

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

SHARING OUR PROGRESS



NORDSTROM

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WHO WE ARE

& WHERE WE'RE HEADED

Our company was founded in 1901 with a simple focus: our customers. This has served as our foundation, and we still believe that by focusing on the needs and expectations of our customers, we'll be successful. As we continue to reimagine the shopping experience, our business remains rooted in delivering outstanding customer service backed by people who care.

We are dedicated to leaving the world better than we found it.



NORDSTROM AT-A-GLANCE



\$15.13
BILLION
2019 NET SALES



380
STORES
IN THE USA, CANADA
AND PUERTO RICO

JWN
NYSE



68,000
FULL- AND PART-TIME
EMPLOYEES



10
DISTRIBUTION
AND FULFILLMENT
CENTERS



John W. Nordstrom at the original Wallin & Nordstrom store in Seattle.
The Manhattan Flagship and Men's stores; a Nordstrom Local in New York City.

This Sharing Our Progress report represents our CSR work from February 2, 2019, to February 1, 2020, with the exception of our energy and water data, which was reported for the 2019 calendar year. Relevant data, including reporting against all goals, has been verified by our Internal Audit team.

Visit [NordstromCares.com](https://www.nordstromcares.com) to learn more about our efforts.

Read or download our 2019 10-K report [here](#).

Read or download our 2018 Sharing Our Progress report [here](#).

REPRIORITIZING IMPACT

LETTER FROM ERIK AND PETE NORDSTROM

As a company, we believe the impacts we have on our employees, customers and communities extend well beyond the walls of our stores. We have an obligation to think beyond a single sale or interaction with a customer to ensure we're operating as a responsible company our employees can be proud of. The idea that we have a role to play in building and shaping a positive, more inclusive and sustainable future isn't new to us, but it's become more important than ever. While this report is primarily a look back on our 2019 progress, the lens through which we're looking has been significantly altered by the COVID-19 pandemic and recent events surrounding the deeply ingrained racial prejudice and injustice that still exists in the world today.

For 119 years, our focus has been on our customers and how we deliver the best possible service to meet their expectations. When we think about how we can bring value to our communities, environmental sustainability, social responsibility, and diversity, inclusion and belonging need to be our priorities. That's why Nordstrom is continuing to work to reduce our impact on the environment, give back to the communities we serve, cultivate safe workplaces for the people who make our products and strive to provide our employees with a great place to work.

Last year was a great testament to this. In fact, in 2019, we reached several milestones, including meeting or exceeding a number of the goals that we set for 2020. We surpassed our goal of sourcing 90% of our energy from renewables in deregulated markets where we have the flexibility to choose our own energy sources. We increased our investment in environmental sustainability by launching our Sustainable Style category and signaled our ongoing commitment by signing the G7 Fashion Pact. We achieved 100% pay equity for employees and took additional steps to further empower women in our global supply chain. By the end of 2020, 20% of all Nordstrom Made products will be made in factories where we've implemented HERProject.

Yet we know we have further to go. We can and must do more and we're continually pushing ourselves to be a better company. Last year, we worked with an external partner to help us ensure we prioritize the areas of our business where we can make the most impact. We spent time listening to customers, employees, company leaders, investors, sustainability experts and even brand partners to understand how we could improve our CSR efforts. This process ultimately informed our new 2025 CSR goals. With these commitments, we're taking a more aggressive stance to make meaningful progress not only on environmental sustainability, but also human rights and corporate philanthropy, which includes goals set around:

... we're taking a more aggressive stance to make meaningful progress not only on environmental sustainability, but also human rights and corporate philanthropy.

- Climate change, circularity and environmental impact of product and services
- Ethical working practices and women's empowerment
- Customer engagement and cause marketing, corporate grant making and employee engagement.

In addition, we're strengthening our governance practices to ensure even greater accountability and transparent reporting, and continuing to learn from and contribute to progress by collaborating with groups like Make Fashion Circular, the Sustainable Apparel Coalition and CDP Supply Chains.

We have more visibility than ever before into the impact our business has on the environment and how we manufacture our products. This means we have an increasing responsibility to mitigate those impacts whenever possible. It is our hope that together with our customers, partners and employees, we can work toward a more sustainable future.

Thank you for your support.



Pete (left) and Erik Nordstrom.

ERIK NORDSTROM

PETE NORDSTROM

OUR CORPORATE SOCIAL RESPONSIBILITY STRATEGY

LEAVING IT BETTER THAN WE FOUND IT

Across all of our communities, we strive to make meaningful positive contributions, pursue innovation that raises the bar and take responsibility for the impacts of our business.

As we look toward 2025, we have expanded our CSR focus areas as we work to meet or exceed our stakeholders' expectations and deliver on our core intention: *Leave it better than we found it.*

In 2019, we collaborated with a diverse group of internal and external stakeholders across our value chain to conduct a new materiality assessment. Through this, we identified and prioritized the social and environmental issues that are most relevant to our business at this time.

We are looking beyond our operations more than ever before, to consider how our products are made, who is making them, and what happens to products and packaging when they're no longer useful. We're thinking about new ways to operate and better ways to support our communities, and we're investing in those ideas.

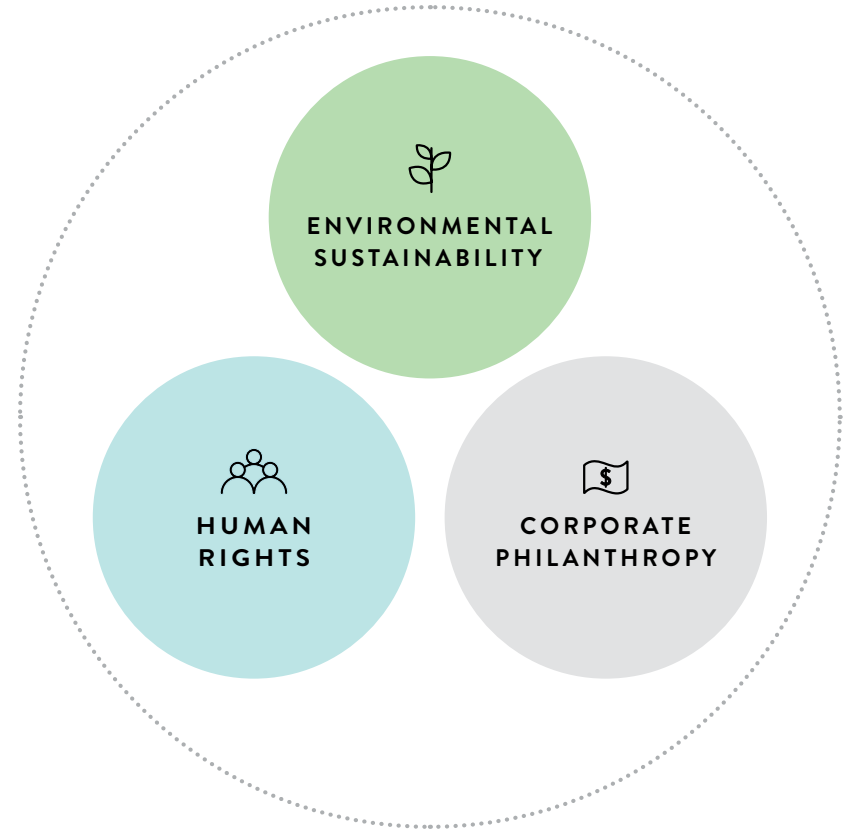
Going forward, social responsibility at Nordstrom will focus on three key priorities:

- **Environmental Sustainability:** Improving the sustainability of our operations and product value chains
- **Human Rights:** Driving systemic change to ensure positive labor practices and women's empowerment
- **Corporate Philanthropy:** Supporting families in the communities we serve and organizations that make our communities stronger

Within these three priorities, we've identified critical impact areas and set specific goals, which are outlined on the following pages.

And there's more to come. We learn more about our impacts every day, so as new topics and concerns come to our attention, we anticipate setting additional goals that will keep us accountable for further progress over time.

OUR PRIORITIES



We are striving to meet or exceed our stakeholders' expectations and deliver on our core intention: Leave it better than we found it.

OUR COMMITMENTS & GOALS FOR 2025

ENVIRONMENTAL SUSTAINABILITY



CLIMATE CHANGE

Decrease greenhouse gas emissions in our operations and supply chain

- Establish a science-based target to reduce Scope 1, 2 and 3 emissions
- Contribute \$250,000 in corporate grants to help slow and prevent climate change



ENVIRONMENTAL IMPACT OF PRODUCTS & SERVICES

Decrease our impact by making better choices in procurement, manufacturing, packaging and design

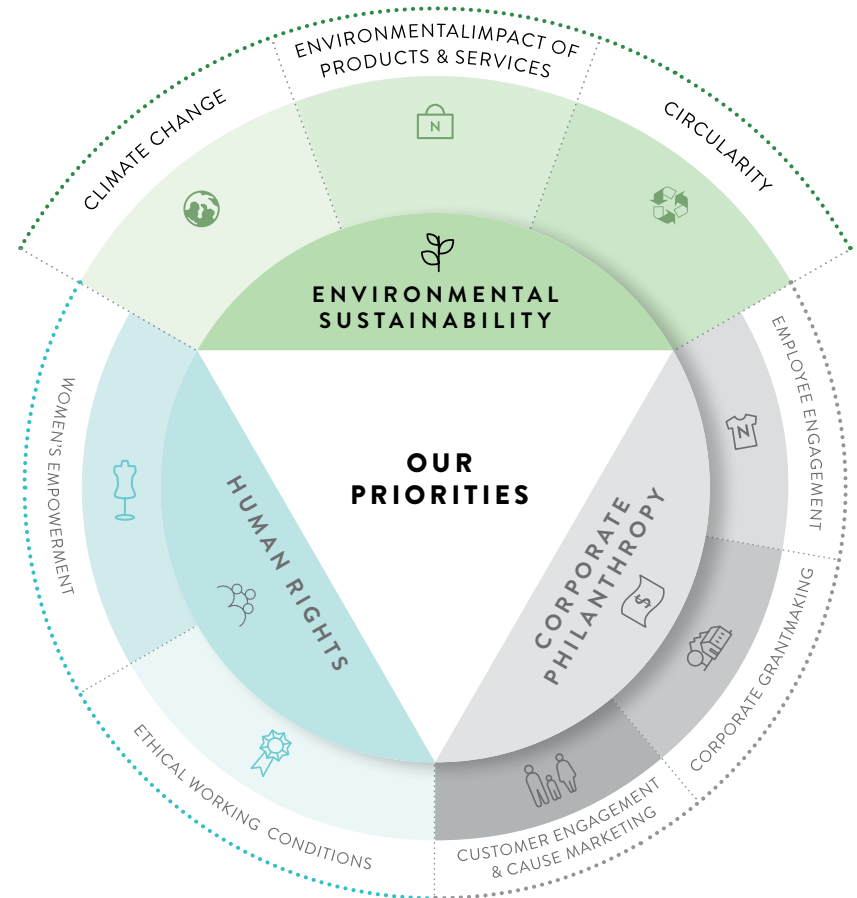
- Reduce single-use plastic in our value chain by 50%
- Ensure 15% of our product assortment qualifies for Sustainable Style
- Use sustainably sourced raw materials for 50% of Nordstrom Made products made primarily of cotton, polyester or cellulosic fabrics



CIRCULARITY

Decrease end-of-life waste through recycling, innovation and new business models

- Help customers extend the life of 250 tons of clothing through donation
- Take back 100 tons of beauty packaging to ensure it is recycled
- Establish an internal working group to support the development of circular Nordstrom Made products
- Contribute \$1 million in corporate grants to support industry innovation for textile recycling



OUR COMMITMENTS & GOALS FOR 2025

HUMAN RIGHTS



ETHICAL WORKING PRACTICES

Drive systemic change through ethical standards and practices

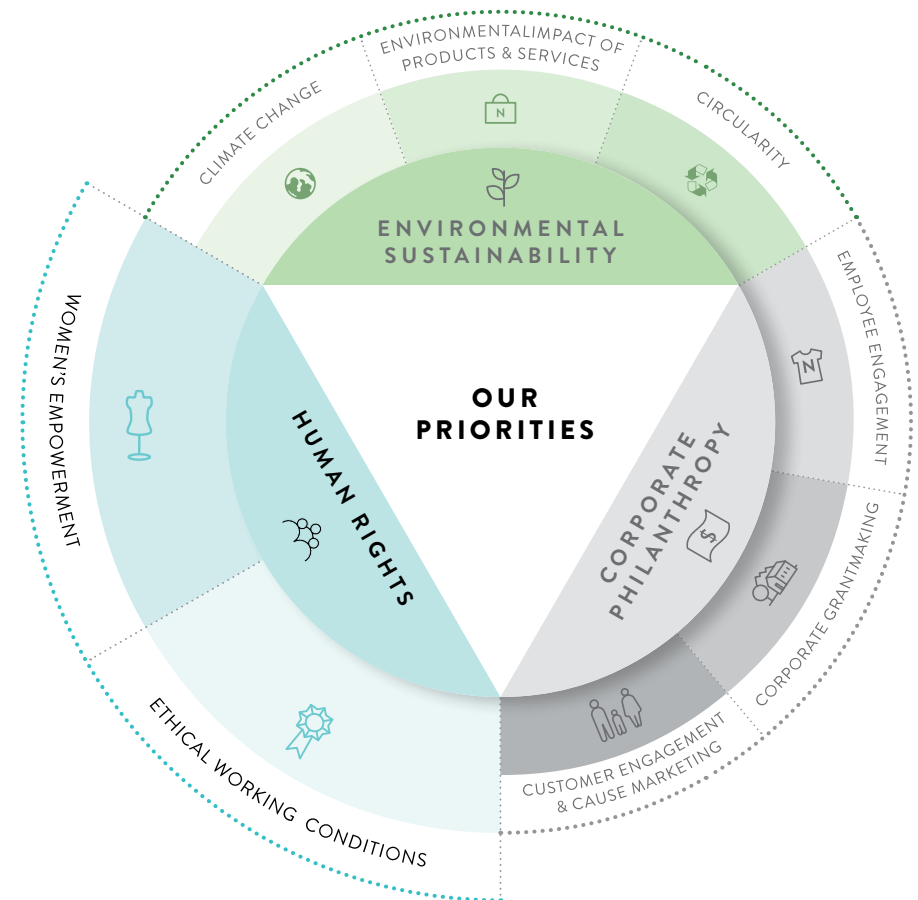
- Disclose traceability to the factory for 90% of Nordstrom Made products
- Ensure all suppliers and business partners adhere to [Nordstrom Partnership Guidelines](#)
- Ensure that 100% of Nordstrom Made strategic suppliers pay a living wage



WOMEN'S EMPOWERMENT

Support women who work in the global fashion supply chain

- Produce 90% of Nordstrom Made products in factories that invest in women's empowerment
- Contribute \$250,000 in corporate grants to organizations that support women's empowerment to create trainings and resources within our global supply chain



OUR COMMITMENTS & GOALS FOR 2025

CORPORATE PHILANTHROPY



CUSTOMER ENGAGEMENT & CAUSE MARKETING

Invite customers to join us in ensuring families have what they need to thrive

- Raise \$5 million from cause-marketing campaigns for core partners who support families
- Raise \$5 million from our give-back brand, Treasure & Bond
- Increase customer awareness of our charitable partners over time



CORPORATE GRANTMAKING

Develop a best-in-class grantmaking program to support nonprofits in our communities

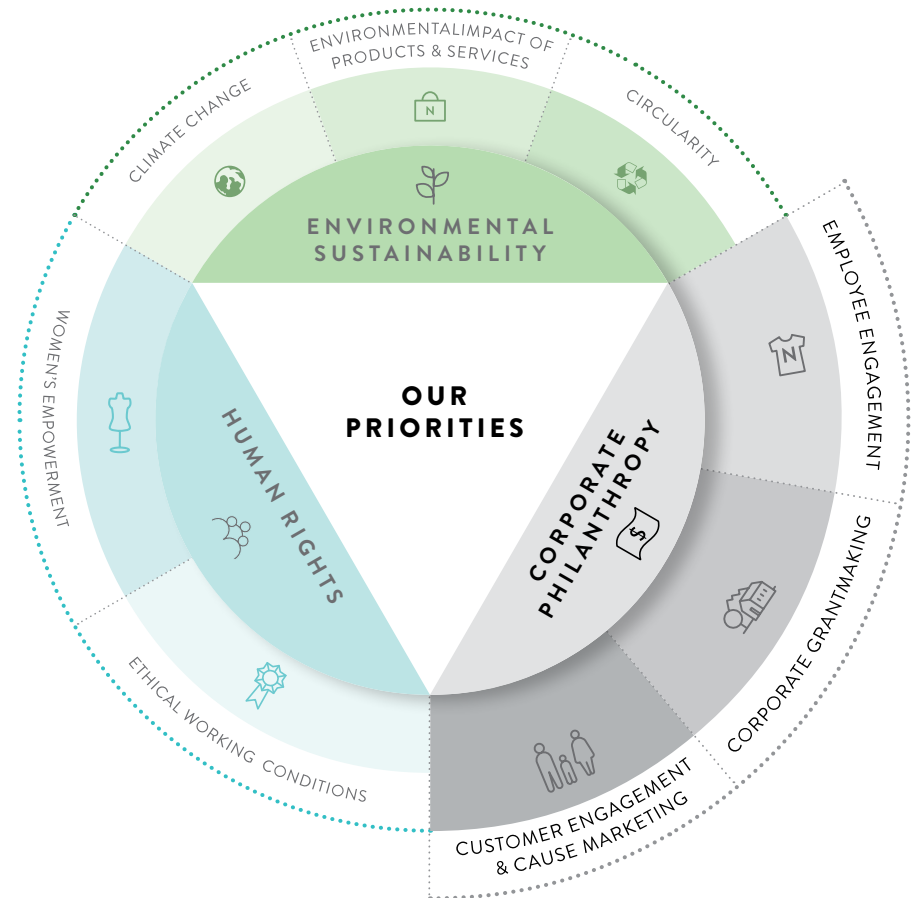
- Invest more than \$50 million in communities where we operate
- Develop and implement program-wide impact reporting
- Increase grantee perception of program transparency



EMPLOYEE ENGAGEMENT

Enhance ways for employees to give back to causes that are most important to them

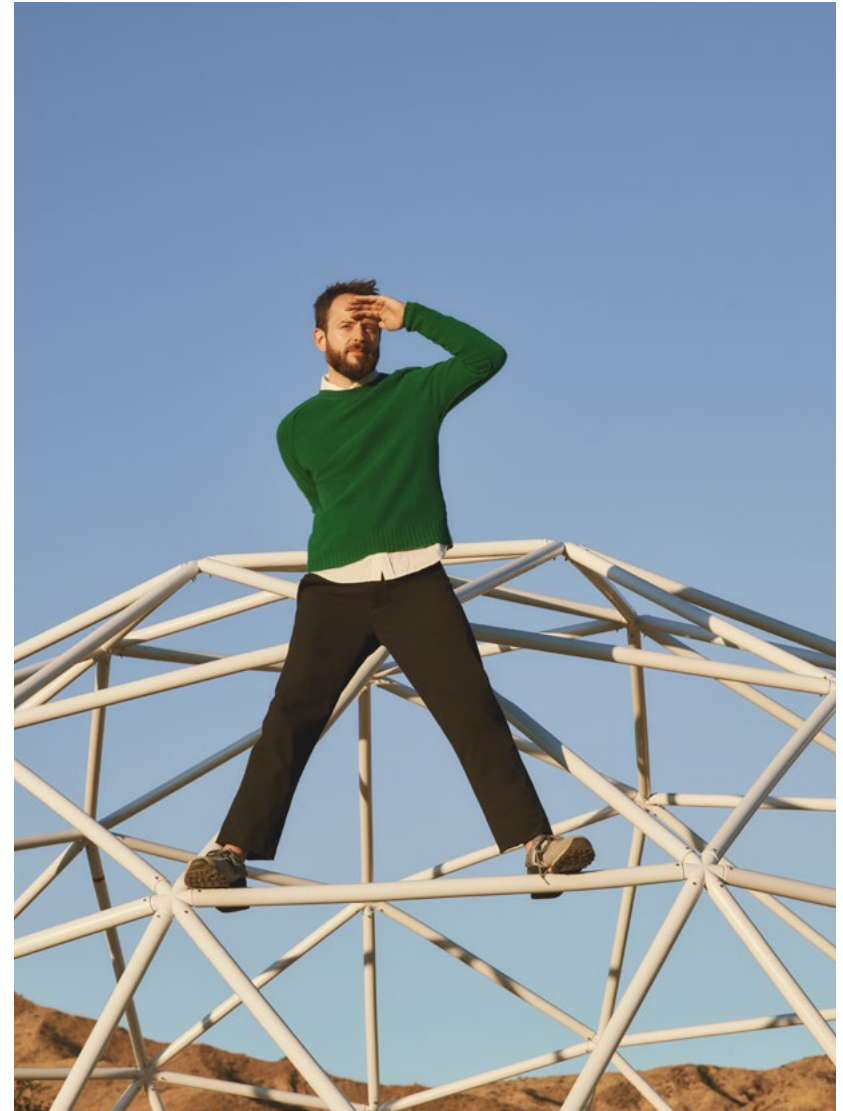
- Increase employee participation in our charitable match program to 20% annually
- Increase employee volunteer hours to 250,000 hours annually
- Engage our executives to support our philanthropic partners through board participation or service programs



2019 RESULTS

This 2019 report reflects our progress against the goals we set in 2015. Over five years, we've worked to achieve specific outcomes while creating new initiatives, launching new programs and supporting new campaigns in response to customer and employee expectations—with input from investors and subject-matter experts.

Taking Care of Our Communities and **Respecting the Environment** have been the pillars we've focused on over this time. While our updated strategy and goals have taken a somewhat different shape, we'll continue to build on this progress to serve our customers, employees and communities locally and globally.



2019 HIGHLIGHTS

100%

ON THE HUMAN RIGHTS CAMPAIGN'S CORPORATE EQUALITY INDEX, FOR THE 15TH YEAR IN A ROW

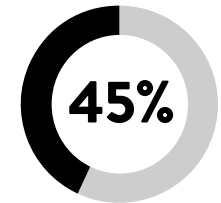


ACHIEVED 100% PAY EQUITY FOR EMPLOYEES OF ALL GENDERS AND RACES

SIGNED THE  **FASHION PACT**

DONATED \$5.6 million SINCE 2014 THROUGH SALES OF TREASURE & BOND PRODUCTS

WOMEN MADE UP OF OUR BOARD OF DIRECTORS



REDUCED ENERGY USE

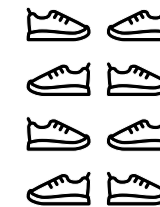
20.3%

PER SQUARE FOOT OVER FIVE YEARS



74% OF COFFEE WAS **ETHICALLY SOURCED**

EMPLOYEES LOGGED **176,538** VOLUNTEER HOURS



DONATED NEARLY 30,000 PAIRS OF SHOES THROUGH SHOES THAT FIT



INCREASED CLOTHING DONATION BY NEARLY 42% FROM 2018

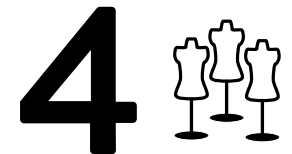
#96

ON BARRON'S **100 MOST SUSTAINABLE COMPANIES** LIST



THOUSANDS OF PRODUCTS THAT ARE MORE SUSTAINABLE AND RESPONSIBLE ARE NOW AVAILABLE IN OUR **SUSTAINABLE STYLE** CATEGORY

OFFERED **HERPROJECT** IN NEW FACTORIES





TAKING CARE OF OUR COMMUNITIES

Our values are rooted in treating every person with respect: our customers, suppliers, those who work for us and with us, and the community at large. We demonstrate this every day by contributing to nonprofit organizations that support kids and families, empowering factory workers around the world and creating a workplace culture that celebrates diversity, inclusion and belonging.



CORPORATE PHILANTHROPY

COMMUNITY GRANTS

Giving back to the diverse communities we serve has long been a cornerstone of Nordstrom's culture. Each year, we donate millions of dollars to nonprofit organizations across the U.S., Puerto Rico and Canada. Our efforts are focused on providing basic necessities to children and families, including housing and food, plus access to health care and education.

In 2019, this amounted to nearly \$11 million to 392 organizations located in every community where we do business. We remain committed to providing meaningful support to the communities we serve through funding critical programs and services. Our goal is to invest more than \$50 million in grants in our communities by 2025.

CORE PARTNERSHIPS

Since 2010, Nordstrom has partnered with our customers and the nonprofit Shoes That Fit to donate new athletic shoes to kids in need, tackling one of the most visible signs of poverty.

When customers purchase a \$10 giving card during the back-to-school season, they help us provide a pair of brand new, properly fitting shoes to a child at a local elementary school. This small gesture means more than just a pair of shoes: it means each child can attend school with dignity—ready to learn, play and thrive.

In 2019, we donated nearly 30,000 pairs of sneakers to children in 499 U.S. schools. We were excited to make the year even more special by adopting three entire schools: Cogswell Elementary in Los Angeles, Dunlap Elementary in Seattle and Sojourner Truth Elementary in New York City. This brings our total donation to more than 190,000 pairs of shoes since the partnership began.

“I remember the days I walked to school with holes in my shoes, feeling the pavement. Hopefully, this helps some children in need.”

— Customer who purchased \$2,000 in giving cards in Southern California



In 2019, through Shoes That Fit, we donated nearly 30,000 pairs of new sneakers to children in 499 U.S. schools.

We also announced a partnership between Nordstrom Rack and the youth mentoring organizations Big Brothers Big Sisters of America and Big Brothers Big Sisters of Canada. Thanks to customers in the U.S. and Canada who purchased “Sponsor-a-Moment” donation cards at checkout during our spring and holiday campaigns, we donated nearly \$500,000 to BBBS agencies.

Proceeds support mentor recruiting and training, and mentorship moments between Bigs and Littles: everything from helping with homework to teaching how to tie a necktie and preparing for an interview. Whenever we offer cause-marketing campaigns, 100% of funds donated by customers are given to the designated nonprofit partner.

Other national core partners that Nordstrom supported in 2019 were Children’s Miracle Network Hospitals, Human Rights Campaign, The Nature Conservancy and The Ellen MacArthur Foundation.

By 2025, our goal is to raise \$5 million from cause-marketing campaigns for core partners that support families, plus an additional \$5 million from our give-back brand, Treasure & Bond.

NEW STORE OPENINGS

As part of our commitment to support the communities where we operate, we invest in them even before opening our doors.

Prior to opening a new full-line store, we host a special pre-opening party, which includes an exclusive chance to shop the store before it opens for business the next day. A full 100% of the funds raised from ticket sales are donated back to our local nonprofit partners.

In October of 2019, before we opened our Nordstrom store at the SoNo Collection in Norwalk, Connecticut, we hosted a pre-opening party called Norwalk Night Out. The event drew 1,000 guests and raised more than \$80,000 for Fairfield County’s Community Foundation and the Domestic Violence Crisis Center.

And, as part of our New York City Tower grand opening, we granted Good+Foundation with \$250,000 to support tens of thousands of low-income families across all five boroughs. Funds helped the nonprofit deliver essential items like cribs, diapers and strollers—and also provided access to family services like job training, couples counseling and parenting classes. In addition to financial support, we were able to donate shoes, socks and other items to families in need.



Nordstrom partnered with Big Brothers Big Sisters to grant a deserving “Little” a surprise holiday shopping spree with Miss USA 2019, Cheslie Kryst.



In New York City, we joined Good+Foundation for a diaper drive to support families in need.

EMPLOYEE ENGAGEMENT

Beyond corporate giving and cause marketing, we're proud to support our employees in giving back to the organizations and causes that are most important to them. For every employee across the company, our Employee Charitable Match and Volunteer program matches, dollar for dollar, their donations of time and money up to \$5,000 per year.

In 2019, our employees logged 176,538 total volunteer hours and we matched \$1.94 million to more than 2,350 organizations.

And our employees are dedicated. Sandeep Gupta Pasunuri, a senior engineer at Nordstrom, has been volunteering with Washington Telangana Association at least 30 hours per month for three years. He has participated in activities including blanket and food donation, blood donation drives and cooking food for first responders. "My most memorable volunteer activity is cooking and serving food at Sophia Way, a shelter committed to ending homelessness for women in King County," Pasunuri said. "It was rewarding to see and hear the impact of our efforts."

By 2025, our goal is to increase employee volunteer hours to 250,000 hours annually—and increase employee participation in our charitable match and volunteer program to 20%.

TAKING CARE OF OUR HOMETOWN

We've been a proud member of the Seattle community since John W. Nordstrom opened our first store in downtown Seattle in 1901. Each year, we give back to our hometown by supporting causes that align with our charitable giving approach and that matter to our local community.*

In 2019, this included:

- Encouraging nearly 600 Nordstrom employees to volunteer for 30 Seattle-area nonprofits during our annual Day of Caring
- Sponsoring Seattle's Museum of History and Industry's major exhibit, [Seattle Style: Fashion/Function](#), which featured garments and accessories unique to the city's culture
- Providing scholarships to LGBTQ youth in the state of Washington through the Pride Foundation, as part of a larger \$100,000 grant aimed at building a better, safer and more equitable world

* Nordstrom does not use corporate funds to make contributions to support or oppose federal, state or local political parties. To learn more, please see [here](#).

“It was rewarding to see and hear the impact of our efforts.”

— Sandeep Gupta Pasunuri, Nordstrom senior engineer



Employee volunteering at New Horizons in Seattle. Since 1978, the nonprofit has partnered with youth experiencing homelessness on their journey toward housing and sustainability.

HUMAN RIGHTS

Our community support extends to the health, safety and human rights of the people who make the products we sell. By partnering directly with factories, we're working to create comprehensive and sustainable progress.

Our [Human Rights Commitment](#) outlines what this means for us and our business, and we share this policy with all employees at least once per year.

NORDSTROM PRODUCT GROUP

The area where we can most directly influence progress is in the production of our own private-label products. Nordstrom Product Group (NPG) designs exclusive apparel, accessories, shoes and home goods across more than 40 Nordstrom Made brands, including customer favorites like Halogen, Zella and BP.

RESPONSIBLE MANUFACTURING

To us, responsible manufacturing is more than monitoring factories. It begins with choosing manufacturers and other partners that share Nordstrom's values and beliefs on topics like:

- Wages and benefits
- Forced labor
- Harassment and abuse

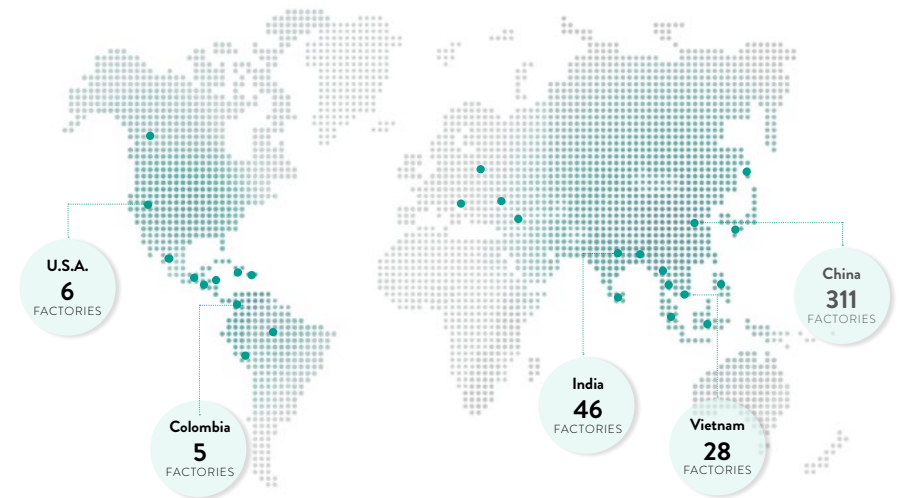
And more, all of which can be found in our [Partnership Guidelines](#).

Every supplier we work with is required to follow the ethical business practices included in our Partnership Guidelines, which align with the International Labour Organization and United Nations Guiding Principles on Human Rights. This includes expectations for employment practices, workers' rights, environmental standards and work environments for each of our vendor and factory partners. We translate these guidelines and factory requirements into six languages.

All NPG employees are required to complete an annual training on these guidelines.

Where We Source

In 2019, our Nordstrom Product Group (NPG) designs were manufactured in 492 factories across 27 countries. The top five countries (by volume) are shown. Click the map to view each of the 27 countries with NPG suppliers in 2019.



FACTORY AUDITS

To support compliance with our Partnership Guidelines and local laws, we work with third-party assessment firms to conduct regular audits of our factory partners—and we work together to create meaningful, sustainable improvement.

We believe transparency is key to building trust and meaningful partnerships with our suppliers. This was a focus area for us in 2019. As a result, we now have full access to accurate wage and hour records and management systems within our Level 1 suppliers, who manufacture 32% of our apparel by volume. All audits with new factories are semi-announced, meaning that they are notified that an audit will occur within a window of time, but the day and time are not scheduled.

Through this approach—which can include pre-assessment calls with management—we are setting expectations and keeping the focus on continuous improvement.

Audit Results

In 2019, we conducted a total of 226 factory audits—101 with new suppliers and 125 with existing suppliers. Of all audit findings:



Our audit process provided visibility that informed our decision not to begin production in three factories, and to exit six factories. Whenever we make the difficult decision to leave a factory, our team continues to work with and provide resources to that factory for an additional six months to help its leaders address the issues that triggered our exit.

We are committed to stakeholder engagement as part of our audit process. During every audit, 20% of factory employees (or at least 20 total employees) are invited to provide confidential feedback about their working conditions.

We believe transparency is key to building trust and meaningful partnerships with our suppliers.



Our factory audits are designed to create meaningful, sustainable workplace improvements. During every audit, factory employees are invited to give confidential feedback about their working conditions. Photo: BSR.

BETTER WORK

While our audit process hasn't changed, we are continuing to increase our partnership with peer retailers. By collaborating and sharing audit results and remediation approaches, we can streamline communications and support to factory leaders—and minimize the impact on individual facilities.

One of these partnerships is with Better Work, a collaboration between the United Nations' International Labour Organization and the International Finance Corporation, a member of the World Bank Group. Better Work brings diverse groups together—governments, global brands, factory owners, unions and workers—to improve working conditions in the garment industry and make the sector more competitive. The program creates lasting, positive change through assessments, training, advocacy and research.

We joined Better Work in 2018 to advance our social responsibility goals, and in 2019, we more than doubled the number of factory partners participating in the Better Work program to 24, including 16 assessments. Going forward, we plan to expand our collaboration on industry issues and factory performance.

RESPONSIBLE RECRUITMENT

In 2019, we formalized our Industry Commitment to Responsible Recruitment with the American Apparel and Footwear Association (AAFA) and Fair Labor Association (FLA).

This proactive, industry-wide effort supports the fair treatment of foreign and migrant workers in factories by eliminating conditions that can lead to the exploitation of this vulnerable population—things like forcing workers to relinquish their identification papers or pay a fee to get a job.

Nordstrom signed on to this multiyear effort along with more than 100 other retailers and brands, including Patagonia, Nike, Lululemon and TOMS.

Our human rights partners and affiliations include:



HERproject

Through the nonprofit BSR, we've partnered to implement HERproject worker empowerment programs in 31 factories since 2007. We joined the HERproject Catalyst Group in 2019.



Nirapon

In 2019 we joined Nirapon to continue developing worker empowerment and building-safety initiatives that began through the Alliance for Bangladesh Worker Safety.



Better Work

We joined Better Work in 2018 to advance our social responsibility goals by providing factories with support to create lasting and positive change through assessments, training, advocacy and research.



American Apparel & Footwear Association

Through our membership in the AAFA, we collaborate on and contribute to best practices for social responsibility with our retail and apparel peers.

WOMEN'S EMPOWERMENT

Women make up nearly 70% of Nordstrom employees, as well as the majority of our customers and those working in our global supply chain. We recognize that women's empowerment is not only the right thing to do—it's a business imperative.

HERPROJECT

Our customers want to know the products they buy are responsibly sourced. And in factories, we know that when people are happier and healthier, they are more productive. They're also more likely to stay in their roles and remain loyal to their employers.

That's why we work closely with the factories that make our private-label Nordstrom Made brands to ensure they're meeting our guidelines to create a safe, healthy and fair workplace for the people who work there.

Since 2007, Nordstrom has partnered with BSR's [HERproject](#) initiative to unlock the full potential of women working in global supply chains through workplace programs that promote health, financial inclusion and gender equality. In 2019, we launched HERproject in four new factories, bringing the total to 31 programs in China, India, Bangladesh, Vietnam and Indonesia. Last year, Nordstrom became a member of the HERproject Catalyst Group and we trained 165 peer educators who reached nearly 8,000 workers with programs on topics like health, financial literacy, communication and leadership skills.

These programs have ripple effects that benefit families and entire communities by providing valuable skills, education and resources that workers need to thrive at work and beyond. Factory partners have seen business benefits as a result of the program, including reduced absenteeism and turnover. We're on track to ensure that by the end of 2020, more than 20% of Nordstrom Made products will be manufactured in factories where we've implemented HERproject. And we've set an ambitious new goal: by 2025, we commit to source 90% of all Nordstrom Made products from factories that invest in women's empowerment.

By bringing access and resources to women, the program in turn helps them find a level of autonomy they didn't previously have.



HERproject peer educators teach topics relating to health, financial literacy, communication and leadership skills. Photo: BSR.

DIVERSITY, INCLUSION & BELONGING

We've long believed we are all made better by the diversity that exists within our communities. Our values are centered on the notion of creating a place where every customer and employee is welcome, respected, appreciated and able to be themselves.

Having a diverse workforce and a culture of inclusion fosters innovation, enables us to better serve customers and strengthens our ability to attract and retain top talent. For us as a retailer, diversity also means opening our doors to a broader range of brands, sizes and styles that will appeal to the unique needs and styles of our many customers.

Our efforts in this area are ongoing. We know we have real opportunities to improve, and we're committed to being a part of the meaningful change that's needed both at Nordstrom and within our communities to create equality for all. We're on a journey to be better and appreciate the ongoing feedback we receive that helps us to do that and will continue to share [updates on our progress](#).

Key 2019 accomplishments:

- Launched our internal “Be Known, Belong” campaign with employees, to encourage them to bring their full selves to work
- Achieved pay parity and pay equity, and established a plan for continued maintenance
- Expanded our Conscious Inclusion workshops to support people managers to lead inclusively and foster an environment where employees have a sense of belonging (see details below)
- Honored cultural and heritage months and awareness days, to better recognize and celebrate the various identities of our employees and customers in the workplace and in our communities
- Introduced our Leadership Evolutions series to help vice presidents lead inclusively through the lens of Nordstrom's values

With the belief that leaders are accountable for creating the conditions that lead to success, we empower them to actively champion diversity, inclusion and belonging—and ensure that this work is integrated throughout the organization.

WE FOCUS OUR DIVERSITY, INCLUSION AND BELONGING EFFORTS UNDER FOUR STRATEGIC PILLARS:



EMPLOYEE RESOURCE GROUPS

One way we foster an inclusive culture is through our Employee Resource Groups (ERGs), which are employee-led, Nordstrom-sponsored groups open to all Seattle-based employees. ERGs embrace diversity of thought, experience, gender, race and identity and are designed to nurture connection, communication and meaningful insight.

In 2019, we launched three new ERGs: AsPIRE (Asian Pacific-Islander Resources for Employees), ¡Hola! (Latinx) and Parents @Nordstrom. They joined our four existing groups: Black Employee Network, NordstromPLUS (LGBTQIA+), Nordstrom Veterans Group and Women in Nordstrom.

DIVERSITY MARKETING PANEL

As we target a more diverse customer base, we're looking beyond traditional external customer focus groups to gather valuable feedback. In 2019, we began reaching out to our own employees—including Employee Resource Group members—to seek unique perspectives and ideas. We developed the Diversity Marketing panel, a 25-person forum whose members represent a variety of both visible and invisible identities. This group helps to shape Nordstrom's marketing strategies, advertising campaigns and product offerings to better serve customers.

CONSCIOUS INCLUSION WORKSHOPS

Employee education continues to be a critical component of our overall strategy. Our Conscious Inclusion workshops seek to embed diversity, inclusion and belonging concepts into everyday practice.

In 2019, we had 17 certified facilitators deliver Conscious Inclusion workshops that reached more than 900 employees across the company. We are continuing the workshops across the organization and also certifying additional facilitators at the vice president level of the organization.



“I’ve been with the company for 12 years and I finally feel like I am seen, heard and truly valued for my diversity. I am proud to work for a company that continues to move the needle not only for our customers, but for employees as well.”

— Nordstrom employee, after attending a Black Employee Network Employee Resource Group event

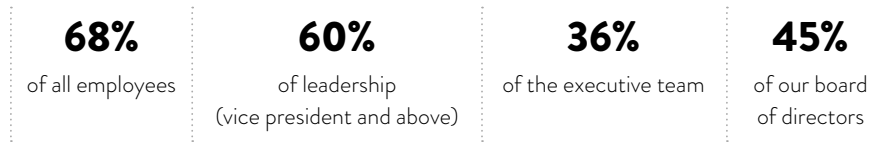
ACHIEVING 100% PAY EQUITY

Nordstrom has always focused on having strong gender representation, paying employees fairly for the work they do and making pay decisions that are free from bias. In the last few years, we have increased our focus in this area and have made significant investments to better understand how we're doing.

In 2019, we achieved 100% pay equity for men and women of all genders and races. This means that we provide equal pay for comparable work—which we believe is essential to creating an environment where every employee feels valued and respected. We evaluated pay equity by analyzing base pay to assess whether employees with similar roles, experience and performance earn equal pay for comparable work.

Nordstrom is also committed to pay parity: a way to measure and report on gender representation at all levels of the company. We're at nearly 100% pay parity for men and women, which reflects our strong representation of women companywide.

In 2019, women represented:



We will continue our efforts in this area to build our representation of women at all levels across the organization.

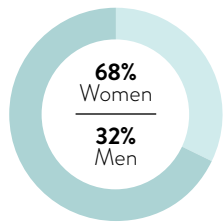
“Paying our people fairly, regardless of gender or race, enables us to deliver on our commitment to create an equitable environment where we can all be ourselves, contribute ideas and do our best work.”

— Christine Deputy, chief human resource officer and executive vice president



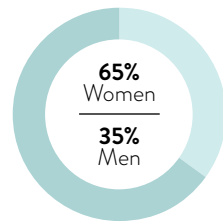
OUR EMPLOYEES BY THE NUMBERS

All Employees

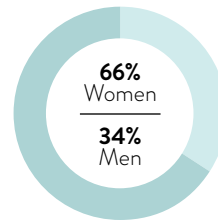


Leadership

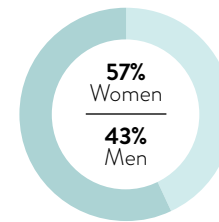
FRONTLINE MANAGERS



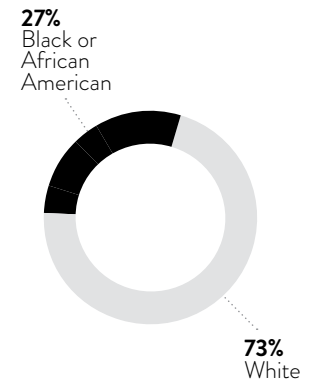
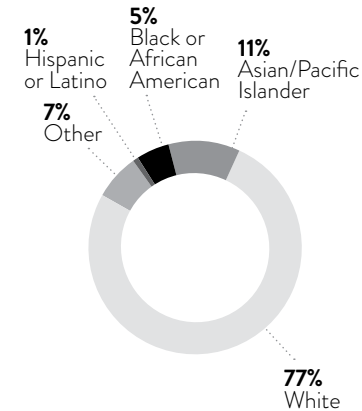
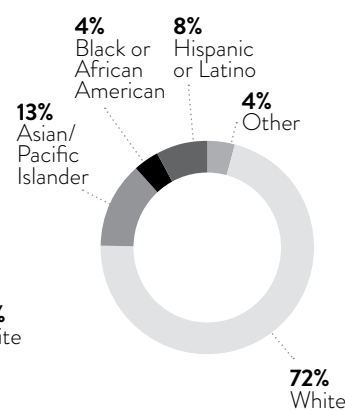
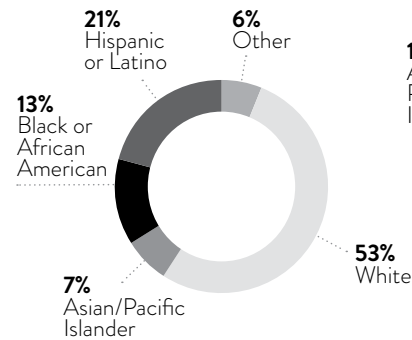
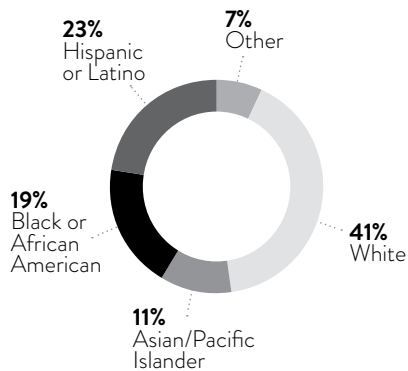
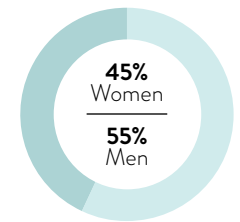
MID-LEVEL MANAGERS



EXECUTIVES



BOARD OF DIRECTORS



Human Rights Campaign: Corporate Equality Index



For the 14th year in a row, Nordstrom scored a perfect 100% on the Human Rights Campaign's annual Corporate Equality Index (CEI) survey. The list rates U.S. companies on their practices and policies for LGBTQ+ customers, employees and vendors.



RESPECTING THE ENVIRONMENT

Using our resources more efficiently, incorporating sustainable business practices, offering healthier food options and sourcing ethical coffee are some of the ways we're working to minimize our impact on the environment.



ENERGY

Over the past five years, we've been working aggressively to reduce the amount of energy we use in our stores and facilities.

In 2019 we surpassed our 2020 goal of sourcing 90% of our energy from renewables in deregulated markets, where we have the flexibility to choose our own energy sources. With 96.7% of our energy now coming from renewable sources in these states, 27.9% of the energy we use in our operations is renewable energy.

We have continued to exceed our energy intensity target as well. We now use 20.3% less energy per square foot than we did in 2014. This was an additional 3.9% energy intensity reduction from 2018, to a record low 14.44 kilowatt hours per square foot, on average.

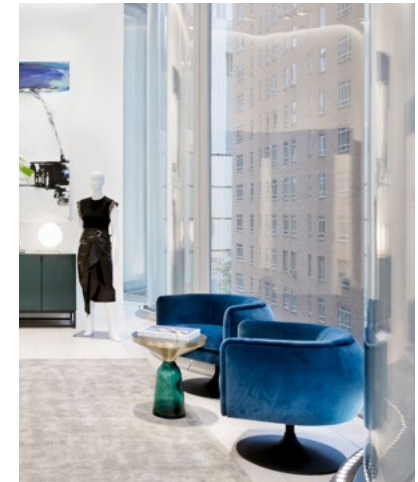
Whenever possible, we partner with mall owners to install solar panels on the roofs of our stores. Three additional Nordstrom Rack stores now have solar arrays on their roofs, bringing the total across the company to seven stores. We view these partnerships as an important way to support clean energy and reduce our expenses.

As we move to longer hours of operation in our stores and distribution centers to meet increasing customer demand, we will continue to explore operational improvements and other ways to reduce our carbon footprint. For example, we're exploring long-term opportunities with solar and battery technology in our distribution and fulfillment centers. This will be a focus area for us in 2020 and beyond, and we hope it will contribute to our ongoing and increasing focus on addressing climate change and reducing our emissions through a science-based target.

*Our stores and facilities are now
20.3% more energy efficient than
our 2014 baseline.*



Solar panels on the roof of a Nordstrom Rack store.



Floor-to-ceiling windows in our NYC Women's store.

WASTE

We're always looking to reduce, reuse and recycle. Like many companies, however, we've been challenged in recent years to make meaningful progress toward our waste goal—largely due to the changing economics and availability of recycling options worldwide. In 2019, we diverted 73.1% of our waste from landfills through recycling and composting.

Our distribution and fulfillment centers do an exceptional job recycling paper, corrugated cardboard and plastic film. We recycled 24.7 tons of corrugate in 2019—which was about half of our total waste, by weight, for the year. Part of the corrugate we manage comes from our own purchases and use, while we also receive corrugate from our vendors through inventory we've purchased.

To protect products from dirt, moisture and other damage, many items are shipped to us in plastic polybags. While plastic film makes up a small portion of our annual waste, our customers and employees have told us that plastic waste is a top concern. We collect and bundle this plastic in our stores and send it back to our distribution centers on our trucks. In 2019 we tested a new plastic film recycling partnership with the decking company Trex. Through this collaboration, we diverted 336.5 tons of plastic film for reuse in outdoor materials.

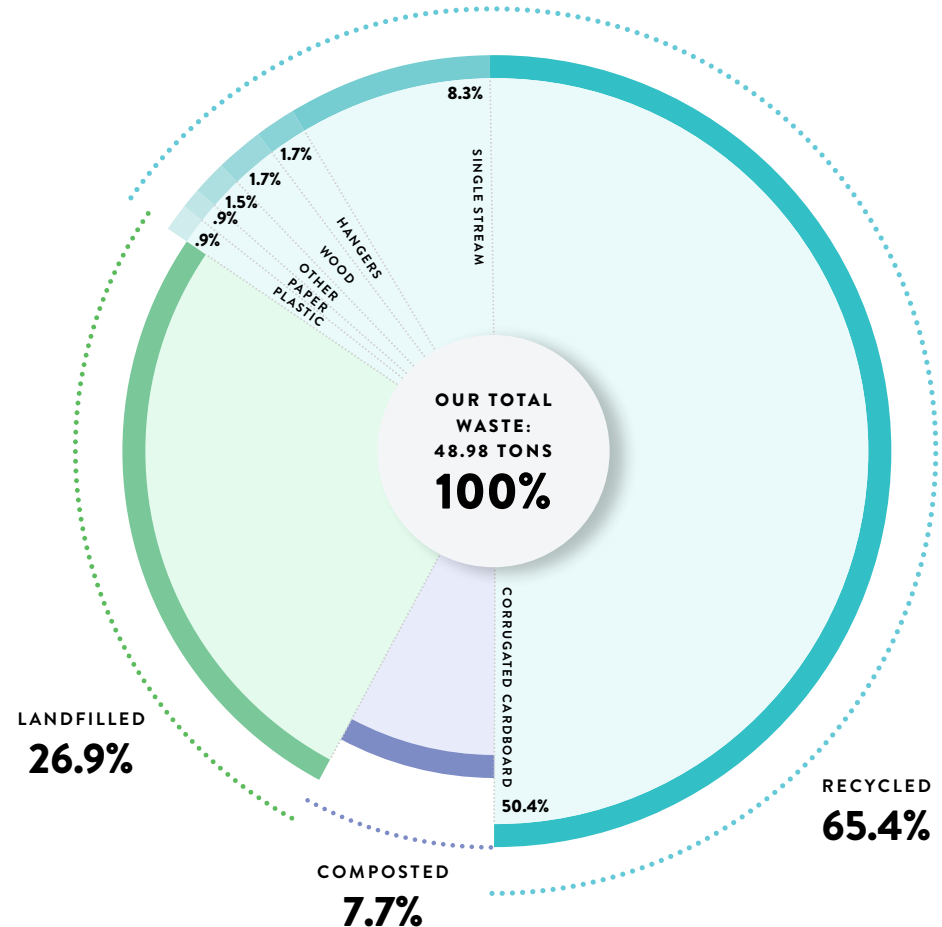
Through our ongoing relationships with brand partners, we also look for ways to reduce the total waste in our supply chain, including on products. After establishing a set of standards in 2016 for shoe packaging (like stuffing, shoe forms and sticks), we conducted an audit in 2019 of the packaging we'd received in shoes and shoe boxes in our current inventory. This led us to revise and increase our standards and partner with brands that needed to improve.

We also seek to minimize the amount of food waste we create, and we actively compost where possible in local municipalities. We composted 3,757.7 tons of organic waste in 2019, which was 7.7% of our total waste.

To prevent food waste, we're planning to pilot new technology in our California restaurants to help track food inventory and expiration dates so orders can be filled on demand and expiring items can be donated to local shelters to help the community.

Similarly, in New York City in 2019, we donated hundreds of pounds of unused produce, bread, pastries and dry goods to be redistributed to low-income residents through the nonprofit [City Harvest](#).

TYPES OF WASTE WE GENERATE AND WHERE IT GOES



Glass, grease, metal and waste-to-energy each made up less than 0.6% of our total annual recycled waste, to 0.9% in total. Waste-to-energy is currently counted as part of our recycling effort, though we are reassessing this moving forward.

WATER

In 2019, we reduced our total company water usage by 2% per square foot, further exceeding the goal we set in 2015 (with a 2014 baseline) to reduce our water use per square foot by 5%. We used 342,756 kilogallons of water in 2019: a 14.3% decrease in water intensity against our baseline.

While water makes up a very small percentage of the resources we use in our operations, we continue to adjust where we can to help keep our usage low—including exploring ideas such as waterless urinals and water reclamation for landscaping irrigation at our distribution centers.

TRANSPORTATION

We strive to provide the best service possible to customers, which includes providing them with the right product at the right time—whether it's on the shelf at their local store or at their doorstep with same-day or next-day delivery.

Meeting this customer demand can sometimes lead to unintended consequences with transportation fleet efficiency. In 2018, we lost our ability to report against our 2020 goal (13 cases transported per gallon of fuel consumed). However, we're continually evolving the way we move merchandise to maximize efficiency while minimizing our carbon footprint.

In our tractor fleet, we regularly retire aging tractors in favor of new, energy-efficient models. In 2019, we replaced 32 of our 136 total tractors with the latest in engine technology. These changes allowed us to improve our miles per gallon by 2.1% on average, on all trucks. In Southern California, we continue to operate three tractors that run on compressed natural gas.

And, over the holiday season, we intentionally reduced our percentage of air shipments—from 13.5% in 2018 to 10.4% in 2019—to reduce jet-fuel emissions.

For our efforts in reducing emissions, we were once again recognized by the Environmental Protection Agency. Nordstrom received the 2019 SmartWay Excellence Award in the Shippers and Logistics category.



Attabotics and Tompkins Robotics technology helping fulfill West Coast online beauty orders.

Moving Product Closer to the Customer

A big part of Nordstrom's market strategy involves moving products closer to our customers to improve speed and service. This also helps drive down costs and reduce the distance the product has to travel—thereby reducing carbon emissions.

A few examples:

- Partnering with local carriers for customer deliveries
- Enhancing our coast-to-coast distribution network to create efficiencies, including two new high-tech facilities in California focused on same-day fulfillment of beauty products
- Making more localized store deliveries for in-store customer pickup in key Nordstrom Local markets like Los Angeles, San Francisco, Chicago, New York City and Dallas

PAPER, PACKAGING & MATERIALS

Over the past five years, we've regularly reduced our paper use, including items like printed catalogs, shopping bags and restaurant menus. In 2019, we used 2 tons of paper per \$1 million in sales, maintaining our level of paper use from 2018—which is when we first exceeded our 2020 goal. By leveraging our digital marketing channels, we've reduced the number of catalogs we print. However, we've found it's important to balance these decisions with customer feedback. With this in mind, we now publish about five annual catalogs, compared with 19 two years ago. Since 2014 we've reduced the amount of catalog paper we use by a total of 91%. Our catalog paper also includes 10% post-consumer waste.

In 2019, we introduced reusable shopping bags made from recycled plastic bottles in our New York City Nordstrom and Nordstrom Local locations. The durable yet fashion-forward bags were well-received by our customers and helped us reduce our paper and plastic usage in one of our largest markets.

In our Restaurant and Specialty Coffee business, we began printing menus on demand, moved to compostable boxes and straws, and reduced other single-use plastics.

And we introduced a new policy in our restaurants in 2019, giving straws to customers only upon request. This operational change led to a 9.4% reduction in straw usage compared with last year. Our teams are currently rolling out a straw-less cold cup lid, which will further reduce usage and is easily recyclable.



In 2019, reusable shopping bags made from recycled plastic bottles debuted in our New York City locations.

PRODUCT & SUPPLY CHAIN SUSTAINABILITY

We're incorporating responsible business practices throughout our supply chain—from better raw materials and manufacturing to product end-of-use.

Our new Sustainable Style category features thousands of products from more than 100 brands—including Nordstrom Made Treasure & Bond—plus Patagonia, Reformation, Eileen Fisher, Good Man Brand, S'well, TOMS and more. While the collection is based on the most relevant standards and certifications for materials and processes, we're continually evolving these standards and working to provide information to help customers understand what it means for products to be more sustainable.

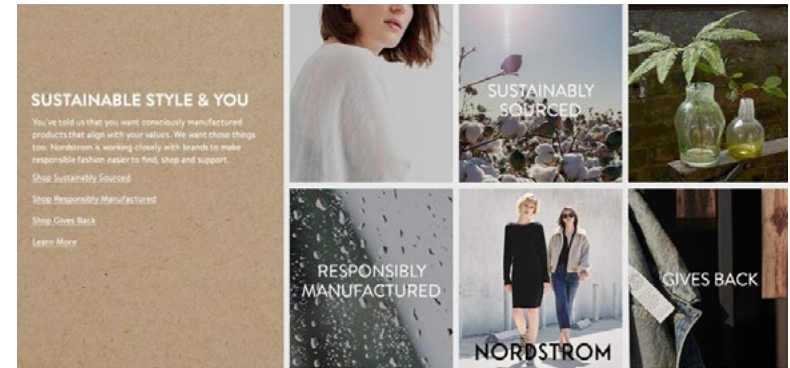
Through this project, we're now working directly with our brand partners to get specific social and environmental information about products that we've never had before. Since launching Sustainable Style, we've learned more about innovative sustainability activities our brands are pursuing, like Dr. Scholl's shoes with soles made from rice husks, Stella McCartney's sustainable viscose fabric and Timberland's efforts to use more sustainable packaging. And we've seen customer interest continue: since launching the category, searches for "sustainable fashion" on Nordstrom.com have increased 3,100%. Other similar searches, like "sustainable" and "eco-friendly," have also increased.

By 2025, we intend to ensure that 15% of our product assortment qualifies for Sustainable Style, through higher standards for materials and manufacturing.

We're also incorporating more sustainable materials into our own products. In 2019, we produced 32 Nordstrom Made items made with recycled materials, 17 items with Global Organic Textile Standard (GOTS) certification and 19 items meeting OEKO-TEX® Standard 100. By 2025, we aim to use sustainably sourced raw materials for 50% of Nordstrom Made products made primarily of cotton, polyester and cellulosic fibers.

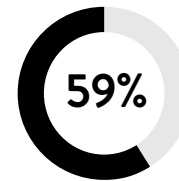
Through this project, we're now working directly with our brand partners to get specific social and environmental information about products that we've never had before.

Sustainable Style



Nordstrom launched its Sustainable Style online shopping category in August 2019.

As a retailer, we're proud to work with brands that prioritize product sustainability—from better raw materials to innovative production processes to the highest ethical and environmental standards for manufacturing.



Percentage of Nordstrom customers who (in a 2018 survey) said a brand's environmental or social policies had driven their purchase decisions

Since this is important to our customers, we launched Sustainable Style in August 2019 to make it easy for them to shop with their values in mind. This online shopping category is designed to help customers easily discover products that are made from sustainably sourced materials, are made in factories with higher social or environmental standards or that give back.

CLOTHING DONATION

Finding a second life for clothing, shoes and accessories is an important issue for our customers, especially with an estimated 11 million tons of textiles ending up in U.S. landfills every year.

In 2017, we launched a program that makes it easy for customers to donate their gently used clothing and accessories while also supporting local nonprofit organizations.

Customers can donate items in person at one of several Nordstrom stores (in Seattle, Los Angeles and New York City) or by reusing their cardboard shipping boxes and mailing their items through [Give Back Box](#). Their donations are directed to nonprofits (including [Goodwill](#) and [Housing Works](#)) to help fund community-based programs like job training, employment-placement services and support services like healthcare, housing and transportation.

In New York City, we partner with Housing Works, a nonprofit that assists people living with or impacted by HIV/AIDS. After opening our Nordstrom Local neighborhood service hub on the Upper East Side of Manhattan in 2019, customers began using our clothing donation drop-off almost immediately.

In 2019, we helped customers give new life to 14.3 tons of clothing, shoes and accessories—an increase of nearly 42% from the previous year. By 2025, our goal is to help customers donate 250 tons of clothing. We also plan to contribute \$1 million in corporate grants to support innovation that goes beyond donation to full textile recycling in our industry.

“One customer was so excited that we offer the service, he returned with two brand-new, name-brand suits. He said he was so moved by what the company was doing and wanted to give the suits to someone who could use them.”

— Ashley Adelizi, Nordstrom program manager, service experience



In 2019, Nordstrom helped customers give new life to 14.3 tons of clothing, shoes and accessories. By 2025, we plan to help customers donate 250 tons.

ENVIRONMENTAL SUSTAINABILITY IN THE NORDSTROM MADE SUPPLY CHAIN

As members of the [Sustainable Apparel Coalition](#), we use the Higg Index to guide and drive improvements in our supply chain and elsewhere in our business. The [Higg Index](#) is a suite of tools that helps brands and retailers measure and improve environmental and social sustainability.

We've significantly expanded the use of the Higg Index Facility Environmental Module across our Nordstrom Made factory base. A total of 74 Nordstrom Made factories completed self-assessment through the module in 2019, up from 12 factories in the prior year. This represented 50% of our product volume. Additionally, two factories completed verification, and 14 are shared suppliers that were verified by other manufacturers. We plan to expand verification in 2020.

*50% of Nordstrom Made product volume
is made in factories using the Higg Index
Facility Environmental Module.*

Our environmental affiliations and achievements include:



We received a positive B rating on our CDP Climate Change disclosure in 2019. We also joined CDP Supply Chains in late 2019 to begin engaging our supply chain partners in emissions measurement, reporting and reduction moving forward. [Learn More](#)



Nordstrom is a founding member of the SAC, and we are making improvements in our Nordstrom Made supply chain and across our business by using the Higg Index Facility Environmental Module and the Higg Index Brand and Retail Module.



As a member of RILA, we participate in its Sustainability Committee, which allows us to collaborate on complex sustainability concerns with retail peers. In 2019, Nordstrom also participated in and was a sponsor of RILA's annual Global Retail Challenge, a student innovation competition focused on circularity.

FORTERRA

Through Forterra's Evergreen Carbon Capture program, in 2019 we offset 100% of the carbon emissions of our western Washington stores. We've partnered with Forterra, a Washington-based land conservation nonprofit, since 2013. [Learn more](#) about Forterra's Conservation Efforts.



Nordstrom received the 2019 SmartWay Excellence Award for Shippers and Logistics based on our work to reduce emissions within our fleet. [Learn more](#) about the Smartway Conservation Program.

RESTAURANTS & SPECIALTY COFFEE

From locally sourced ingredients to ethically sourced coffee, we're committed to giving our customers a menu of options they can feel good about.

OUR FOOD

We've simplified our supply chain through a national sourcing program by reducing the number of vendors that supply our 130 restaurants. This allows us to consolidate orders and decrease transportation emissions.

We make every effort to work with farmers in our communities to buy seasonal, local and organic produce whenever possible, which not only supports local farmers but also reduces freight costs. Local baked goods are also featured in many of our 118 Specialty Coffee bars. In addition, each restaurant has a specialty program that encourages local chefs to add a few unique menu items each month, based on local interests and available ingredients.

From an environmental and nutritional standpoint, our culinary team is always researching and creating new menu options designed to meet customers' dietary requirements—including gluten-free, grain-free, vegan and kosher options. In our New York City stores, we introduced Beyond Burger plant-based burgers, as well as organic and biodynamic wines. We also continue to expand our smoothie program with natural fruit-based (versus sorbet-based) recipes, which has been popular with customers.



We make every effort to buy seasonal, local and organic produce. This supports local farmers and also reduces freight costs.

OUR COFFEE

As part of our effort to partner with others committed to making a positive social impact, last year in our Specialty Coffee bars we introduced a line of ethically sourced coffee that was grown and harvested by women in Central America, South America and Africa. The women were part of a unique coffee cooperative dedicated to protecting the environment, supporting sustainable production and building gender equality in their local communities.

Our involvement in the program has since expanded, further increasing our impact. In 2019, we paid a premium of \$38,900 for 486,097 pounds of ethically sourced green coffee, which was a combination of fair trade, direct trade and women-produced. This represented 74% of our total coffee purchased. We anticipate that by the end of 2020, 100% of the coffee we serve will be ethically sourced.

These premiums directly supported about 1,400 direct-trade farmers and more than 850 women coffee growers across 11 countries of origin, leading to direct impacts in each local community.

In El Salvador, for example, our coffee premium supported rural workers at a fifth-generation coffee farm by providing medical exams, mammograms and cancer screenings for 75 women. In Burundi, premiums supported smallholder farms in the community, helping more than 500 female workers purchase farm inputs, raise animals and pay school fees for their children.

And in Colombia, we've engaged eight schools to promote and incentivize growing food as a way of life, starting at an early age. Using hands-on learning, we're reaching not only members of our program but other coffee-growing families as well. In total, 1,536 growers are supported through the program. Students at Las Animas Campo Santo school are replicating at home what they learn in school, encouraging their parents to grow food rather than buy it.

By the end of 2020, we anticipate that 100% of the coffee we serve will be ethically sourced.



Nordstrom's coffee program includes fair trade organic offerings, direct trade offerings, micro-lots and custom blends at various roast levels.

03

OUR DATA

Setting these Corporate Social Responsibility goals has helped us measure and share our progress and challenges over the past five years.

In 2015 we set out to achieve eight goals by 2020, and with the timeline technically completed at the end of our fiscal 2019 year, we are pleased to show meaningful progress on most of them. Working toward these goals has further integrated each of them into what we value as a company. We intend to maintain our progress moving forward, as we take on new and even more ambitious efforts.



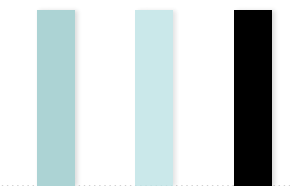
2020 GOALS & RESULTS

Met/Exceeded Goal ■
Did Not Meet Goal ■

HUMAN RIGHTS

Audit 100% of new Nordstrom Made factories for compliance to our Partnership Guidelines before beginning production.

100% 100% 100%

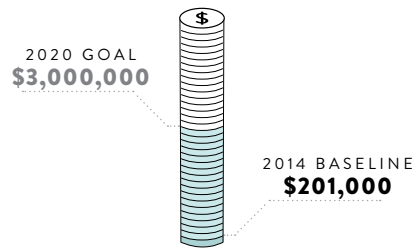


2014 BASELINE 2020 GOAL 2020 RESULT

TREASURE & BOND GIVING

Donate \$3 million in total to empower youth through the Treasure & Bond brand.

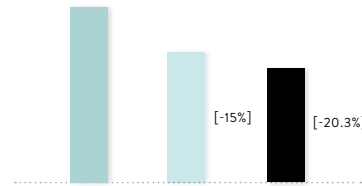
FINAL CUMULATIVE RESULT
\$5,562,233



ENERGY

Reduce our energy use per square foot by 15% (KWH/Sq. Ft.).

18.1 15.4 14.4

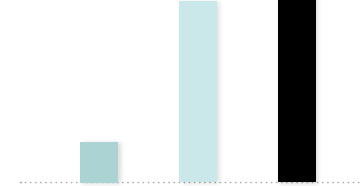


2014 BASELINE 2020 GOAL 2020 RESULT

RENEWABLE ENERGY

In deregulated energy markets, source 90% of our energy from renewable sources.

20% 90% 97%

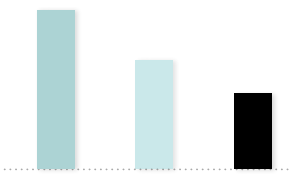


2014 BASELINE 2020 GOAL 2020 RESULT

PAPER

Consume less than 2.2 tons of paper per \$1 million in sales.

2.5t 2.2t 2.0t

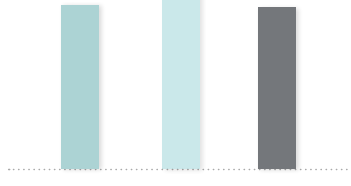


2014 BASELINE 2020 GOAL 2020 RESULT

WASTE

Divert 95% of our total waste from landfill.

74% 95% 73.1%

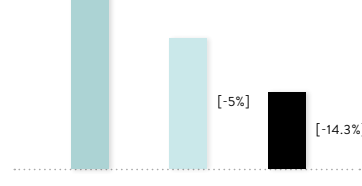


2016 BASELINE* (REVISED) 2020 GOAL 2020 RESULT

WATER

Reduce our water use per square foot by 5% (Gallons/Sq. Ft.).

13.8 13.1 12.3

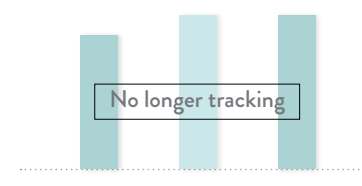


2014 BASELINE 2020 GOAL 2020 RESULT

FLEET EFFICIENCY

Achieve an average of 13 cases transported per gallon of fuel consumed.

10.8 13 11.3



2014 BASELINE 2020 GOAL 2017 RESULT**

*Revised with updated measurement from a new waste management vendor.

**In late 2017, changes in our business made it impossible to continue reporting our cases-per-gallon metric. We're working to identify a new metric to capture our ongoing improvements in fuel economy and load ability with a goal of replacing this metric for our 2020 reporting. See details on pg. 22.