient models in old stores. Our partnerships with local gas and electric companies continue in 2007, as we look for opportunities to utilize the latest in energy-efficient technology.

Our energy-management system is centralized and controlled at Target headquarters, allowing us to implement company-wide energy policies and to troubleshoot existing systems. Alarms are generated to notify operators of store comfort issues and the need for equipment service. Refrigerated product is maintained by a state-of-the-art Web-based system to control display-case temperature, generate redundant alarms if product temperatures are out of range, and provide energy-efficient defrost cycles.

All of our stores incorporate the following energy-saving technologies:

- **T8 fluorescent lamps and electronic ballasts** – Target was among the first retailers to adopt this technology in 1992. In addition, we are changing our three-lamp lighting fixture to a two-lamp fixture. This retrofit project will result in a 22 percent energy savings, without compromising lighting levels in the store. We will also save money on the recycling of spent lamps over the life of the store.
- **Integrated energy-management system** – These control lighting; refrigeration, heating and cooling equipment; and exhaust fans.
- **Motion sensor lighting in the stockrooms** – This technology results in a reduced energy demand from lighting by more than 80 percent in those areas.
- **Utilizing light-emitting diodes (LED) instead of neon** for all new stores' exterior signage will result in an 80 percent energy savings and reduced maintenance costs.

Energy Demand Management

The vast majority of Target's current carbon footprint is tied to the energy (electricity and natural gas) consumed in existing stores. To effectively manage this consumption, Target is taking steps to more actively integrate, monitor and control the energy-efficient technologies that exist in our stores. To this end, we are expanding our Demand Management program to refocus our efforts on proactively managing energy demand. The Target Demand Management program will evaluate and/or implement the following initiatives in 2007:

- Demand-response programs aimed at reducing our instantaneous demand for energy during peak periods through temporary adjustments to the operation of our energy-consuming building systems
- Re-evaluating standards for temperature set points, lighting levels, and equipment run times to identify energy-reduction opportunities
- Expanding the use of electricity and natural-gas meters in stores to assist in performance diagnostics, operational improvements, and measurement and verification
- Working to evaluate the feasibility of retrofitting existing stores' on-site energy-generation systems with renewable sources, such as solar panels and fuel cells

Building Systems Commissioning

More than 80 percent of the energy consumed in a typical Target store is used by heating and cooling systems, lighting systems, and refrigeration systems. As such, optimizing the operational performance and efficiency of these systems is paramount to our ability at Target to manage our carbon footprint. Target views the commissioning process as a means to achieve this objective.

In 2007, Target will launch a new working group focused on the development, implementation and management of a commissioning program for our new and existing stores. The commissioning process will be used to verify that energy-consuming systems are operating as efficiently as possible throughout the life of the store. This process will also work to continuously improve the way Target designs, builds, operates and maintains our stores with a focus on reducing ongoing maintenance and extending the service life of equipment.

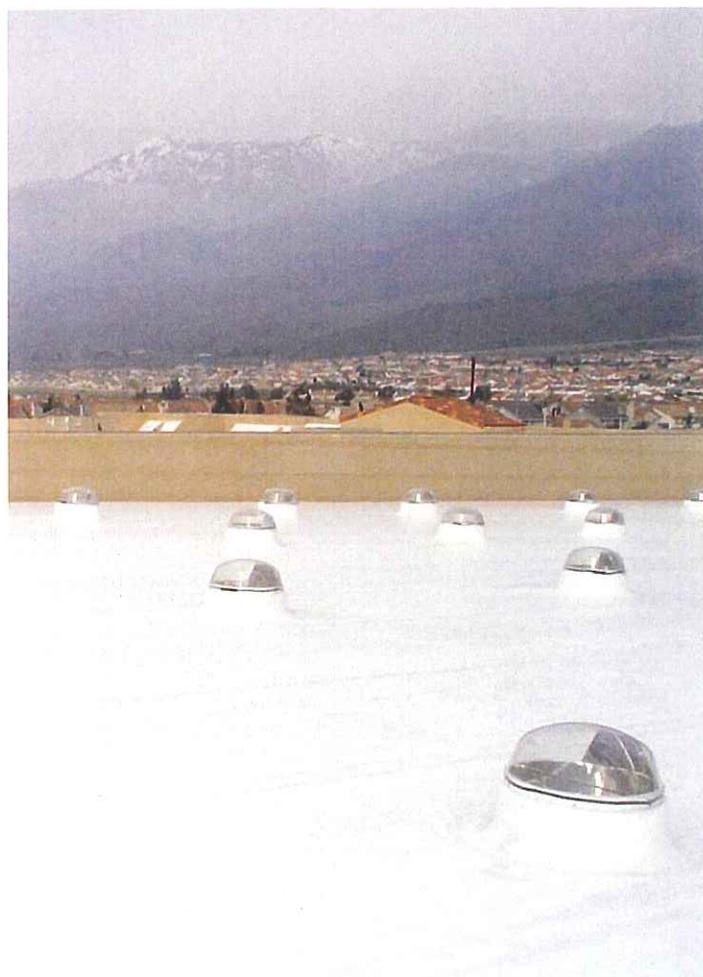
Green Energy Use

A partnership with Oklahoma Gas & Electric provides the maximum amount of electricity generated by wind power to power our stores in Oklahoma. This renewable resource not only saves thousands of dollars annually, but helps to reduce greenhouse-gas emissions from our operations.

In the State of California, we negotiated a multi-year energy-supply contract with Minnesota Methane that began in July 2006. Energy comes from Minnesota Methane's plant located in the Los Angeles Basin. This contract fulfills Target's resource adequacy (RA) capacity requirement and Target's entire renewable portfolio standard (RPS) requirement for 2006 through 2009. These renewable purchases account for approximately 14 percent of Target's Direct Access energy purchases.

- **Harnessing Solar Energy** – Target is currently harvesting the sun at four stores in California. Annually, these rooftop solar (photovoltaic) panels generate 20 percent of these stores' electricity needs, and combined, reduce greenhouse-gas emissions by 13,600 metric tons of carbon dioxide (USEPA Standard Energy Mix for California) annually. Fourteen additional Target stores in California will be retrofitted with solar-panel systems by the end of 2007.
- **Using Solar Lighting** – In 2005, Target participated in the Energy Conservation Incentive program offered by Southern California Edison. Our architects and engineers designed a roof for our Target store in Fontana, Calif., that uses hundreds of Solatube skylights to harness solar energy. With this system, sunlight is directed through a rooftop skylight and diffused into an acrylic lens located in the store's ceiling. During June (the longest sunlight period), the skylights provide as much as 100 percent of the store's sales-floor lighting needs for six hours a day. In December (the shortest sunlight period), the maximum output is 75 percent of the sales-floor lighting needs for four hours each day. By supplementing with natural lighting, this store saves, on average, 17,000 kilowatt hours of electricity per month.

Solar tubes direct sunlight energy into the Fontana North Target store in California.





In our stores, we offer natural, organic and eco-friendly products, including Method products with nontoxic ingredients and natural fragrances and compact fluorescent bulbs that use 2/3 less energy than standard bulbs,

provide the same amount of light while generating 70 percent less heat, and last up to 10 times longer.

Eco-Friendly Products and Packaging

At Target, we are continually “rethinking” our merchandise assortment to lessen impacts on our communities, our environment and our bottom line. Many of our categories include products made from recycled materials, non-toxic chemicals, or all-natural ingredients. And at SuperTarget, we offer approximately 700 organic foods, including produce. We are also specifying more environmentally friendly packaging applications for our private-label brands.

Environmentally Friendly Products

We will continue to evaluate and expand our eco-friendly products based on market availability and guest preference. The following are some examples of eco-friendly products currently sold at Target or on Target.com:

- **Domestics** – Target carries terry-cloth bath towels and 250-thread-count sheets made from 100 percent organic cotton, which is grown without the use of pesticides or synthetic fertilizers. Both products are Target-owned brands.
- **Electronics and Lighting** – For the energy-conscious guest, Target and Target.com offer a variety of electronics, appliances and lighting – including compact fluorescents and LEDs – that use less electricity. Many of these products carry the Energy Star rating for high efficiency.

Grocery – Target guests are placing increased importance on incorporating organic foods into their eating habits. To support this growing trend and the desires of our guests, we have been steadily increasing our organic food offerings.

SuperTarget has approximately 700 organic offerings from several brands, and this strategy continues to grow. Our Archer Farms® organic selections include great-tasting products like organic cereals, whole-wheat spaghetti and jarred applesauce. Our SuperTarget stores also carry organic produce. In August 2006, we were certified by the U.S. Department of Agriculture as an organic produce retailer. Everything from garden-fresh vegetables to berries, bananas and oranges are now available for guests who want the best organic produce that nature has to offer.

- **Health and Beauty** – To reflect today’s trend in personal well-being and the health of the environment, our skin care selection includes all-natural products, like Burt’s Bees. Target launched this brand in stores in November 2006, with a mix of gift sets and best-selling products. The Burt’s Bees assortment will expand in 2007 to a complete line of products, including a Natural Personal Care section featuring lip products, body and face care, shower items and a selection of trial/travel gift kits.
- **Household Cleaners** – Our assortment of detergents and home clearing products includes non-toxic alternatives from brands such as Method. These products use plant-based ingredients that are non-toxic and biodegradable. And they smell great, too, with natural fragrances like lavender, cucumber and citrus.
- **Infant Wear** – For the littlest guest, Target offers infant wear made from organic cotton. Our selection includes bodysuits, sleepsacks, hooded towels, caps and receiving blankets that are ultra soft and pesticide free.

- **Lawn and Patio** – For the outdoors, we offer garden hoses and Target Brand door mats made from durable, recycled rubber.
- **Pet Products** – Target carries a variety of pet products made from recycled materials, as well as all natural kitty litter and organic catnip.
- **Stationery and Office Paper** – Our stationery and office-paper assortments include products made from recycled paper, such as greeting cards, notebooks and copier paper. In greeting cards, our leading recycled-content brand is Recycle Paper Greetings, which includes designs by many exclusive artists, like Kathy Davis. These cards and envelopes are made from 30 to 100 percent post-consumer waste. In our American Greetings line, all domestically produced cards are printed with soy-based inks, and some new programs are printed on recycled paper, containing 30 percent post-consumer waste.

Reusable Bag

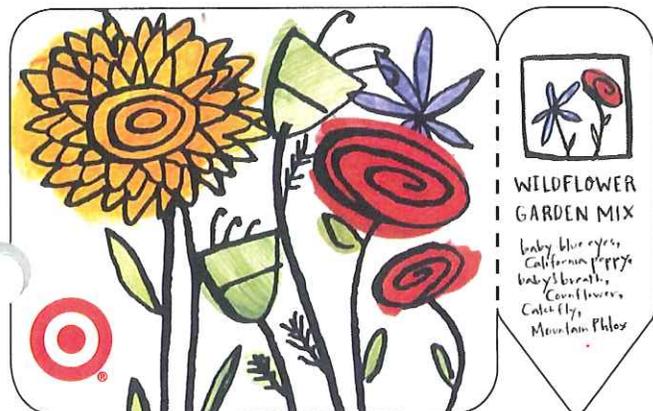
Target has developed a reusable shopping bag, launching in June 2007 in our California stores. The bag will be offered at a minimal price and will provide an option to our environmentally conscious guests by supplying an alternative to plastic bags. This California program was prompted by a regulatory requirement; however, Target is considering offering them in other markets and online through Target.com as well.

GiftCard Innovation

Target is leading the gift-card market in using resins made from renewable resources. In December 2005, Target introduced the first corn-based gift card on the market (made from PLA, or polylactic acid).

In 2007, select designs will be printed on PHA (polyhydroxyalkanoate), a resin made from corn and other sugar-producing plants. This material is 100 percent biodegradable and compostable. PHA is also carbon neutral, so it will not compound the world's ever-increasing buildup of greenhouse gases. Through an exclusive partnership agreement, Target will be the first to market with a gift card made from PHA.

We're a leader in gift card innovation, including producing cards made from renewable resources like PLA, and cards with reusable features like plantable "seed paper" packaging and a snap-off flower marker.



Sustainable Packaging

Target is a founding member of the Sustainable Packaging Coalition – a leading and highly respected organization in this emerging field. We are participating in joint activities to better understand how our packaging needs can meet sustainability requirements.

As of 2006, Target dedicated a packaging team to focus on both structural and graphic design of our owned-brand packaging. This team has visibility to packaging choices being made during product development and can make recommendations on more sustainable choices or reduce packaging where feasible. Two recent programs which the team impacted include:

- Replacing a full PVC clamshell package in our Media Storage line with a modified paperboard/clamshell option
- Eliminating an ultraviolet (UV) varnish (a petroleum-based synthetic which makes waste paper virtually non-recyclable) on the graphic design of all seasonal programs

Target now works with a specific group of printers around the world to produce packaging for our various owned brands by using highly qualified firms that are familiar with Target brands, we dramatically increase the consistency and quality of our packaging elements as well as our ability to request and verify the material content of our packaging.

We are also looking for opportunities to source packaging materials that are:

- Recyclable
- Made with recycled content
- Biodegradable or biocompostable
- Made with renewable resources
- Manufactured using renewable energy or using less nonrenewable energy
- Sourced from companies practicing responsible harvesting

Recycled-Content/Recyclable – Target now specifies that the top sheet for all private-label corrugated packaging is to contain 90 percent post-consumer recycled content. The majority of our products will meet this specification by spring 2008. For our organic cotton bath and bedding program launched in 2007, Target sourced paper stock made from 100 percent post-consumer recycled paper and printed with vegetable/soy-based inks. We also migrated from plastic to corrugated packaging for Target Brand dinner and salad plates. By making this change, we minimized our impact on the environment and saved money without compromising shelf appeal.

Bio-Plastics – We have introduced six PLA packages in the bakery and deli areas in our SuperTarget stores. PLA (or Polylactic acid) is a biodegradable polymer derived from cornstarch. We will look at expanding the use of PLA in our Food Avenue and SuperTarget locations as additional supply becomes available.

Renewable Energy – Target is actively partnering with manufacturers using renewable energy. In 2007, select Archer Farms Organic product lines will convert to a paperboard manufacturer that uses 100 percent wind power. Additionally, this paperboard and manufacturer are certified with the Forestry Stewardship Council.

Recycled Paper – Target uses recycled-content paper for many of the print materials that we produce internally. Last year, Target Printing Services purchased 4.23 million pounds of recycled paper, of which 2.1 million pounds contained 30 percent post-consumer fiber and 2.13 million pounds contained 10 percent post-consumer fiber. Recycled paper accounted for 66 percent of total paper stock used at our in-house printing facility.

Non-Retail Procurement

Over the last year, Target has been looking at more environmentally friendly alternatives for the non-retail goods and packaging that we procure for our stores, distribution centers and headquarters. In 2006, we introduced a kid's meal box in our Food Avenue restaurant (at all Target stores) that is made from 100 percent recycled content, with a minimum of 40 percent post-consumer fiber. In 2007, we will switch from styrofoam to paper cups in Food Avenue and our headquarters cafeterias. Also, the sleeve for hot beverages will contain 100 percent recycled content with a minimum of 60 percent post-consumer fiber.

Design for the Environment

At Target, we are committed to providing our guests with great design and more choices than they can find anywhere else. Great design is consistent with protecting and managing our environmental resources.

For example, Target initiated talks with manufacturers to remove harmful Perfluorooctanoic (PFOA) chemicals from their products used in fabric and garment processing specifically those with stain management properties. They were encouraged to develop alternatives to the existing chemistry that were free of PFOA. Target will be transitioning all its apparel with stain management properties to PFOA-free chemistry with no impact to cost. The products will begin transitioning in the third quarter of 2007 and should be complete by mid-2008.

We are intensively assessing our use of polyvinyl chloride (PVC) plastic and the viability of alternatives and actively pursuing opportunities, in collaboration with our vendors, to reduce PVC in our products and packaging, including:

- Building awareness on our buying teams to issues surrounding the manufacture and disposal of PVC products to facilitate wise buying choices.
 - Replacing full PVC clamshell package in our media storage line with a modified paperboard/clamshell option.
 - Migrating from plastic to corrugated packaging for some of the Target Brand dinnerware.
 - Converting plastic backercards to recycled-content paperboard on hair accessories products, representing millions of units.
 - Offering shower curtains made from ethylene vinyl acetate (EVA) as well as cloth curtains as alternatives for our guests.
 - Requesting that our vendors reduce the amount of packaging on their products and use materials that are easily recyclable
- Meeting with our vendors to understand the challenges in moving away from PVC.



The kid's meal in our Food Avenue restaurant in all Target stores is made from 100 percent recycled content, with a minimum of 40 percent post-consumer fiber.

A new "Sustainable Products Guide" is being developed to educate internal product designers, sourcing specialist and merchants about sustainable products, and to help them identify suppliers who are committed to the principles of sustainable design. This guide addresses general principles of sustainable design and specific environmental considerations associated with forest and paper products and PVC plastics. It will be expanded in the future to address other product-specific issues.

Sustainable Facilities

Part of our commitment to the environment includes a respect for local communities and eco-systems. From redeveloping brownfields to incorporating smart design features in our buildings, we are minimizing our environmental footprint. Target will continue to identify new strategies to operate more sustainably.

Property Acquisition – Environmental Due Diligence

Target performs environmental due diligence on all properties sited for new stores, whether leased or purchased. Using the American Society of Testing and Materials (ASTM) E-1527 protocol as a template, Target has developed its own Phase I protocol that expands the basic requirements to include a review of local regulations/ordinances and natural resources such as wetlands, critical habitat and endangered species. It also incorporates the new requirements for due diligence under the Brownfields Revitalization Act for Bona Fide Prospective Purchasers, Contiguous Property Owners, and Innocent Landowner Defense status. Following our protocol allows us to make educated decisions regarding potential environmental concerns. We ensure the quality of information we receive by pre-screening consultants, and establishing a Master Service Agreement contract with sophisticated insurance, liability/indemnification and financial requirements.



This former trucking facility (left) in the McKinley Park neighborhood of Chicago was redeveloped into a Target store in March 2006 (right).



It was the first U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) certified Target store.

Brownfield Redevelopment

With Target's entry into densely-populated major metropolitan areas, our expansion strategy includes redeveloping environmentally impaired properties, referred to as "Brownfield" sites. Properties may range from minor spill sites to former Superfund sites. Redevelopment of these properties is guided by a comprehensive understanding of a site's environmental conditions along with a feasible remediation solution that meets State and Federal clean-up standards. Where appropriate, we enter into Voluntary Cleanup Programs with state agencies to ensure that our remediation solution adequately protects the environment. In addition, by redeveloping Brownfield sites, Target creates jobs in the community and increases tax revenue to cities and schools. More than one-third of Target's new store openings in 2006 were either Brownfield redevelopment sites or reflected the redevelopment and re-use of existing buildings. Recent examples include:

- A redeveloped former trucking facility site in the McKinley Park neighborhood of Chicago (opened in March 2006), was the first U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) certified Target store.
- A store located at a former construction and debris landfill in Acworth, Ga., opened in July 2006.
- A store located at a former industrial and commercial multi-use area utilized as a railroad maintenance yard, steel fabricating facility, gas station, fuel oil plant, concrete plant, lumber yard, and auto repair facility in Miami, Fla., opened in October 2006.
- A store located on a redeveloped area with 14 active and inactive oil wells, 100 structures, and underground storage tanks in Cleveland opened in July 2006.

Development Specifications

Target has created a Developer Guide with specifications for the construction of a retail store building and associated guest parking. Stores are constructed using masonry bearing walls,

steel columns, joists and beams. Steel bar joists commonly include industry-specified amounts of recycled steel and Target's specification allows for the use of concrete containing fly ash and recycled/reground material. Our stores are designed for a 50-plus-year life cycle with scheduled maintenance. Planned renovations during a building's life cycle maintain and enhance the value of our financial investment and reinforce our brand. Our design specifications include the use of:

- Low VOC (volatile organic compound) carpet, adhesives, sealants and paints
- Locally manufactured construction materials, when feasible
- Steel bar joists and concrete building components that have been fabricated from recycled materials
- Natural or cultivated grasses and plants indigenous to the area for the lawn and landscaping
- Office furnishings for our executive team members that are GreenGuard certified and office equipment that carries the Energy Star certification
- Outdoor lighting fixtures that are dark-sky friendly and have full cutoff
- Energy management systems monitored from our headquarters facility

Roofing – In addition to the above specifications, our prototype roof consists of a white membrane designed to last 20 to 30 years. This product is the most durable material on the market, and we have been using it on all of our new stores and re-roofing projects since 2001. Besides durability, our white roofs provide other environmental benefits, including reflection of the sun's heat, which helps to reduce the heat-island effect of the store. Another benefit is water quality; rain-water runoff from a white roof membrane is considered to be "clean" from a pollutant perspective, compared to gravel and tar roofs where rain-water runoff may contain oils from the tar.

Sustainable Design

For years, we have leveraged many sustainable store-design features, primarily related to water efficiency, energy efficiency, material use and recycling. Our current store prototype garners 17 to 18 points under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System.™ LEED is a widely recognized nationally accepted benchmark for the design, construction, and operation of high-performance, sustainable buildings. Twenty-six points are needed to achieve LEED Certification. Our next prototypical model would earn approximately 21 points under this rating system. Target will continue to evaluate sustainable design practices, such as carpet and paint recycling, energy-efficient fixtures, and storm-water technologies that benefit the environment, our communities, and our bottom line.

Green Building – Target has been a member of the U.S. Green Building Council since 1997, and is actively participating on a committee (Application Guide for Retail) to enhance and advance the use of LEED standards for the retail industry. We currently have two new stores in the Chicago market (McKinley Park and Peterson Avenue) that have achieved certification-level recognition under the LEED for New Construction guideline. Another store in Allen Park, Mich., has been registered for LEED review and is awaiting certification. Other potential projects are being considered.

Sustainable-design features of the Peterson Avenue store include:

- Low-flow fixtures in restrooms that reduce water use by 30 percent
- Heating, ventilation and air conditioning (HVAC) systems that meet energy savings 30 percent greater than required by city code
- 75 percent of construction waste recycled or salvaged
- Lumber certified by the Forest Stewardship Council
- Roofing materials for almost 94 percent of the roof surface either meet the emissivity/reflectivity requirements for LEED, or have been installed with a vegetated roof
- Improved indoor air quality by measuring carbon dioxide levels in the store and increasing the quantity of outdoor ventilation air intake as the number of guests increase
- Public transportation within walking distance, including a city bus that “shuttles” guests to a rail transit station
- More than 55 percent of the total project's materials, based on cost, were manufactured using raw materials harvested within 500 miles of the project site

Green Roofs – Four Target stores in Chicago are sheltered by a “green” roof, partially or completely covered by hardy plants (typically sedums) growing in a thin layer of soil. The City of Chicago is leading the nation in applying this LID technology. Currently, there are more than 250 green roofs throughout the city. Green roofs filter air pollutants, absorb storm water, modify temperature fluctuations, and provide habitats for birds.

The Peterson Avenue Target store in Chicago is the most recent Target store to achieve LEED Certification approval from the U.S. Green Building Council.

