

2016 CORPORATE RESPONSIBILITY & SUSTAINABILITY PROGRESS REPORT

SEARS HOLDINGS

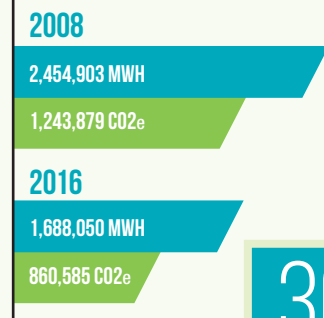
Sears Holdings Corporation is committed to doing business in ways that protect human rights and the environment. Together with our associates and partners, we are working to reduce our environmental impact, help customers make sustainable purchasing decisions, and protect our planet for future generations.



// 2020 GOALS

ENERGY MANAGEMENT

Reduce electricity use and associated greenhouse gas emissions at comparable retail locations by 30% by 2020, relative to a 2008 baseline.



30%
REDUCED
ELECTRICITY
BY 2020

GOAL
SURPASSED
31%
REDUCTION

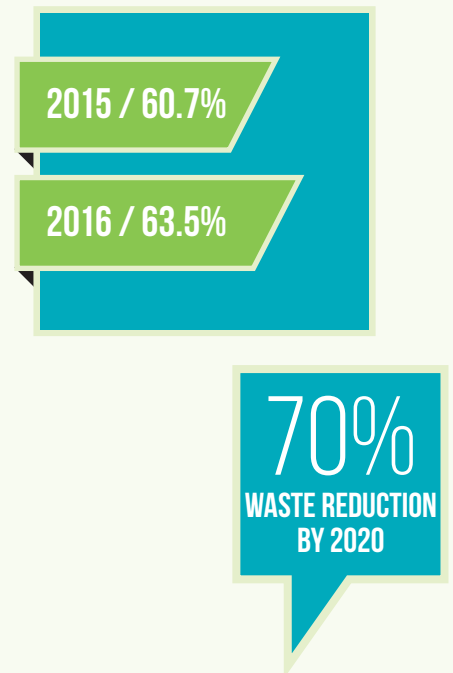
EFFICIENT BUILDINGS

Earn EPA ENERGY STAR® Building Certification for 750 retail stores by 2020.



REDUCING WASTE

Achieve 70% waste diversion from landfill by 2020, relative to a 2015 baseline*

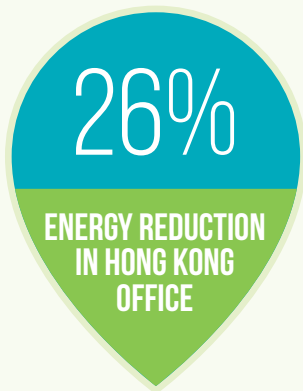
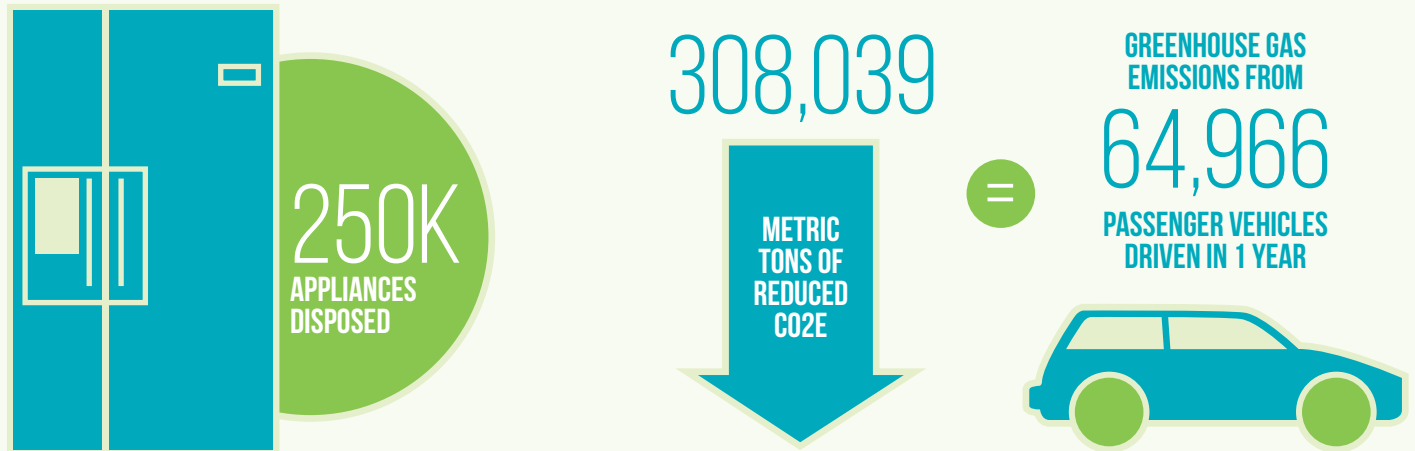


*2015 baseline and 2020 goal recalculated based on reporting error

// 2016 ENVIRONMENTAL SUSTAINABILITY STATS

OUR PRODUCTS

Sears and Kmart sold more than 3.6 million ENERGY STAR certified products in 2016, resulting in savings of more than 450 million kilowatt-hours of electricity, more than \$111 million in electricity costs for our members, and an estimated 696 million pounds of CO₂e. Through the EPA's Responsible Appliance Disposal program, Sears Holdings hauls away and discards refrigerators, freezers, AC units and dehumidifiers when our members purchase new, energy-efficient products. We properly dispose ozone-depleting chemicals from old appliances, reducing CO₂ emissions and other greenhouse gases.



26%—SHC'S reduction of energy use in the Hong Kong office (with a 40% reduction of overnight energy use), thanks to Sears Holdings Global Sourcing Team initiatives

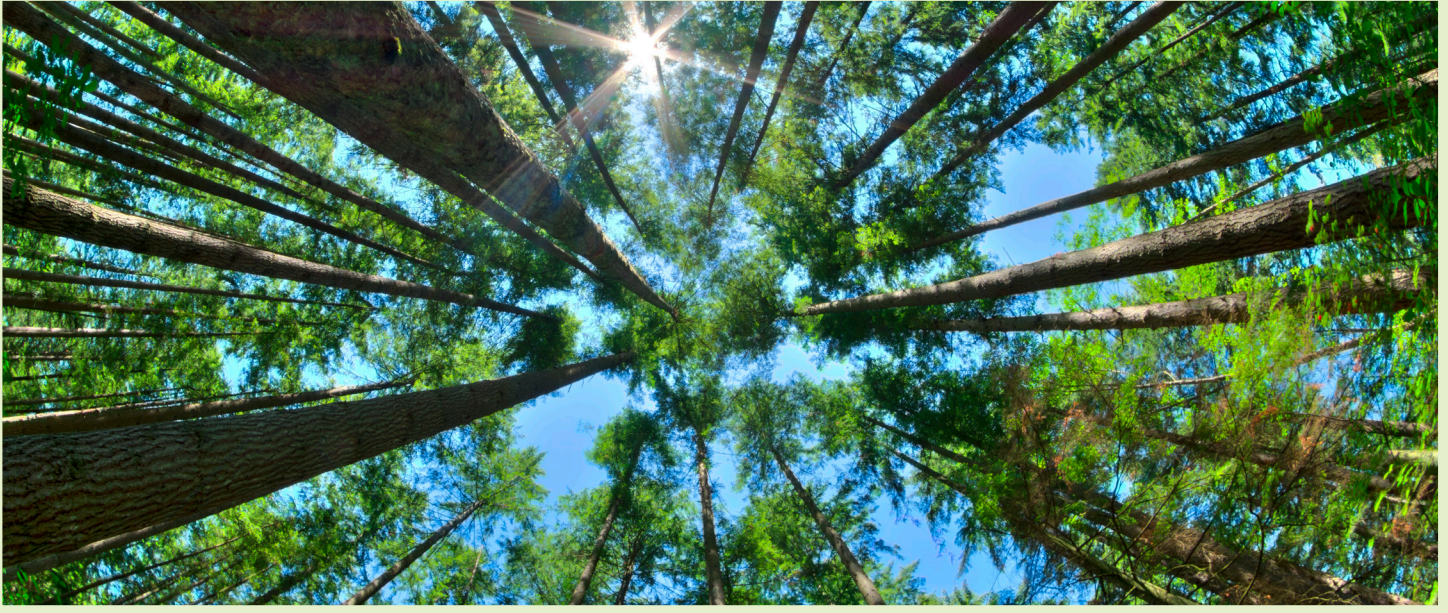


2 Out of 3—Number of participating SHC stores that placed in the top 10 among retailers in the EPA Battle of the Buildings competition

// MORE INFORMATION

Learn more at <https://searsholdings.com/corporate-responsibility/environmental-sustainability>

// RECOGNITION

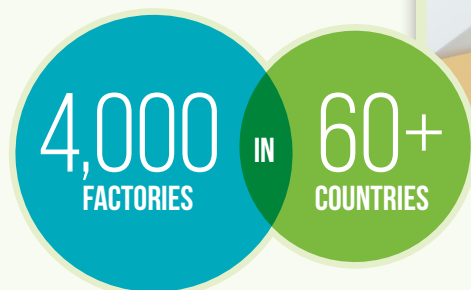


We are proud that the U.S. EPA recognizes our efforts with the ENERGY STAR Partner of the Year Sustained Excellence Award for continued leadership in protecting the environment through superior energy efficiency. SHC was awarded in both retail and energy management categories.



// OUR VALUE CHAIN

Our supply chain is broad and complex, with merchandise produced in over 4,000 factories in more than 60 countries. We have well-established due diligence checkpoints to ensure we are sourcing quality products from safe factories that adhere to local country laws. SHC is deeply committed to ethical business practices, with regard for human rights and legal compliance. Our [Global Compliance Program Requirements](#) define the social, legal and environmental standards we expect our suppliers to follow.



// OUR SOCIAL RESPONSIBILITY



\$1.5M
FOR HEROES AT HOME



SHC is dedicated to serving communities in which we work and live, and 2016 saw efforts around the globe, from Sears India planting trees and providing bio toilets, to the 9th annual Heroes at Home campaign with Rebuilding Together. The partnership raised more than \$1.5 million for reports or improvements to dozens of veteran and military family homes and facilities. Recipients included a Denver VFW.



Over the past 10 years, Kmart has been recognized as one of the top corporate contributors for St. Jude Children's Research Hospital raising more than \$12 million in 2016. Kmart also became the first

corporate contributor to shatter donation records by raising over \$100 million in lifetime donations for St. Jude to help find a cure for childhood cancer and other life-threatening diseases.



\$141 MILLION
IN 33 YEARS



Kmart is proud to be the longest-standing corporate partner and largest contributor to the March of Dimes, having raised more than \$141 million in

the past 33 years. In 2016 alone, Kmart raised more than \$7.4 million to help the March of Dimes give every baby a fighting chance.

// OUR POLICIES, AFFILIATIONS & KEY PARTNERSHIPS



POLICIES:

- [Environmental Policy](#)
- [Paper Procurement Policy](#)
- [PVC Policy](#)
- [Human Rights Policy](#)
- [Conflict Minerals Policy](#)
- [Privacy Policy](#)

AFFILIATIONS & KEY PARTNERSHIPS

- Retail Industry Leader Association (RILA) Sustainability Initiative
- U.S. Department of Energy Workplace Charging Challenge
- EPA ENERGY STAR®
- EPA SmartWay®
- EPA WasteWise
- EPA Responsible Appliance Disposal Program
- St. Jude® Children's Research Hospital
- March of Dimes®
- Rebuilding Together®
- Alliance for Bangladesh Worker Safety
- International Labour Organization Better Work/Better Factories
- ICTI CARE Foundation

