

Sears Holdings Corporation
Human Rights Risk Assessment - 2015

RESOLVED, that shareholders of Sears Holdings Corporation urge the Board of Directors to report to shareholders, at reasonable cost and omitting proprietary information, on Sears' process for identifying and analyzing potential and actual human rights risks of operations and supply chain (referred to herein as a "human rights risk assessment") addressing the following:

- Human rights principles used to frame the assessment
- Frequency of assessment
- Methodology used to track and measure performance
- Nature and extent of consultation with relevant stakeholders in connection with the assessment
- How the results of the assessment are incorporated into company policies and decision making

The report should be made available to shareholders on Sears' website no later than October 31, 2015.

Supporting Statement

As long-term shareholders, we favor policies and practices that protect and enhance the value of our investments. There is increasing recognition that company risks related to human rights violations, such as litigation, reputational damage, and project delays and disruptions, can adversely affect shareholder value.

Sears, like many other companies, has adopted a Global Compliance program but has yet to publish a company-wide overarching Human Rights Policy, addressing human rights issues. Adoption of this policy would be an important first step in effectively managing human rights risks. Companies must then assess risks to shareholder value of human rights practices in their operations and supply chains to translate principles into protective practices.

The importance of human rights risk assessment is reflected in the United Nations Guiding Principles on Business and Human Rights (the "Ruggie Principles") approved by the UN Human Rights Council in 2011. The Ruggie Principles urge that "business enterprises should carry out human rights due diligence ... assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed." (<http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>)

Recent news indicates that Sears has exposure to global supply chain problems such as the Bangladesh factory fire in 2012 where 100 people died, and food found in its K Mart grocery operations associated with modern day slavery such as shrimp products. As indicated in the company's 2013 conflict minerals report, the domestic operating companies contract to manufacture products that contain 3TG (tin, tungsten, tantalum and gold) across many product categories. These minerals are often extracted in conflict zones and the trade in these minerals can often fund further conflict and violence. Lastly, responsible sourcing of cotton and the use of forced labor has been in the news and Sears scores near the bottom of the 2014 scorecard released by the Responsible Sourcing Network.

Sears business exposes it to significant human rights risks. The company's supply chain is complex and global. Work stoppages, supply chain interruptions and civil unrest could adversely affect the company's ability to execute its strategic plan.

We urge shareholders to vote for this proposal.