

## TARGET CORPORATION SHAREHOLDER PROPOSAL

(Filed by Walden Asset Management, Trillium Asset Management Corporation and Calvert Asset Management Company)

### REVIEW POLITICAL CONTRIBUTIONS POLICY

Whereas: The Target web site appears to have a thoughtful, transparent process for reviewing political spending, with its disclosure of oversight and 2008 contributions over \$5,000.

The web site states “before any contribution is made, we determine that it is consistent with our business interests and under the circumstances, is an appropriate means of advancing our public policy position.”

However, in July 2010 Target donated \$150,000 to a political group, Minnesota Forward, which actively supports a candidate for Governor who is a vocal opponent of same-sex marriage, as well as full parenting rights for same-sex couples.

Ironically, Target has been known for forward-looking policies and benefits for gay and lesbian employees, having an explicit policy that bans discrimination based on sexual orientation and offering domestic partner benefits.

The Minnesota Forward contribution resulted in a major national controversy with demonstrations, petitions, threatened boycotts and considerable publicity. Within one week Target CEO Gregg Steinhafel apologized in a letter to employees.

After the Supreme Court’s *Citizens United* decision, companies may now use corporate funds to pay for ads supporting or opposing candidates directly and to contribute to state or local elections. Previously this was illegal.

According to the *Wall Street Journal* (8/7/10), Minnesota Forward was created in the wake of the Supreme Court decision to collect donations by corporations. While Minnesota Forward focuses on candidates with tax and business policies it supports, it appears to ignore a candidate’s broader social or environmental positions in making endorsements and contributions.

Since Target management is using shareholder monies for this and other political contributions, we believe it would have been prudent to undertake a comprehensive review of the implications of such contributions for our company’s reputation and business competitiveness before donating \$150,000. We are concerned that management may use the open door of the *Citizens United* decision to intervene in numerous controversial political contests that could harm the Target brand.

Therefore, in the aftermath of *Citizens United*, we believe the Board should re-evaluate Target’s policies and practices regarding political spending and disclose to shareowners what new policies will be instituted.

Resolved: The shareholders request that the independent members of the Board of Directors institute a comprehensive review of Target's political contributions and spending processes including:

- The criteria used for such contributions and the broader impact contributions may have on the company's reputation, public image with consumers and business sales and profitability, including how hoped-for benefits are balanced with the broader costs of endorsing a candidate whose policies may conflict with Target's publicly expressed values;
- Direct or indirect contributions to candidates and issue ads aimed at affecting political races;
- Support for ballot initiatives at the state level;
- Contributions through trade associations such as the U.S. Chamber of Commerce, and tax exempt organizations (e.g. 501(c)4s and 527s) which can redistribute contributions for political purposes without having to disclose such transactions; and
- Oversight processes by management and the Board.

The report may omit confidential information and costs may be limited.