

September 29, 2006



Bob Ulrich  
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Dear Mr. Ulrich:

On behalf of As You Sow and other Target shareholders listed below, we are writing to inquire how our company is managing the issue of polyvinyl chloride (PVC) plastic in consumer products and packaging.

As beneficial owners of Target stock and members of the Interfaith Center on Corporate Responsibility - a coalition of nearly 300 institutional investors with more than \$150 billion in assets, and/or members of the Investor Environmental Health Network – a coalition of over 20 institutional investors with over \$22 billion in combined assets, we are concerned that several Target products are packaged or made out of PVC.

We believe that the increasing attention paid by policy makers, competitors, and consumers to the presence of PVC in products and packaging necessitates adopting safer alternatives as they become available. We list below several issues of financial, legal and reputational concern regarding use of PVC:

**PVC Facing Increasing Regulations:** The use of PVC is facing increasing governmental regulations around the world, which may pose financial risks to our company. On July 20, 2006, the U.S. Food and Drug Administration notified retailers to stop marketing PVC lunchboxes containing lead. Cities around the United States such as New York City, Boston, Seattle, San Francisco, and Buffalo have enacted procurement policies to avoid the purchase of materials such as PVC that lead to persistent toxic pollution. PVC has been banned or restricted in a number of countries including Canada, the Czech Republic, Germany, South Korea, Spain, and Sweden. Restrictions or bans have been placed on phthalates in PVC toys in the entire European Union - Austria, Denmark, Finland, France, Germany, Greece, Italy, Japan, Iceland Mexico, Norway, and Sweden. In 1998, the U.S. Consumer Product Safety Commission (CPSC) reached a voluntary agreement with manufacturers to remove two phthalates from PVC rattles, teething pacifiers and baby bottle nipples. Despite this, phthalates are still commonly added to PVC children's toys and baby products in the United States. San Francisco became the first city in the U.S. to ban phthalates used in soft PVC children's toys in June 2006. Several bills to restrict phthalates in children's toys were introduced in 2006 in the states of California, Maryland, and Minnesota but were not enacted.

**Competitors Phasing out PVC:** Major retailers all around the world are enacting restrictions on PVC packaging and products. On July 28, 2006, Wal-Mart announced, "the company will no longer sell soft sided lunchboxes with PVC linings". In October 2005, Wal-Mart committed to phasing out their private label PVC packaging over the next 2 years. Many supermarkets and/or retail chains in Austria, Denmark, Germany, and Japan are restricting or eliminating PVC use. Many other companies such as Ikea, H&M, Marks & Spencer, Microsoft, Johnson & Johnson, Gerber, Nike, SC Johnson, Limited Brands, Dell, Toyota, Honda, Hewlett Packard, and Sony have made commitments to phase out PVC in products and/or packaging.

**Dangerous Additives May Pose Legal and Financial Risks:** PVC is useless without the addition of toxic chemical stabilizers - such as lead, cadmium and organotin - and phthalate plasticizers. These leach, flake or outgas from PVC over time, raising risks that include asthma, lead poisoning and cancer. Some products, such as children's toys and vinyl shower curtains, may expose Target customers to toxic chemicals released from the product. A 2002 EPA study found that one new vinyl shower curtain in the bathroom, "can cause elevated indoor air toxics concentrations...for more than a month." We are concerned that consumer exposure to these chemicals from Target products may pose legal and reputational risks to the company. A customer of Target recently complained on our company's website stating, "Don't buy Isaac Mizrahi vinyl shower curtains. You'll regret it believe me. They smell so nasty like plastic or something. It will stink up your place even if it's not even there anymore! It lingers...My eyes are still watering, my upper lip feels swollen and my nostrils are burning and watering," (source: [http://www.target.com/gp/detail.html/ref=cm\\_reviews\\_dp\\_seemore/602-0972681-8915047?%5Fencoding=UTF8&coliid=&frombrowse=1&alt%5Fview=custReviews&asin=B0008DV60C#R3JF2FDBWJLRVB](http://www.target.com/gp/detail.html/ref=cm_reviews_dp_seemore/602-0972681-8915047?%5Fencoding=UTF8&coliid=&frombrowse=1&alt%5Fview=custReviews&asin=B0008DV60C#R3JF2FDBWJLRVB)).

**PVC Health Risks:** PVC is produced with extremely toxic chemicals. Dioxin, ethylene dichloride and vinyl chloride are unavoidably created in the production or disposal of PVC and can cause severe health problems including:

- Cancer
- Endocrine disruption
- Endometriosis
- Neurological damage
- Birth defects & impaired child development
- Reproductive and immune system damage

**PVC Cannot be Readily Recycled:** The multitudes of additives required to make PVC useful make large-scale post consumer recycling nearly impossible for most products and interfere with the recycling of other plastics. Of an estimated 7 billion pounds of PVC thrown away in the US, only 14 million - less than 1/2 of 1 percent - is recycled. The Association of Post Consumer Plastics Recyclers declared efforts to recycle PVC a failure and labeled it a contaminant in 1998.

**Safer Alternatives are Available:** Safer, cost-effective, alternatives to PVC are readily available. From safer, recyclable plastics, to bio-based materials, there is a growing market replacing PVC in products and packaging.

*Given these increasing concerns, we are writing to inquire how our company is managing these issues and risks. We are interested, specifically in the following questions:*

- Does Target have plans to phase out PVC in products and/or packaging?
- Aside from those listed above, what other Target products use PVC in products and/or packaging? Roughly what portion of Target's products is packaged and made out of PVC?

It is our position that phasing out PVC not only has significant environmental and health benefits, but also helps to build public trust, protect brand reputation, safeguard and grow market share by anticipating further regulation and recall/legal liabilities. Such actions can significantly and positively raise our company's environmental profile, enhance its reputation and competitive position.

We welcome the opportunity to discuss these issues with you further. We believe that an open dialogue will enable us to both learn from you and to provide you with resources that could assist Target in addressing these important questions.

We look forward to hearing from you by October 20, about measures Target is taking to address PVC packaging and product concerns.

Sincerely,

Michael Passoff  
Associate Director  
Corporate Social Responsibility Program

Nishita Bakshi  
Research Director  
Corporate Social Responsibility Program

And on behalf of:

Lauren Compere,  
Chief Administrative Officer,  
Boston Common Asset Management

Chris Meyer,  
Stewardship Investing Research Specialist,  
Mennonite Mutual Aid

Susan Vickers, RSM,  
VP Community Health,  
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Sr. Pat Marshall,  
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Friends Fiduciary Corporation

Pat Zerega,  
Director, Corporate Social Responsibility,  
Evangelical Lutheran Church of America

John Harrington,  
President and CEO,  
Harrington Investments

CC: Ms. Pat Perry, Senior Group Manager for Environmental Services, Target Corporation