

A woman with her hair in a ponytail, wearing a light green tank top and dark leggings, is captured in profile as she runs on a dirt path. She is looking forward with a focused expression. The background features a panoramic view of a city and surrounding hills under a bright blue sky with scattered white clouds. The overall scene conveys a sense of movement, progress, and environmental awareness.

SHARING OUR PROGRESS

NORDSTROM

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WHO WE ARE

In 1901, John W. Nordstrom opened a shoe store on the premise that customers deserved the best service, selection, quality and value. More than a century later, we maintain the same dedication to providing unique a range of products, exceptional customer service and great experiences.

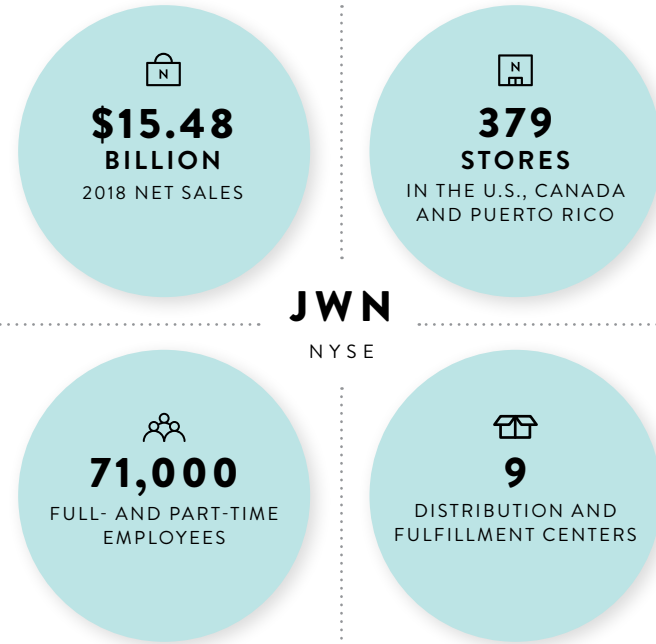


John W. Nordstrom at the original Wallin & Nordstrom store in Seattle



Artist's rendering of the Manhattan flagship store, opening fall 2019

AT-A-GLANCE



Visit NordstromCares.com to learn more about our efforts.

Read or download our 2018 10-K report [here](#).

This Sharing Our Progress report represents our CSR work from February 4, 2018, to February 2, 2019, and all data has been audited by our Internal Audit team.

Read or download our 2017 Sharing Our Progress report [here](#).

LETTER FROM OUR CO-PRESIDENTS

Since we first opened our doors in 1901, our focus has been on providing customers with the best merchandise and outstanding service. Our commitment hasn't wavered, and the way we're delivering is constantly shifting to ensure we're offering customers a shopping experience that's relevant, accessible and aspirational.

As our business has grown, it's been essential to evolve our approach to corporate social responsibility as well. We have more visibility than ever before into the impact our business has on the environment and the communities we serve, which means we have an increasing responsibility to improve those impacts whenever possible.

We delivered on that in 2018 by donating millions of dollars to local nonprofit organizations, strengthening our human rights efforts, and reaching a landmark achievement by surpassing our energy reduction goal ahead of schedule—for a total energy intensity reduction of 17.1% since 2014.

As we move into 2019, we're focused on how we can continue to have a positive impact in both the short and long term. We've almost reached the 2020 deadline for the goals we set for ourselves in 2014, and we're collaborating with stakeholders across our value chain to ensure new goals we set will push us to make meaningful progress in areas that are most critical to the future success of our business, communities and environment.

One of the ways we're doing that is by joining the G7 Fashion Pact—a coalition of fashion retailers and brands working to identify and promote concrete goals for climate change, oceans and biodiversity. As one of the largest, most dynamic and influential industries on the planet, the fashion industry has an important role to play in addressing these complex challenges.

We appreciate you taking the time to learn more about our work, our progress and future ambitions in this 2018 corporate social responsibility report.



PETE E. NORDSTROM
Co-President, Nordstrom, Inc.



ERIK B. NORDSTROM
Co-President, Nordstrom, Inc.

“We have more visibility than ever before into the impact our business has on the environment and the communities we serve, which means we have an increasing responsibility to improve those impacts whenever possible.”



OUR CSR PRIORITIES

Our CSR strategy and efforts have been prioritized based on the scope and structure of our business and feedback from our key stakeholders. Our program is divided into two pillars: taking care of our communities and respecting the environment.



Taking Care of Our Communities

- Through our charitable giving efforts, we support nonprofit organizations that are meeting critical needs in the communities where we do business.
- We're working to protect human rights for individuals across our value chain, from our employees to the people who manufacture the products we sell.
- We're committed to creating an inclusive environment where all employees can be themselves, contribute their ideas and do their best work.



Respecting the Environment

- We're reducing our greenhouse gas emissions by making regular investments in energy efficiency, renewable energy and fuel efficiency.
- Across the company, we're making choices that help us conserve resources like water, paper and food.
- We're finding ways to make products more sustainable and responsible, starting with materials and manufacturing and continuing through product end-of-use.

OUR CSR PRIORITIES, CONTINUED

Our efforts continually evolve to meet the ever-changing nature of our business and the world around us. As part of that evolution, we seek input from a variety of our stakeholders to ensure our CSR program is relevant, meaningful and impactful. A materiality assessment helps us gather this kind of feedback. We conducted a robust assessment in 2014 and began an updated assessment in 2018 that will be complete in 2019.

Through our materiality assessment process, we're working to fully capture a breadth of insights and perspectives to develop a sustainability strategy that's appropriate for our business. The process includes identifying issues key to our industry and soliciting feedback from customers, employees and outside stakeholders. That data is then analyzed and prioritized in a way that helps guide our future vision and ambition.

We will share the findings from our updated materiality assessment in our 2019 CSR report, along with details on how these findings impact our overall CSR strategy.

We seek input from a variety of our stakeholders to ensure our CSR program is relevant, meaningful and impactful.

Our Stakeholders

- Customers
- Employees
- Communities
- Non-Governmental Organizations
- Vendors
- Investors
- Government

OUR KEY PRIORITIES AND OUR ACTIVITIES



- Donating 1% of all Gift Card sales to charities
- Matching employees' donations of time and money
- Donating 2.5% of sales of our Treasure & Bond brand
- Partnering with brands that give back



- Working with suppliers to ensure workers receive basic human rights and improve systemic issues over time
- Partnering to empower women in our supply chain



- Supporting diversity, inclusion and belonging through our One Community strategy
- Sponsoring Employee Resource Groups to support belonging and engagement for all employees



- Diverting waste from landfill through recycling and composting
- Using less paper in our operations, product packaging and marketing materials



- Offering our customers sustainable and responsible products
- Ensuring our packaging and paper are recyclable and/or include recycled content



- Reducing the amount of energy used in our stores and facilities
- Improving the fuel efficiency of our trucks
- Partnering to improve the efficiency of transportation and logistics systems



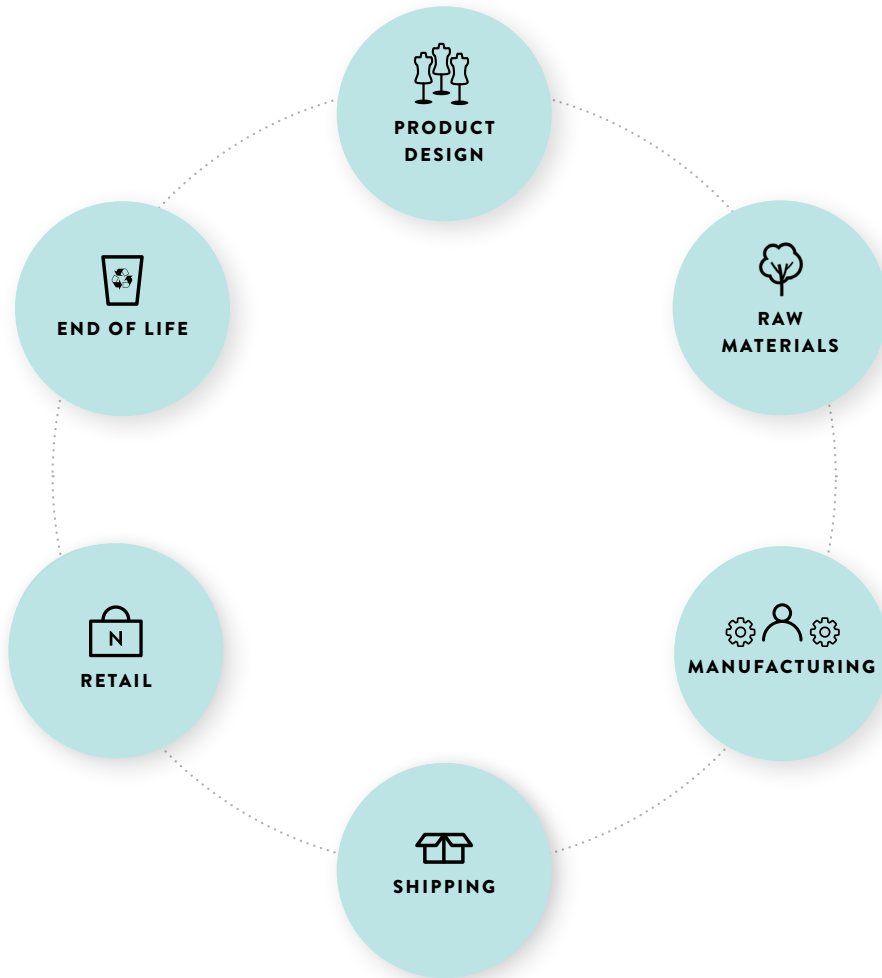
- Buying more renewable energy
- Partnering with our landlords on solar projects
- Disclosing Scope 1 and 2 emissions through CDP Climate Change



- Offering 100% ethically sourced coffee
- Reducing single-use packaging in our ingredients
- Sourcing seasonal, local and organic produce

OUR VALUE CHAIN

Our social and environmental impacts span our value chain, and we are taking action at every stage.



TAKING CARE OF OUR COMMUNITIES

We believe one of our most important responsibilities is to support the people who support us, including our customers, employees and the people who make our products. We're working hard to give back to the diverse communities where we live and work, and to create a culture where our communities feel welcome, respected and appreciated.



Employees volunteering at Special Olympics events

CHARITABLE GIVING

Our commitment to our customers and employees extends beyond the experiences we offer in our stores. Giving back to the communities that support us every day has long been a cornerstone of our culture.

CORPORATE GIVING

Each year, we donate millions of dollars to hundreds of nonprofit organizations across the U.S. and Canada. The majority of our giving is focused on organizations and programs that care for kids and families. In 2018, this amounted to nearly \$12 million across more than 600 organizations located in every community where we do business.

Our corporate giving efforts increase during times of disaster, when we donate directly to organizations working on the ground to address immediate response and long-term rebuilding efforts. The California forest fires of 2018 impacted communities throughout the state, including many of our own customers and employees. We supported the work of Direct Relief with a \$100,000 donation, and we provide the opportunity for our employees to help each other during disasters through our Employee Relief Fund.

EMPLOYEE GIVING AND VOLUNTEERING

Beyond corporate giving, we also partner with our employees to support the organizations that matter most 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 a year. Our employees logged more than 40,000 volunteer hours in 2018, and we matched \$1.93 million to 2,413 organizations through the program. We are looking to increase those numbers in 2019 by creating more opportunities for employees to connect directly to the work being done by nonprofits in their own backyards, and by making it easier to use our Match program.

Our employees are often a driving force behind additional charitable giving efforts. During the 2018 holiday season, Trunk Club employees voted to direct \$15,000 in funds to three nonprofits of their choice. As a team, they selected the Anti-Cruelty Society in Chicago, St. Jude's Children's Hospital and the Alzheimer's Association. "This program meant a lot to me. Both my grandma and my boyfriend's grandmother suffer from Alzheimer's disease. I know our families are proud to bring awareness to something close to our heart," said Erin Olsen, one of our Trunk Club employees.



Employees at a Shoes That Fit shoe drop event

CARING FOR KIDS AND FAMILIES

Shoes That Fit

Since 2010, Nordstrom, our customers, New Balance and Shoes That Fit have come together to give brand-new shoes to more than 160,000 kids across the U.S. In 2018, we set a new record, reaching 29,335 children in 356 schools, including all 500 children at PS 146 Ann M. Short School in East Harlem, New York City. More than 50 Nordstrom employees volunteered throughout the U.S. to help size and distribute shoes to very excited kids.



Media coverage from L.A.



Employees participating at New York event

At the Crossroads

This San Francisco-based organization serves homeless youth and young adults who do not access traditional services like housing, shelters, drug programs or drop-in centers. Everyone's path to homelessness is unique, and At the Crossroads understands each road to health and stability needs to be tailored to meet an individual's goals and passions. The organization's unique approach connects with young people directly on the streets and helps them find the individualized counseling they need to thrive.



At the Crossroads

Treasure & Bond

Our Nordstrom Made brand Treasure & Bond donates 2.5% of net sales to nonprofits that empower youth. Our 2018 and 2019 partnership provides a free, yearlong service-learning program to educators and students through WE Charity. We made our largest-ever donation of more than \$1.5 million, which brings our total Treasure & Bond donation to more than \$4 million since the brand first launched in 2014. We're pleased to have surpassed our 2020 goal of \$3 million ahead of schedule, and we are working to set a new goal for the give-back brand.



Employees at a WE event in Seattle



WE School event

The Hospital for Sick Children (SickKids)

We began supporting the work of SickKids when we opened the doors to our first store in Toronto, Canada. This healthcare community provides unparalleled care, innovative research and family-centered support for thousands of Canadians each year. Our Toronto-based employees have deepened our relationship with SickKids through ongoing volunteer events and store-based fundraising to contribute to this nonprofit's lifesaving work. We also support SickKids through our national partnership with Children's Miracle Network Hospitals.



Employees at a hospital toy drive



LOCAL SPOTLIGHTS

Seattle

Seattle has the third-largest homelessness crisis in the country, with more than 12,000 people living without shelter any given night—and approximately 5,000 of those are youth. In collaboration with Pearl Jam’s Home Shows initiative and United Way of King County’s Streets to Home program, Nordstrom committed to raising \$200,000, which would provide support to help 200 people off the streets and into permanent housing. Thanks to employee-led education, awareness and fundraising efforts, along with a dollar-for-dollar match from Nordstrom, we surpassed our goal and raised nearly \$400,000.



Pearl Jam Home Shows



Employees volunteering with Special Olympics

When Seattle hosted the 2018 Special Olympics USA Games, Nordstrom joined in welcoming more than 4,000 Special Olympics athletes and coaches, along with thousands of families, volunteers and spectators from across the country for a week of events and competitions. More than 200 Nordstrom employees volunteered at the games, and Nordstrom was pleased to match their 627 volunteer hours with a cash grant. “I’ve attended Special Olympics to cheer on my sister since I was an infant,” shared Kelsey Terrell, a Women’s Apparel assistant buyer. “Once I became old enough, I began volunteering with the organization. It feels great to share this experience with my team at an event that’s so close to my heart.”

New York

We achieved a significant milestone when we opened our first-ever full-line men’s store in New York City in 2018. Our presence in the market will expand again in 2019 when we open our women’s store across the street. The Nordstrom NYC flagship will represent the company’s biggest and best statement of the brand and largest single-project investment in Nordstrom history. As with any new store we open, we worked with nonprofit organizations addressing the unique needs of the local New York City community, including:

- **Hetrick-Martin Institute** – As the nation’s largest LGBTQ youth services organization, HMI provides community, basic needs, health, education and career services to thousands of LGBTQ youth every year. Nordstrom supports the organization’s core mission and operations.
- **Central Park Conservancy** – The Central Park Conservancy raises the park’s nearly \$80 million annual operating budget and is responsible for the work essential to keeping Central Park beautiful for locals and tourists alike. Nordstrom supports the organization’s Playground Partners initiative, which maintains the quality and cleanliness of the park’s 21 playgrounds.



Central Park Conservancy community event

- **Operation Warm** – Over the past 20 years, Operation Warm has provided more than 3 million brand-new coats to children in need across North America. This year, Nordstrom partnered with the nonprofit to provide new coats to the 319 students at Brighter Choice Community School in Brooklyn, New York, plus 1,181 other children in New York living in transitional housing.



Employees volunteering with Operation Warm

HUMAN RIGHTS

We take great pride in the products we create and the experiences we offer our customers and employees, and we value the men and women throughout our company and our global supply chain who make it possible. We're committed to protecting human rights and supporting equality and inclusivity for all.

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

PARTNERSHIP GUIDELINES

Our expectations for employment practices, workers' rights, environmental standards and work environments for each of our vendor and factory partners are outlined in our [Partnership Guidelines](#). All employees in Nordstrom Product Group (NPG), which produces all Nordstrom Made products, are required to complete an annual training on these guidelines. Certain Nordstrom suppliers are also required to participate in regular trainings that include our Partnership Guidelines.

OUR FACTORY AUDIT PROCESS

The area where we can most directly influence progress is in the production of our own private-label products. NPG designs exclusive apparel, accessories, shoes and home goods across more than 30 Nordstrom Made brands, including customer favorites like Halogen, Zella and BP. We regularly audit our factory partners to support their compliance with our Partnership Guidelines. Our audit process focuses on working with factories to create meaningful, sustainable change. Details on our approach can be found [online](#).

In 2018, we manufactured products in 516 factories across 27 countries. During that same timeframe, we conducted a total of 276 factory audits. The majority of our audits were semi-announced, which means we notify factories in advance that an audit will occur within a window of time, but the day and time are not scheduled. Of our total audits, 129 were with new suppliers, 146 were with existing suppliers, and we completed one re-audit. Of all audits:

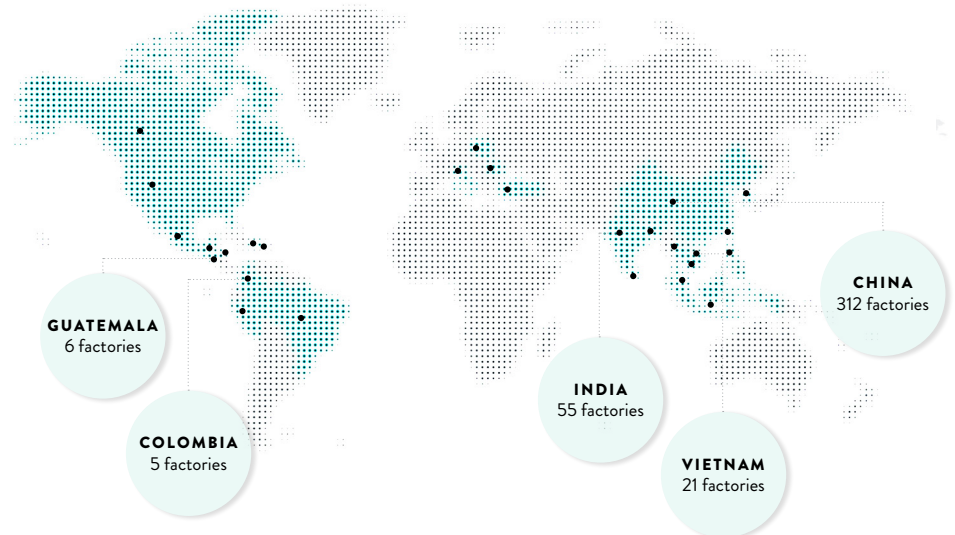
- 39% of findings have been fully remediated
- 45% of findings are pending, while factories implement plans to address issues
- 16% of findings represent issues that are systemic in nature and will take longer to remediate. In these cases, we partner with the factory to create sustainable plans for improvements

There were two instances where our audit process led us not to begin production in a factory, and two factories that we chose to exit as a result of our audit findings. Whenever we leave a factory we make resources available for an additional six months to help factory 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 through interviews. In 2018, we also piloted technology to receive feedback from workers anonymously through surveys on mobile phones.

WHERE WE SOURCE *(by volume)*

China, India, Vietnam, Colombia and Guatemala were our top sourcing countries by volume. Click the map to view each of the 27 countries with NPG suppliers in 2018.



“I benefited from the health training organized by factories and customers, reminding me of a lot of things that need attention. (I can) pay more attention to the health of my family, and I will talk with my children to let them learn more.”

– Wu Hua Lan, Mending Department, NanYuan Knitting & Garments Co.



Women working in a factory that makes NPG products

In 2018 we became a member of Better Work, a collaboration between the United Nations International Labour Organization (ILO) and the International Finance Corporation (IFC). This program provides comprehensive support to factories for auditing, remediation and trainings. One of the unique benefits of Better Work is the organization’s supplier-led approach. Factories play an active role in assessing the issues they currently face, developing realistic remediation plans and timelines, and informing necessary trainings for factory leadership. By participating in the three-year Better Work process, factories focus on one comprehensive assessment, rather than multiple audits, thus saving time and money while reducing “audit fatigue” within their organization. Retail partners like Nordstrom also benefit from improved transparency, more timely data and progress updates, as well as reduced costs.

Nine of our factory partners participated in the Better Work program, and in 2019 we will work to rapidly expand factory participation in the program.

RESPONSIBLE RECRUITMENT

Nordstrom is committed to supporting responsible recruitment practices in factories. The American Apparel & Footwear Association (AAFA) and Fair Labor Association (FLA) co-created the Industry Commitment to Responsible Recruitment. The industrywide effort supports the fair treatment of foreign and migrant workers in factories by eliminating conditions that can lead to forced labor. Nordstrom has signed on to this effort along with 128 other retailers and brands.

Our Social Responsibility Partnerships



Business for Social Responsibility

We’ve partnered with BSR since 2007 to implement worker empowerment programs in 27 factories through the organization’s HERproject initiative.



American Apparel & Footwear Association

We are members of the AAFA so we can learn and share best practices with other leading apparel and retail organizations. In 2019, we’ll work with them to formalize our commitment to responsible recruitment in factories that make NPG products.



Alliance for Bangladesh Worker Safety

Though we do business with just one factory in Bangladesh, we were founding members of the alliance more than five years ago. The alliance completed their five-year commitment in 2018. In 2019, we joined the updated iteration of the collaboration, Nirapon, to allow us to continue our support of worker and building safety initiatives in Bangladesh.



Sustainable Apparel Coalition

As a founding member of the SAC, we believe in the work the organization is doing to improve transparency and reporting throughout the retail industry, and we are using the Higg Index to measure the impact of our operations and supply chain.



Better Work

We joined this program to provide our eligible factories with comprehensive support around auditing, remediation and trainings.

EMPOWERING WOMEN, EMPOWERING COMMUNITIES

Worldwide, approximately 70% of all garment factory workers are women, and we're committed to supporting them in developing the skills they need to thrive both at work and beyond. Investments in female workers support the women themselves and have a ripple effect that benefits factories, families and communities by providing valuable education, resources and support networks.

Since 2007, Nordstrom has partnered with BSR's HERproject to launch worker empowerment programs in factories around the world. We launched programs in two new factories in 2018, bringing our total since 2007 to 27 factories and more than 18,500 workers trained. The trainings are focused on topics like health and financial literacy. In 2018, we added the topic of gender equality by piloting HERrespect, a program that addresses sexual harassment and violence against women. We piloted the program in one of our strategic partner factories in India and hope to continue the project at other factories. We plan to expand HERproject to five additional factories in 2019.

Today, about 20% of all Nordstrom Made products are made in factories where we've implemented HERproject, but we want to do more, which is why we've set an ambitious new goal: by 2023, we commit to source 70% of all Nordstrom Made products from factories that invest in women's empowerment. We'll partner with BSR and other nonprofit organizations to identify the greatest needs and opportunities in a given factory so we can offer resources to our factory partners that are relevant and impactful in the short and long term.

NORDSTROM + HERproject FACTORIES

Since 2007:

18,575
workers reached

20%
of Nordstrom Made
products covered

27
factories have received
HERproject training

484
peer educators
trained

By 2023:

75,000
workers reached

70%
of Nordstrom Made
products covered

By 2023, we commit to source 70% of all Nordstrom Made products from factories that invest in women's empowerment.

Cashmere Never Felt So Good

Our customers have asked for more transparency on products, and we're making this information more easily accessible on Nordstrom Made products, both online and in store. For the first time ever, we connected our partnership with HERproject to individual products. Each of the 74 luxury designs in the Nordstrom Signature cashmere collection was made in a factory where Nordstrom has sponsored BSR's HERproject program. All products were labeled so customers could feel informed about their purchase, knowing they're helping to unlock the potential of the women who made it.



DIVERSITY, INCLUSION AND BELONGING

We have long been committed to creating an environment where our customers feel a sense of belonging and our employees can be themselves, contribute their ideas and do their best work. We're all accountable for fostering a culture where everyone feels comfortable being themselves. A diverse workforce and inclusive culture lead to higher levels of innovation, a better ability to serve our customers and a stronger ability to attract and retain top talent—all of which enables us to deliver on our business priorities.

In 2018, we introduced One Community, the latest iteration of our diversity, inclusion and belonging program. While these concepts aren't new to Nordstrom, it's important that the way we talk about and reflect them in our day-to-day business evolves to reflect the realities of the world where we live and operate.

We've spent a great deal of time exploring what diversity, inclusion and belonging should mean at Nordstrom. Our research has included in-depth interviews and workshops with our leadership teams, a deep dive into the data that helps us understand the makeup of our workforce, and meetings with employees across roles, business units and regions to gain insights and perspectives at the individual level.

Coming from these findings, we've established four strategic priorities that will be our areas of focus for 2019 and beyond. We're now developing robust strategies, work plans, goals and measurements within each priority to help ensure Nordstrom is a welcoming place for all.

This work is being led by executive leaders across the company, who have formed committees to lead the following pillars:

- **Talent** – We plan to continue increasing demographic diversity in corporate and all leadership positions to better reflect the North American population and our customers
- **Culture** – We will strengthen belonging and address favoritism through greater consistency, collaboration, communication and connection
- **Marketplace** – We will serve customers on their terms, through a lens of identity and equity at every touchpoint
- **Leadership** – We will declare and commit to compelling, future-oriented leadership expectations and shared culture that will drive our business ambition



Education is a critical component of our program, and we recently held a Conscious Inclusion workshop for leaders across the company.

Education is a critical component of our program, and we recently held a Conscious Inclusion workshop for leaders across the company. The full-day training focused on key concepts of inclusive leadership. The team discussed where Nordstrom is today and what changes need to be made to foster diversity, inclusion and belonging for every Nordstrom customer, employee and candidate. We'll be expanding the workshop in 2019 and will continue to evolve and enhance the training resources we offer our leaders.

Earn & Learn @ Nordstrom

To best serve our customers, we need to have the right teams in place to meet their needs. This is true in all areas of our business, including our fulfillment centers, where we manage online orders—a growing part of our business. Our fulfillment center in Cedar Rapids, Iowa, recently launched an innovative new program to expand the local pool of qualified talent. Earn & Learn @ Nordstrom supports applicants who currently lack the experience and English-language skills needed to be qualified for a role at our facility. Participating employees join an immersive, fully paid training program that teaches them the language and workplace skills needed to be successful.

Thanks to our promote-from-within approach, we believe these employees are well-positioned to build long-term, rewarding careers with Nordstrom. We also know some of these employees have career goals that extend beyond Nordstrom, and we're happy to help them get there. Through the program, Nordstrom has been able to expand our talent pool, diversify our workforce, and help address a need in the local community. We are happy with the early results of the program and are looking at how this could expand to other areas of our business.

Participating employees join an immersive, fully paid training program that teaches them the language and workplace skills needed to be successful.



Employee in Cedar Rapids

Employee Resource Groups

2018 marked the official launch of our Seattle-based Employee Resource Groups (ERGs). These employee-led, Nordstrom-sponsored groups serve as a resource to foster a sense of belonging. ERGs embrace diversity of thought, experiences, gender, race and all visible and invisible identities. Currently, we have four ERGs: Black Employee Network, NordstromPLUS (LGBTQA+), Nordstrom Veterans Group and Women in Nordstrom. We've worked with the groups to gain insights into the employee experience and solicit ideas for improving our culture, policies and programs. We've learned a lot and look forward to expanding these groups to the rest of our business in 2019 while also adding additional ERGs in our Seattle headquarters.



Seattle employees at a Women in Nordstrom ERG panel

OUR EMPLOYEES BY THE NUMBERS

22% Hispanic or Latino	18% Black or African American	68% women
12% Asian/Pacific Islander	44% White	32% men
	4% Other	

OUR LEADERSHIP BY THE NUMBERS

Frontline Managers

20% Hispanic or Latino	13% Black or African American	67% women
8% Asian/Pacific Islander	56% White	33% men
	3% Other	

Mid-Level Managers

7% Hispanic or Latino	4% Black or African American	65% women
13% Asian/Pacific Islander	73% White	35% men
	3% Other	

Executives

1% Hispanic or Latino	4% Black or African American	56% women
14% Asian/Pacific Islander	79% White	44% men
	2% Other	

RECOGNITIONS

We're humbled to be recognized alongside organizations we respect and admire for our ongoing efforts to foster a welcoming environment for our customers, employees and vendors.



03

RESPECTING THE ENVIRONMENT

Every aspect of our business has an impact on the environment. Reducing our use of resources, minimizing waste, identifying more sustainable products and offering healthier, more responsible foods are some of the ways we're working to minimize our environmental footprint.



ENERGY

Over the past four years, we've been working aggressively toward our goal to reduce the amount of energy we use per square foot of our total operations. In 2018, we not only achieved our goal two years early, we exceeded it. The primary driver behind our success was the result of a three-year initiative to replace nearly every fluorescent light bulb in our business with an LED bulb. This change, culminating in 2018, has helped create an average energy intensity savings of 4.1% year over year since 2014. Combined with continued improvements to our energy management platform, which enables us to track, monitor and adjust for optimal efficiency in a given location, our stores and facilities are now 17.1% more energy efficient than our 2014 baseline. Our goal was to reduce energy intensity in our operations by 15%. Moving forward, we're continuing smaller-scale retrofit initiatives where we can see a meaningful return on investment.

We've nearly reached our 2020 goal of sourcing 90% of our energy from renewables in markets where we have the flexibility to choose our own energy sources. We're currently at 82% and anticipate we'll reach 100%, surpassing our goal in 2019. This will bring our total renewable energy use to about 30% of the energy we use in our operations.

Whenever possible, we also work with our mall partners to install solar panels on the roofs of our stores. Solar technology has yet to provide the necessary return on investment needed for us to finance these installations on our own, which means these types of partnerships are a valuable opportunity for us to support clean energy and reduce our expenses.

Using less energy overall and choosing renewable energy sources to reduce our contribution to global climate change are small efforts within our control. We are looking for ways to demonstrate our desire for more accessible renewable energy in markets where we do business, and to support broader efforts. In 2018, we made a \$50,000 grant to a new partner, The Nature Conservancy, to support its work building equitable, livable and climate-resilient cities, and we increased our contribution to Forterra, to offset 100% of the emissions from our 13 western Washington stores.

*Our stores and facilities are now
17.1% more energy efficient than
our 2014 baseline.*



Solar panels on roof of a Nordstrom Rack store



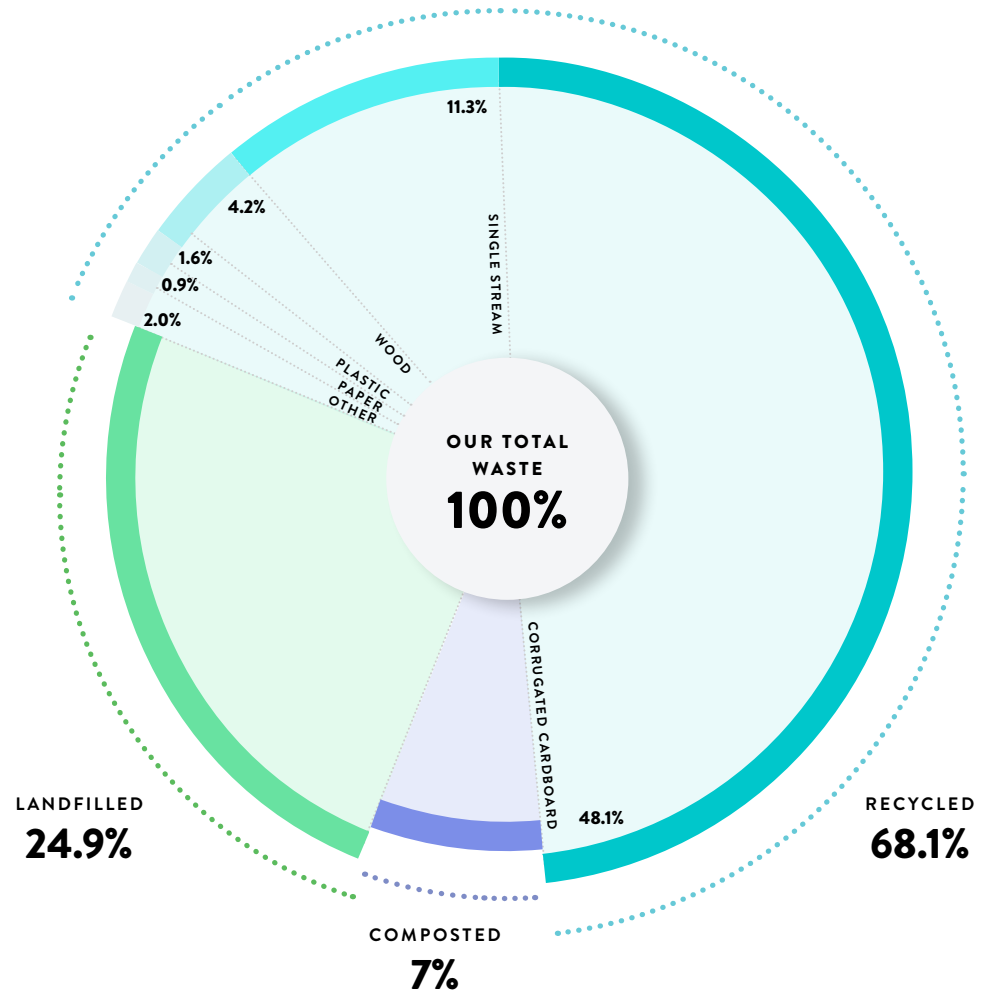
WASTE

Progress toward our waste goal is an ongoing challenge because globally, materials that are acceptable for recycling are regularly changing. Recyclable paper and corrugated cardboard, our two largest waste streams, have continued to be recycled domestically, which allowed us to divert 28,142 tons from landfills. We're looking for new ways to recycle the 442 tons of plastic film waste that we generate annually, which includes polybags from product packaging, bubble wrap and shrink wrap. One solution we're exploring in 2019 is a partnership with the outdoor decking company Trex, which can repurpose clean, recycled plastic into decking material.

Food waste makes up a small portion of our overall waste footprint, but we compost in each of our locations where it's supported by the local municipality. Our Restaurant and Specialty Coffee teams also have processes in place to minimize the amount of food waste we create. When we open our new women's store in New York City in fall 2019, we're pleased to partner with local nonprofit City Harvest. Our largest store to-date, our women's store and the accompanying men's store across the street will boast a total of six restaurants and specialty coffee options for customers. Unused produce, bread, pastries and dry goods will be donated to City Harvest for use in their more than 100 locations throughout the city.

In 2018, we began piloting a new software system that will help our store teams more accurately place pastry orders with local bakeries. By leveraging their tailored algorithms, we hope to avoid overordering, which will ultimately result in reduced expenses and food waste. Based on the results of the pilot, we'll consider expanding the program to other stores in 2019 and beyond.

TYPES OF WASTE WE GENERATE AND WHERE IT GOES



Glass, grease, hangers, metal, and waste to energy each made up less than 0.9% of our total annual recycled waste, to 2.2% in total

PAPER AND PACKAGING

In 2018, we used 2.03 tons of paper per \$1M in sales, exceeding our 2020 paper reduction goal. A significant driver of this achievement was a reduction in paper catalogs. We moved from 19 catalogs in 2017 to six catalogs in 2018. Since 2014, we've reduced the amount of catalog paper we use by a total of 80%. All of our catalog paper continues to be FSC certified and includes 10% post-consumer waste content.

In 2019, we plan to introduce reusable bags made from recycled plastic bottles in our New York City Nordstrom and Nordstrom Local locations. The bags are durable—great for our New York customers who commute on foot—and they'll also help us learn about our customers' interest in switching away from the paper and plastic shopping bags we currently use in our stores, which make up about 11% of our total annual paper and plastic packaging use by weight.

Every year we also test product packaging reductions on Nordstrom Made products by removing things like stuffing in shoes and tissue paper inside of folded sweaters. Each packaging change is unique to the specific product, and when we're able to make reductions, we make the change part of our standard procedure moving forward. In 2018 we standardized seven packaging reductions based on 2017 tests. We tested six additional reductions, which kept 5.6 tons of paper and plastic packaging out of our supply chain.

WATER

Water makes up a very small percentage of the resources we use within our retail operations. Our restrooms and restaurants are our two largest sources of water usage, with landscaping irrigation and our HVAC systems making up a small portion. We first exceeded our water reduction goal in 2016, and in 2018 we used 12.5 gallons per square foot, a 10% intensity reduction since 2014. We continue to monitor, measure and adjust where we can to help keep our usage low.



TRANSPORTATION

As customer expectations evolve, we shift our business to ensure we're able to provide customers with the right product at the right time. Services like Free Returns and Order Pickup are helping us meet customers' needs and have changed the way we move merchandise across the U.S. and Canada.

These types of services, along with technology limitations, mean we are no longer able to accurately track and measure against our previously established 2020 goal, which was focused on cases transported per gallon of fuel. We are actively working to identify a new system of measurement that accurately reflects our growing and changing business. We look forward to sharing that goal in our next report.

Though our approach to measurement will evolve, our commitment to maximizing efficiency and minimizing our carbon footprint in transportation has not. After testing lift axles and single-wide tires in 2017, we made them mandatory on any new trailer in our fleet. We continue to acquire new tractors that offer the latest in engine technologies, meaning improved efficiencies we couldn't get otherwise— replacing 10 of the 129 total tractors in our 2018 fleet. We're continuing to use three tractors that run on compressed natural gas and we always aim to maximize the space on every trailer, whenever they're on the move. We've begun to pilot programs that enable us to partner with local carriers on some customer deliveries, which is helping to reduce some of our emissions. We'll be expanding those programs in 2019.

We're pleased our efforts were once again recognized by the Environmental Protection Agency and their SmartWay Transport Partnership. Nordstrom received the 2018 SmartWay Excellence Award in the Shippers and Logistics category. The annual award recognizes SmartWay partners achieving strong results in their efforts to reduce emissions through collaboration, advanced technology and operations, and regular data reporting. Nordstrom also won the SmartWay Excellence Award in 2014.

Much of our work in 2019 will be focused on transforming our internal network so that we can move inventory closer to customers. We'll be adding two major hubs to our network—our Los Angeles local omni hub, which will bring to life our local market strategy in Los Angeles; and our West Coast omni center, which will supply merchandise to our stores and customers along the entire West Coast. This infrastructure is new for our business, so our teams are addressing logistics challenges while also ensuring we are scaling in a responsible way. These new facilities will reduce our inventory movement, which we hope will decrease our transportation-related emissions in the coming years.

We're pleased our efforts were once again recognized by the Environmental Protection Agency and their SmartWay Transportation Program.



Employee loading a truck at a Nordstrom fulfillment center

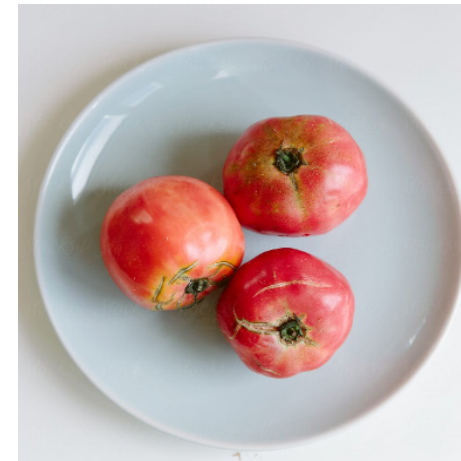
RESTAURANTS AND SPECIALTY COFFEE

We're committed to giving our customers a menu of options they can feel good about eating. Through subtle adjustments to our offering, we're reducing calorie counts, offering better-for-you snacks and creating more vegetable and plant-forward meals.

OUR FOOD

By launching our new national sourcing program in 2017, we've been able to reduce the number of vendors we use for products such as olive oil, bread and pasta, and wild-caught shrimp and salmon. Working with fewer vendors gives us more visibility into our supply chain and a greater ability to influence positive, more sustainable behaviors. For example, we're working with several suppliers to find ways to minimize the amount of materials they use to package and ship our ingredients, without compromising product integrity.

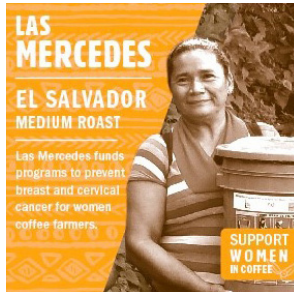
For produce, however, we make every effort to work with local farmers in the community to buy seasonal, local and organic whenever possible. In New York City, we're working with our suppliers to source what is sometimes known as "imperfect produce." Imperfect in appearance and available at lower costs, these fruits and vegetables can offer us the same quality and taste as "perfect" produce. This produce also helps us reduce the amount of food waste in the region.



Imperfect produce

OUR COFFEE

In 2018, we introduced a limited-time series of three award-winning coffees from three South American countries in our Specialty Coffee locations. From farm ownership to harvesting and sorting, women were integral in the production process of each coffee. By offering these coffees, we're pleased to help promote gender equality in the coffee industry. Moving forward, we'll have at least one women-produced coffee option available year-round.



Beginning in 2019, we've committed to ensuring 100% of our coffee is ethically sourced.

Beginning in 2019, we've committed to ensuring 100% of our coffee is ethically sourced. Ethical sourcing means our coffees come from farms that are protecting the environment and supporting sustainable production that allows communities to continue growing the high-quality coffees that our customers expect. Our ethically sourced coffees include:



Sustainably grown coffee that is verified and measured using third-party data and sourced through direct, long-term relationships with coffee growers.



Coffee that meets the USDA certification as organic and is grown using only natural methods that promote long-term sustainability of the ecosystem.



Coffee that is sourced in compliance with rigorous social and environmental practices and local labor laws.



Coffee that is sustainably grown to benefit farm families, wildlife and the environment.



Traceable coffee that is produced in small batches, selected specifically for its special characteristics and sourced from a single coffee grower or individual plot of land.



Coffee sourced directly from female coffee growers, female members of coffee cooperatives and communities that promote gender equity.

PRODUCT AND SUPPLY CHAIN SUSTAINABILITY

Because our environmental impact expands beyond the walls of our stores and offices, we're finding ways to identify opportunities to support sustainable business practices throughout our supply chain.

RESPONSIBLE MANUFACTURING

As members of the Sustainable Apparel Coalition (SAC), we are using the Higg Index, a collection of tools to measure environmental and social sustainability in the supply chain. In 2018, we asked 12 of our key NPG suppliers to complete the Higg Index Facility Environmental Module, which relates to the environmental impacts of their factories. In the coming year, we'll work with these factories to support and improve their performance moving forward. We'll also ask additional factories to participate in the program, and will begin verifying the self-assessment data with two strategic suppliers.

We're proud to work with brands that are prioritizing environmental sustainability in their supply chains. We recognize the importance of offering these types of products to our customers, who can feel good knowing they're supporting brands that are committed to minimizing their impact whenever possible. Several Nordstrom brands are members of SAC and are using the Higg Index. Pete Nordstrom, who supports our buying teams, recently reached out to each of the 39 Nordstrom brand partners using the Higg Index to commend them for their progress, thank them for their commitment, and reinforce the value this provides to Nordstrom and our customers.

In 2019 we'll be finding more ways to tell customers about the brands and products we offer that are meeting higher social and environmental standards in product development and manufacturing, whether through the work of the SAC or other organizations, progressive manufacturing processes, the use of more sustainable raw materials, or other innovative approaches.



Zella products featuring recycled polyester fabric

MORE SUSTAINABLE MATERIALS

We're also working to incorporate more responsible materials into our own products. Zella, our Nordstrom Made athleisure brand, uses polyester in many items. We have an opportunity to reduce our environmental impact by using polyester made from recycled post-consumer plastic bottles, and we introduced a special collection featuring this recycled material. We're excited to offer another Zella recycled collection in 2019.

CLOTHING END-OF-LIFE

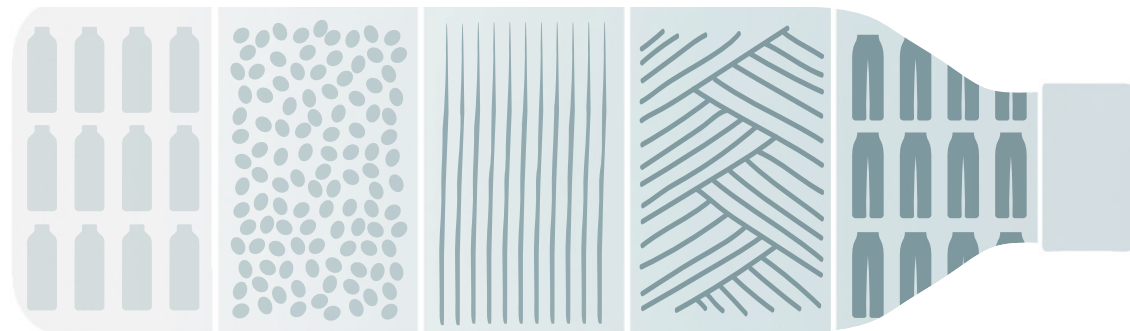
Every year, billions of pounds of clothing ends up in landfills. Studies have shown extending the average life of an item by just three months can lead to a 5 to 10 percent reduction in its carbon, water and waste footprint. To help provide a more sustainable solution for our customers, we launched a donation program in 2017 that makes it easy to give used clothing and accessories a second life—while also supporting local nonprofit organizations. In 2018, we expanded the program to include NordstromRack.com and HauteLook.

Customers can donate items by mail or in one of several Nordstrom stores, and their donations are directed to local nonprofits where they're sold to support community programs like job training and education. In 2018, we helped customers give new life to 10.1 tons of clothing, shoes and accessories.



Ultimately, we know extending the life of clothes and using materials with a smaller impact constitute only a small part of the solution when it comes to the environmental impact of fashion. In 2018 we made a \$50,000 grant to the Ellen MacArthur Foundation's Make Fashion Circular initiative, a collaborative effort that "envision[s] a future where clothes are made from safe and renewable materials, new business models increase their use and used clothes never go to waste." We're working now to determine the best ways for us to partner in this initiative moving forward.

HOW PLASTIC BOTTLES BECOME RECYCLED POLYESTER FABRIC USING MECHANICAL RECYCLING



STEP 1

After being collected and cleaned, used clear plastic bottles (PET) are chopped into flake

STEP 2

Flake is melted into smaller, consistently shaped pellets

STEP 3

Pellets are melted and extruded to make fiber

STEP 4

Fiber is spun into yarn

STEP 5

Yarn is knitted into fabric that is used for garments

ENVIRONMENTAL RECOGNITION AND AFFILIATIONS



We received a positive B rating on our CDP Climate Change disclosure in 2018.
[Learn More](#)

Newsweek

Nordstrom ranked #35 on Newsweek's Green Rankings list, which examines the environmental performance of the largest publicly traded companies in the U.S.
[See the Full List](#)

FORTERRA

Through Forterra's Evergreen Carbon Capture program, in 2018 we offset 100% of the carbon emissions of our western Washington stores. We've offset 50% of the carbon emissions of these stores since 2013, and we are pleased to have increased our impact in 2018.
[Learn More About Forterra's Conservation Efforts](#)



Nordstrom received the 2018 SmartWay Excellence Award for Shippers and Logistics from our work to reduce emissions within our fleet.
[Learn About Smartway Conservation Efforts](#)



Employees volunteering at Forterra tree-planting event

04

OUR DATA

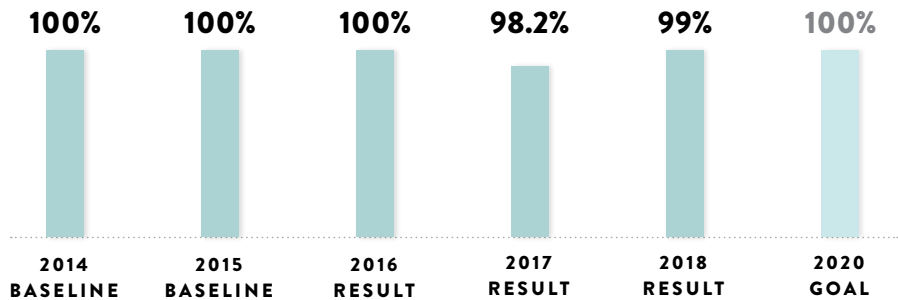
Our CSR goals are helping us measure and share our progress and challenges year over year. In 2018 we measured against eight goals that were set with a 2014 baseline and that we aim to achieve by 2020.



PROGRESS TOWARD OUR 2020 GOALS

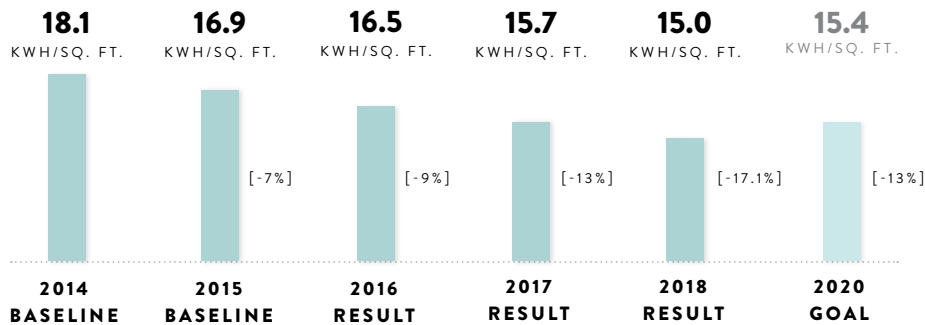
HUMAN RIGHTS

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



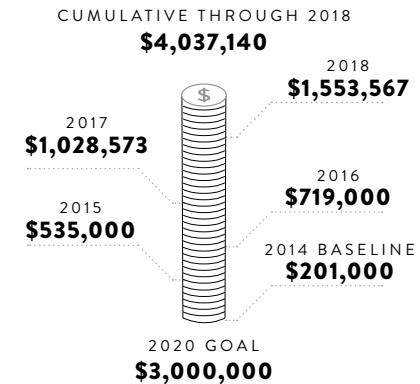
ENERGY

Reduce our energy use per square foot by 15%.



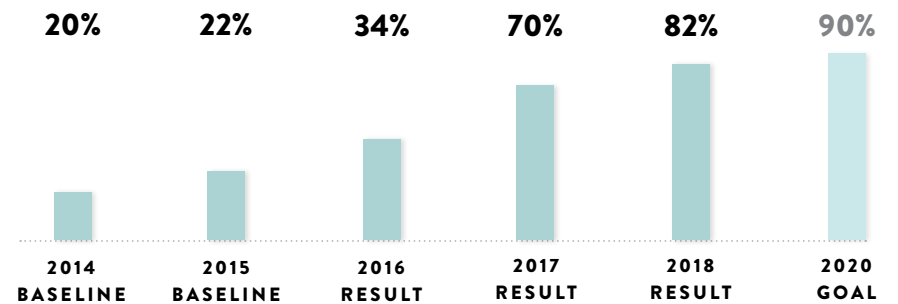
TREASURE & BOND GIVING

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



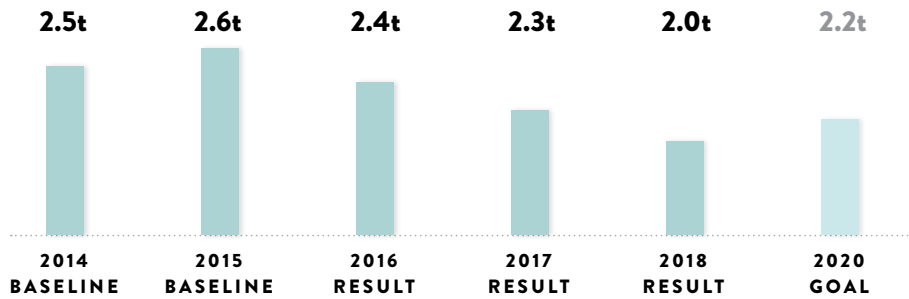
RENEWABLE ENERGY

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



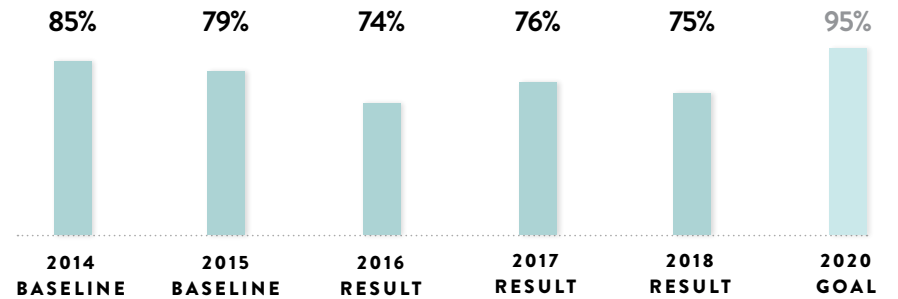
PAPER

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



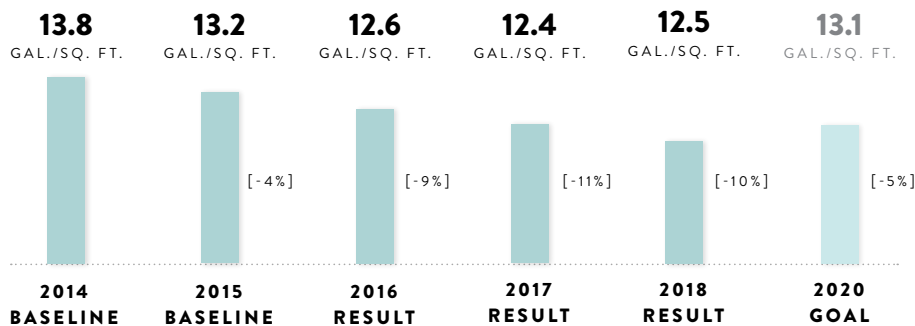
WASTE

Divert 95% of our total waste from landfill.



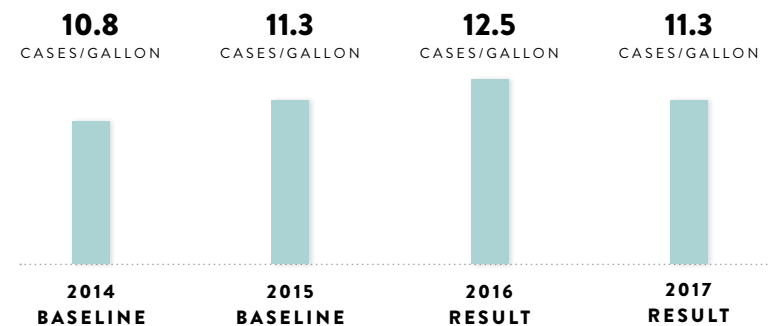
WATER

Reduce our water use per square foot by 5%.



FLEET EFFICIENCY

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



In late 2017 changes in our business made it impossible to continue reporting our cases per gallon metric. We are 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.