

# sharing our progress

2017 Corporate Social Responsibility Report

NORDSTROM



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## Summary of Progress Toward Our 2020 Goals

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WE’VE ALREADY BEGUN  
TO ASK OURSELVES:  
“WHAT’S NEXT?”

## In the fast-changing world of fashion,

it’s essential to continually evolve our business in order to meet customers’ needs and expectations. Over the years, our customers and employees have broadened their expectations, and they now look to Nordstrom to be a responsible company that plays a role in supporting communities and protecting the environment. It’s a responsibility we take seriously, and we’re proud of the progress we’ve made thus far. We’ve reduced our overall use of valuable natural resources, donated millions of dollars to nonprofits across the U.S. and Canada, and partnered with our customers to have a positive impact in their own backyards.

Fashion and retail are complex global industries, and as more attention is being paid to topics like transparency, climate change and human rights, our corporate social responsibility (CSR) platform needs to shift in order to adequately address these issues for the long term. The 2020 goals we set for ourselves are pushing us to do more than we have before, and we’ve already begun to ask ourselves: “What’s next?”

As we move into 2018, one of our areas of focus will be evolving our CSR strategy, including our goals beyond 2020 and what it will take to get there. We have many challenges in front of us, yet we remain more optimistic than ever that we have the right vision in place to develop innovative solutions that will be better for our business and our world.

**BLAKE W. NORDSTROM**  
Co-President, Nordstrom, Inc.

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

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

# company overview

Since 1901, Nordstrom has been committed to delivering the best possible shopping experience for our customers. As a leading fashion retailer, we are driven to continually exceed customer expectations and offer the best selection in clothing, shoes and accessories.

This Sharing Our Progress report represents our CSR work from January 29, 2017, through February 3, 2018, and relevant data has been verified by our Internal Audit team.

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

Read or download our [2017 10-K report here](#).

Read or download our [2016 Sharing Our Progress report here](#).

JWN  
NYSE



2017 ANNUAL REVENUE:

**\$15.1 billion**

NET COMPANY SALES



**369 stores**

IN THE U.S., CANADA AND PUERTO RICO  
This includes Nordstrom, Nordstrom Rack,  
Jeffrey, Last Chance, Trunk Club Clubhouses  
and Nordstrom Local.



**72,500**

FULL- AND PART-TIME EMPLOYEES



**9**

DISTRIBUTION CENTERS AND  
FULFILLMENT CENTERS

# Our Strategy

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Our customers' expectations are changing faster than ever, and by continually evolving to meet their needs, we're well positioned to win. We're focused on leveraging our unique assets:



## PEOPLE

Building long-term relationships that enable us to attract, retain and engage our customers and our employees.



## PRODUCT

Offering our customers a curated selection of the best brands and products, creating a sense of newness and discovery each time they shop with us.



## PLACE

Providing a seamless and convenient experience that supports the variety of ways customers shop with us, whether that's in store, online or via mobile.



# our corporate social responsibility strategy

Our CSR strategy, goals and activities are designed to contribute to Nordstrom's long-term success and growth. We are making efforts across our value chain to be a responsible and sustainable company, and our activities fall into two pillars: Taking Care of Our Communities and Respecting the Environment. Our CSR activities, which include charitable giving, human rights and environmental sustainability, are integrated across the company, with people on many teams contributing to our ongoing progress.

## OUR STAKEHOLDERS ARE:

- Customers
- Employees
- Communities
- Non-governmental organizations
- Vendors
- Investors
- Government



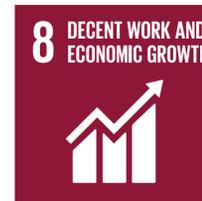
# Contributing to the Sustainable Development Goals



Our CSR goals and initiatives are meant to support our business and support positive outcomes for people and the environment.

Today, our activities contribute most significantly to nine of the **17 UN Sustainable Development Goals (SDGs)**, which are a collaborative effort to end poverty, protect the planet and help people live in prosperity and peace.

As CSR strategy evolves, we will continue to consider the ways we can best contribute to the achievement of the SDGs, and we hope to share more information in 2018.





## Materiality

We've prioritized our CSR efforts based on our understanding of the footprint of our business, as well as what our stakeholders have told us is most important to them.

We completed a materiality assessment in 2014 to identify the issues most important to our customers, employees, leaders within the company and other external stakeholders. Since then, we've continued to seek input on an annual basis.

In 2017, we identified opportunities to improve through feedback from customers, employee surveys, peer benchmarking, industry collaboration and our performance on relevant ratings and rankings. We learn more about the social and environmental impacts of our business every year, so we'll continue to revise and refine our approach in 2018.

### OUR KEY PRIORITIES

### OUR ACTIVITIES



#### WASTE AND RECYCLING

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



#### COMMUNITY SUPPORT

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



#### HUMAN RIGHTS

- Auditing factories that produce our private label products
- Working closely with factories to improve their processes over time
- Creating worker empowerment projects



#### ENVIRONMENTALLY FRIENDLY PRODUCTS AND PACKAGING

- Ensuring our packaging and paper is recyclable and/or includes recycled content
- Offering our customers sustainable, responsible products



#### ENERGY

- 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



#### WATER

- Minimizing the amount of water used in our operations, from restrooms to restaurants



#### FOOD ISSUES

- Sourcing local, sustainable, organic and Fair Trade foods
- Improving the nutritional content of our recipes
- Partnering with small and diverse start-ups



#### CLIMATE CHANGE

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

## Key Results

# \$1.83 million

matched for employee volunteer hours and donations

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**MORE THAN  
50 BRANDS**  
WITH PRODUCTS  
IN OUR NATURAL  
BEAUTY CATEGORY



**4.6% LESS  
ENERGY  
USED**  
PER SQ. FT.

# 100%

SCORE ON THE  
HUMAN RIGHTS  
CAMPAIGN'S  
CORPORATE  
EQUALITY INDEX  
**13TH YEAR IN A ROW**

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**NO. 35** Newsweek's Green Ranking

**NO. 95** Barron's 100 Most Sustainable Companies

**11,139 POUNDS DONATED** THROUGH OUR CLOTHING DONATION PROGRAM

# taking care of our communities

We're dedicated to supporting our customers, employees and the people who make our products. Taking Care of Our Communities is one of our two CSR pillars.

## Nordstrom Giving

Through our Gift Card Give Back program, we support nonprofits in every community where we do business by donating 1% of all Nordstrom Gift Card sales. In 2017, we gave more than \$9 million through cash grants, our employee match program and disaster relief donations.

### CASH GRANTS

We gave cash grants to 591 nonprofits across the United States, Puerto Rico and Canada in 2017. Our primary focus is on organizations that care for kids and empower youth through programs like afterschool tutoring, medical and social

services, and arts and science workshops that build self-esteem.

In 2018, we'll be working more closely with some of the organizations we support to better understand and share the impact of our cash grants.

### EMPLOYEE GIVING

Through our Employee Charitable Match and Volunteer Program, we help our employees give back to the charities that are most important to them. We launched the volunteer component



Employees on Day of Caring

”

“EVERYONE AT THE GATEWAY RACK IS ALWAYS SUPPORTIVE OF MY VOLUNTEER WORK WITH SLED DOG RESCUE, AND THE MATCHING FUNDS FROM NORDSTROM MEAN A LOT.”

—Stephanie Kaplan, Salesperson, Nordstrom Rack Gateway Center

of the program in 2017, which means we now match up to \$5,000 of employee contributions of cash, volunteer time or a combination of both. All regular employees can participate in this program from their first day of employment.

In 2017, nearly 4,000 employees donated their time and money to 2,463 nonprofits, and we were pleased to give \$1.83 million in matching funds to the organizations that matter the most to them. We are working to ensure every employee knows how to log their time and donations, and hope this will help more employees participate for an even bigger impact.

#### DISASTER RELIEF

2017 was a challenging year, with so many of our communities devastated by natural disasters. Together with our employees, we gave more than \$400,000 to five nonprofits that were on the ground, addressing both immediate recovery efforts and long-term rebuilding.

#### TOGETHER WE SUPPORTED THE FOLLOWING ORGANIZATIONS:

- **United Way of the Wine Country**
- **The Napa Valley and Sonoma Valley Community Foundation**
- **United Way of Puerto Rico**
- **American Red Cross Relief Fund**
- **United Way of Greater Houston**

Several of these disasters hit close to home, and a number of employees were displaced or suffered significant property damage. We were able to support them through our Employee Relief Fund (ERF), a financial resource that began years ago as a grassroots effort to assist employees in a financial crisis with nowhere to turn. Through fundraisers and donations made at any register, our employees contributed to the ERF to support their coworkers managing the impacts of

natural disasters. We're proud of our culture of generosity, and in 2018, we plan to revamp the ERF program to ensure funds are more easily accessible to employees across the company, whenever they may need it.

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### **Puerto Rico: Hurricane Maria**

Our first priority following the hurricane was our employees, and fortunately they were all safe and accounted for. Our store experienced extensive damage from the storm, and though our doors may be closed for now, our commitment to our employees, their families, our customers and the entire community hasn't changed.

Employees were paid for several weeks after the store closed, and we offered relocation assistance to any employee who wanted to move to the mainland—regardless of whether they were moving for a new role with Nordstrom. To further support our employees and community members, we brought in food, water, batteries and other essentials. We also made a donation to the local United Way chapter, which will support the community as it recovers and rebuilds.

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# Nordstrom + Customer Giving

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We try to make it easy for our customers to join our giving efforts through brands that give back, partnerships and other programs.

## TREASURE & BOND

Our Nordstrom-exclusive give-back brand Treasure & Bond contributes 2.5% of net sales to organizations that empower youth. In 2017, the brand partnered with YWCA and made its largest donation to date: \$1,028,573. Part of the funds supports the nonprofit's program TechGYRLS, which is focused on increasing girls' involvement in science, technology, engineering, arts and mathematics (STEAM). In 2017, our Treasure & Bond partner will be WE, an organization that aims to give kids the tools to create positive social change. The brand will be expanding to include At Home products, which we know our customers will love, enabling us to give even more in 2018.

## SHOES THAT FIT

By donating just \$10 in any of our U.S. stores during the holiday season, our customers have helped us partner with the nonprofit Shoes That Fit to give new shoes to thousands of children in need. We gave more shoes this year than ever: 27,755 pairs of New Balance sneakers. Over the past eight years, we've donated nearly 140,000 pairs of kids' shoes in the U.S. and Puerto Rico. [Learn more.](#)

## M·A·C VIVA GLAM

2017 was our 20th year offering M·A·C Viva Glam products. Through sales of these cosmetics, we donated more than \$500,000 USD and more than \$10,000 CAD to organizations providing treatment, education and other essential programs for people living with HIV/AIDS. Since 1997, we've given more than \$15.1 million by donating 100% of the selling price of these products. [Learn more.](#)

## STORE OPENING EVENTS

One way we get to know our communities is by hosting or participating in charity events before every new full-line store opens. In 2017, we opened three new Nordstrom stores and supported local organizations that are making a positive impact with fundraising and donations totaling \$432,400.

## NORDSTROM + GIVE BACK BOX® + GOODWILL

We launched a clothing donation program in 2017, through which customers donated more than 11,000 pounds of clothing, shoes and accessories. Their donations are being sold by nonprofits to support job training and education programs. Read more about this new program that spans our social and environmental commitments on page 24.

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“WE’RE THRILLED TO OFFER TECHGYRLS AND OTHER STEAM PROGRAMS TO MANY MORE UNDERSERVED GIRLS AS A RESULT OF NORDSTROM’S SUPPORT.”

—Tycely Williams, Vice President of Development, YWCA USA

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## SOMETHING NAVY X TREASURE & BOND

Treasure & Bond broke new fashion ground in 2017 through a design collaboration with Something Navy, the popular blog created by Arielle Charnas. The 30-piece capsule collection was released in September and well received by our customers and Charnas's followers—helping us make our largest annual donation to date from Treasure & Bond.

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# Diversity, Inclusion and Belonging

Our people are the foundation of who we are, and we know attracting, hiring and retaining diverse talent make us more innovative and helps us better serve our customers and communities. In 2017, we began to evolve our diversity, inclusion and belonging strategy, and we are continuing to explore practices, programs and policies that will enable all of our employees to unlock their full potential as they build rewarding careers at Nordstrom. In 2018, we'll be rolling out new employee resource groups, career path development tools and training on critical topics like unconscious bias.

Our commitment to diversity extends beyond our employees. We want to reflect the diversity of our customers and communities in our marketing and advertising, and we look for opportunities to do business with diverse-owned businesses.

## WOMEN IN NORDSTROM

Women in Nordstrom (WiN) Finance was started in 2015 with the goal of creating a network to support the professional and personal growth of women in the company.

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“WE STARTED WiN TO HELP CREATE A COMMUNITY OF CONNECTION AND LEARNING, AND IT’S GREAT TO SEE COMPANY LEADERSHIP SUPPORTING ITS GROWTH.”

—Ashley Kim, Finance Director for Procurement, Corporate Center and HR



## OUR EMPLOYEES BY THE NUMBERS



## OUR LEADERSHIP BY THE NUMBERS

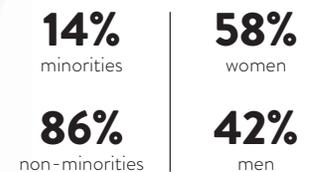
### FRONTLINE MANAGERS



### MID-LEVEL MANAGERS



### EXECUTIVES



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This employee resource group, open to all employees, has grown organically with other chapters emerging in Merchandising and Technology. Employee Resource Groups will continue to expand in 2018 with our Black Employee Network, Veterans group and LGBTQA group.

**WOMEN IN TECH**

Employing women on the Nordstrom Technology team is an area of focus for us. In 2017 we participated in the Grace Hopper Celebration, one of the most significant recruitment events for women in tech. Attendees told us they were excited to learn about the interesting

and challenging opportunities available in our Nordstrom technology group. We were able to fill a number of critical roles with talented women in technology from this event, and we are looking forward to meeting more great candidates at Grace Hopper in 2018.

**PRIDE SUPPORT**

We were proud to sponsor 19 Pride parades across the U.S. and Canada in 2017, and we'll be expanding our support in 2018.

“NORDSTROM SUPPORTING LGBTQ PRIDE EVENTS AROUND THE COUNTRY SHOWS PRIDE IN ME AND WHO I AM. I LOVE WORKING FOR A COMPANY THAT UNDERSTANDS WE ARE ALL HUMAN, NO MATTER WHAT SHAPE OR FORM WE COME IN.”

—Eli Manza, Sales Department Manager, Salon Shoes, Nordstrom Michigan Avenue

**RECOGNITION AND RANKINGS**

We are pleased to share that our dedication to diversity was recognized in several ways in 2017.



SCORE: 100%



SCORE: 100%



#36



#39



#94



Employees participating in a 2017 Pride parade

# Supporting Human Rights



Factory worker

We are committed to supporting the health, safety and human rights of the men and women who make our products. Beyond simply auditing the factories that make our private label products, we partner with them to create comprehensive and sustainable progress, and we invest in worker empowerment and education programs that benefit entire communities.

## **PARTNERSHIP GUIDELINES**

Our Partnership Guidelines outline our expectations for our suppliers' ethical business practices, including maintaining fair and safe workplaces. These standards apply to all of our suppliers, from the factories producing our private label brands to our external brand partners. Our Partnership Guidelines align with standards set by the International Labour Organization (ILO) and the United Nations Guiding Principles on Human Rights. [See our Partnership Guidelines here.](#)

## **NORDSTROM PRODUCT GROUP**

Nordstrom does more than just find inspiring fashion—we create it. Nordstrom Product Group (NPG) designs exclusive apparel, accessories, shoes and home goods across more than 50 private label brands, including customer favorites like Zella, Halogen and 1901.

The NPG Social Responsibility team leads our supply chain human rights efforts, including conducting trainings, assessing working conditions through factory audits and partnering to implement worker empowerment programs.

## **FACTORY AUDITS**

Because our NPG brands offer a wide range of products, we work with a variety of factories. NPG products were manufactured in 511 factories across 28 countries in 2017.

Our audits are conducted by a third-party organization, and our policy is to conduct an audit before beginning work with any new factory. Our goal is to audit 100% of new factories before production begins. In 2017, there were three instances where factories began production prior to gaining our approval, so we are working closely with our supply chain partners to again reach our target moving forward.

We conducted 331 factory audits in 2017. Of those, 166 were with new suppliers, and 165 were with existing suppliers, as part of continuing remediation efforts.

**Of all audits:**

- 46% of findings have been fully remediated
- 35% of findings are pending, while factories implement plans to address issues
- 19% 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 a plan for improvement.

We uncovered more issues through audits in 2017 than in the prior year. This is for two reasons: we conducted more audits and we piloted a new pre-assessment process to increase transparency. We've found that leading additional training on our expectations before the audit helps us build more trusting

relationships, which makes managers more comfortable sharing accurate information and partnering with us to make progress. Getting a clear picture of the human rights, health and safety challenges in a factory is the first step toward making improvements.

Ultimately our audit findings drove our decision not to begin production or to stop production and exit seven factories in 2017. Exiting a factory is necessary at times, but it does not solve the problems that exist in a given factory. For that reason, 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. [Read our auditing approach and process.](#)



Factory workers

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**WHERE WE SOURCE**

(by volume)

1. China (318 factories)
2. India (57)
3. Vietnam (24)
4. USA (32)
5. Bangladesh (1)



Click the map to view each of the 28 countries with NPG suppliers in 2017.

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**INDUSTRY COLLABORATION**

NPG production typically makes up a small portion of a factory's overall business. The audit process is time consuming and rigorous for any factory, so we piloted a collaboration effort with four of our peers. Together we identified more than 50 factories we had in common, and found opportunities to share audits, which is more efficient for factory managers. We hope to implement more programs and partnerships like this in 2018.

**SOCIAL RESPONSIBILITY TRAINING**

We require factory representatives to complete an eLearning program that focuses on remediation topics like excessive working hours,

worker engagement, supply chain management, and wages and benefits. Factory management and staff take the trainings as part of their improvement plan through an online platform. Ninety-four factories participated in 2017, with more than 153 people completing 900 courses.

We require all NPG employees to take a training on our Partnership Guidelines. To better track employee participation, we moved the training online (rather than in person) in 2017, and 96% of NPG employees completed it. We also began offering this training to our suppliers, and will have more information on their participation in 2018.

# Supporting Worker Empowerment

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For the past 10 years, Nordstrom has invested in worker empowerment programs with strategic factory partners. These programs have focused on health and safety, worker well-being and personal finance. Through these programs, men and women in our factories are trained to become peer educators, which means that they're equipped to continue training their coworkers, in addition to gaining the skills necessary to become potential leaders in the factory. Through this model, our investment has a greater impact on the lives of workers, the broader factory, and the surrounding communities.

In 2017, we implemented nine HERproject™ programs. HERproject is a set of programs designed by the nonprofit BSR (Business for Social Responsibility) to unlock the potential of women working in global supply chains through workplace-based trainings on health, financial inclusion and gender equality. Through 25 trainings across three countries, we taught 156 peer educators, who in turn trained 2,459 factory workers. Women who participate in the programs say they feel more comfortable addressing problems at work and at home, and many say they've shared critical health information with family and friends. Since 2007, we've supported HERproject programs in 25 factories in China, India, Bangladesh, Vietnam and Indonesia.

“AT WORK, STAYING HEALTHY MAKES ME MORE EFFICIENT. OUTSIDE OF WORK, I’VE LEARNED NEW WAYS TO TAKE GOOD CARE OF MYSELF AND MY FAMILY, AND I SOMETIMES TALK TO MY FAMILY ABOUT WHAT I’M LEARNING, SO THEY CAN HAVE THE SAME INFORMATION.”

—Zeng Li Zhen, Mending Department, NanYuan Knitting & Garments Co.

We also piloted a program called Project Prerna in two factories in northern India, reaching more than 2,000 people. This program, created in partnership with the nonprofit Impactt Limited, builds capacity by teaching leadership, health and safety, and communication skills to supervisors and workers. After the conclusion of the 30-week program, supervisors reported reduced absenteeism and an increase in worker satisfaction, and women said they felt safer at work.



Factory worker

## Topics in HERhealth and HERfinance:



REPRODUCTIVE  
HEALTH



NUTRITION  
AND EXERCISE



INFECTIOUS  
DISEASE



FAMILY  
PLANNING



FINANCIAL  
PLANNING



BUDGETING



SAVING



BORROWING  
RESPONSIBLY

”

“THE HERHEALTH CONTENT IS USEFUL AND REALISTIC FOR MY LIFE. AFTER THE THREE TRAINING MODULES, I’VE LEARNED A LOT AND I’M ABLE TO PAY MORE ATTENTION TO MY OWN PHYSICAL HEALTH. ONE THING I LEARNED IS THAT THERE ARE NURSES IN MUNICIPAL HOSPITALS WHO CAN ANSWER MY QUESTIONS AND HELP ME UNDERSTAND EVEN MORE.”

—Hou Mei Yan, Stitching Department, NanYuan Knitting & Garments Co.

### SOCIAL RESPONSIBILITY PARTNERSHIPS AND AFFILIATIONS



We’ve partnered with Business for Social Responsibility since 1998, and have launched HERproject in 25 factories over the past decade.



Through the AAFA, we collaborate with peers to learn about global social responsibility trends and initiatives. We are a member of the AAFA’s Social Responsibility and Environmental Committees.



NPG works with one high-volume factory in Bangladesh. We’ve been proud to support the Alliance’s worker safety and empowerment programs over the past five years.



Nordstrom is a founding member of the SAC, and we are looking for ways to increase our involvement in this important organization.

# respecting the environment

Essentially every part of our business has an impact on the environment. Our goal is to reduce or even eliminate these impacts over time through actions like increasing our energy efficiency, reducing and recycling waste, and offering environmentally sustainable products. Respecting the Environment is one of our two CSR pillars.

## Reducing Our Carbon Footprint

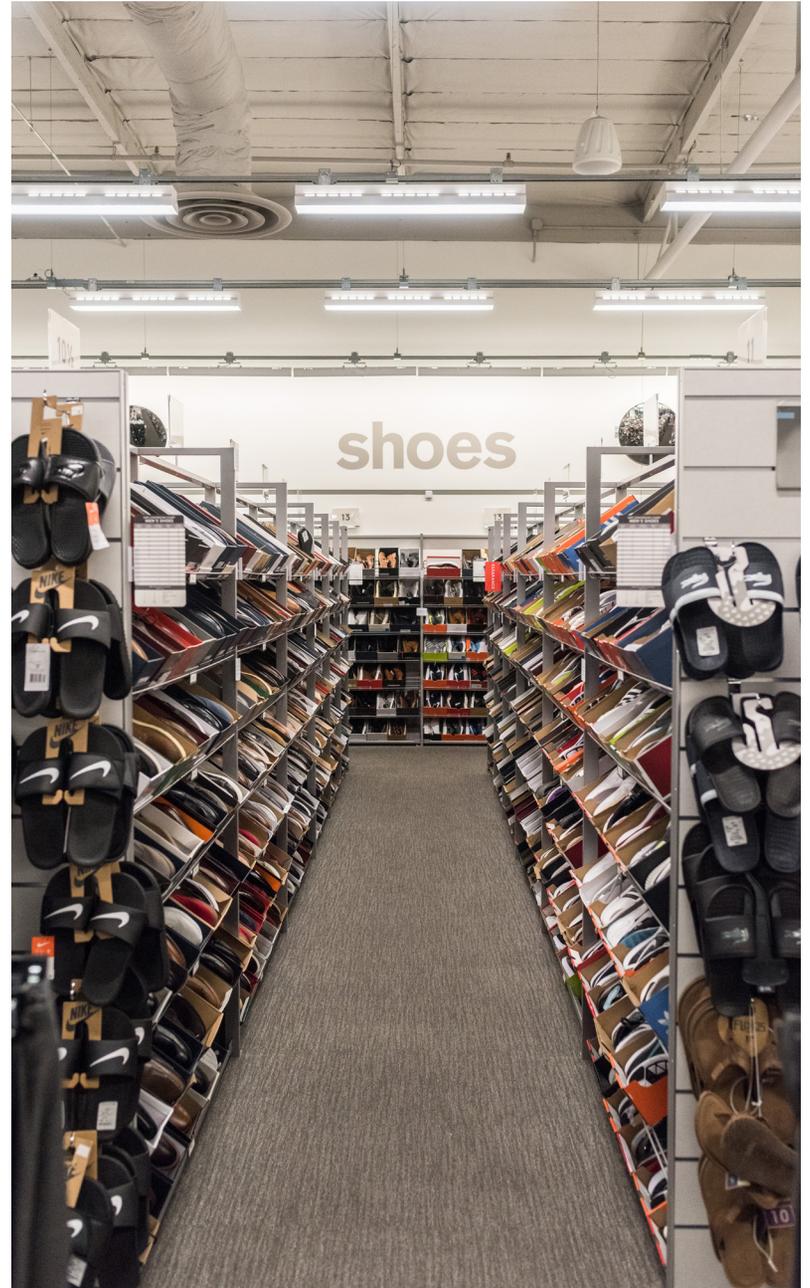
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Climate change stands to impact our business in the short and long term, from sourcing disruptions to impacts on workers, to volatility in the global marketplace. With more than 360 stores and nine distribution and fulfillment centers, reducing the greenhouse gas emissions from our energy and fuel use is a priority for us. We are making regular investments in business activities that contribute to this goal, and we

disclose our emissions data annually through CDP Climate Change.

### **ENERGY INTENSITY**

In 2017, we reduced our energy intensity by 4.6% from 2016. Today Nordstrom uses 13% less energy per square foot than in 2014, when we set our 2020 goal. Better energy efficiency is one of our most significant achievements



over the past several years, and we're proud to have made this progress through operational improvements that will continue to benefit us in the future. Based on our projections, we expect to meet our 2020 energy goal in the first quarter of 2018.

We upgraded to linear LED light bulbs in 111 stores and three distribution or fulfillment centers in 2017, and we'll make the same upgrades in 70 stores and five DCs or FCs in 2018. Since beginning this lighting project in 2015, we've found that stores with LED bulbs use 14%–16% less energy overall—a bigger improvement than we expected. We are continuing to invest in our energy strategy, including exploring an energy platform tool to use alongside the energy management systems (EMS) that we use in our stores. With about 300 data points on energy uploading to the cloud every 10 minutes, the energy platform offers us a tool to quickly create reports and make decisions. With improved reporting, our systems engineers will be able to better focus their efforts and solve the most pressing problems. Additionally, the energy platform will help us track our energy conservation efforts and the related monetary savings.

#### RENEWABLE ENERGY

Today, we purchase 70% of our energy in deregulated markets from renewable sources like wind, solar and geothermal, and we're on track to reach our 2020 goal. Renewable energy is a priority for us, and we're making incremental

improvements on it as we sign new contracts with energy providers.

We are also partnering with two of our landlords, Regency Centers and Federal Realty, to install solar panels and purchase more solar energy. Four Nordstrom Rack stores now have hundreds of solar panels on their roofs, and we're working on four more partnership agreements for 2018. Our landlords lead these sustainability projects, so the solar panel installations do not contribute to our 2020 renewable energy goal, but we're glad to support this important effort.

#### TRANSPORTATION

Reducing greenhouse gas emissions from our transportation activities is an important piece of reducing our carbon footprint. Our fleet efficiency for 2017 appears to have declined, but it is primarily a reflection of a change in our business. To help customers get the right products at the right time, we've been trucking more returned items from our stores back to our distribution centers. We face some technical challenges ensuring all of these products are properly tracked in our systems. Those challenges impact the data that show how full each truck is, skewing our "cases per gallon" results. We're working to correct the problem and be able to provide more accurate data in 2018.

We continue to operate a fleet of 122 leased trucks, and in 2017, we upgraded 28 trucks to more fuel-efficient models. Our Transportation

team actively participates in partnerships with the University of Washington and the Environmental Protection Agency to identify opportunities to improve efficiency in the transportation industry, and we continue to test new efficiency technologies.

We recently began testing lift axles on our new trailers, in conjunction with single wide tires.

When a trailer's load is lighter than 18,000 pounds, lift axles can improve fuel efficiency by reducing the number of tires touching the pavement. Fewer tires on the road means less friction and, therefore, less fuel is required. If we see strong results from this test, we'll make lift axles a standard accessory on future trailer purchases.



#### WHAT IS A "DEREGULATED" ENERGY MARKET?

In most communities where we operate, individuals don't get to choose where our electricity comes from. These are called "regulated" energy markets, and in these places, renewable energy options often have high additional costs. U.S. states and Canadian provinces with "deregulated" energy markets give the end user a choice between energy companies and energy sources, which means renewable energy is offered at more competitive rates. We want renewable energy to make up as much of our total energy mix as possible, so in deregulated markets where it makes financial sense, we choose providers that can offer energy from 100% renewable sources.

## ENVIRONMENTAL RECOGNITION AND AFFILIATIONS



We received a positive 'B' rating from CDP Climate Change in 2017. [Learn more.](#)

## Newsweek

Nordstrom ranked #35 on Newsweek's Green Rankings list, which rates the 500 largest publicly traded U.S. companies on their environmental performance. [See the full list.](#)

## FORTERRA

We've offset 50% of the carbon emissions of our western Washington Nordstrom and Nordstrom Rack stores since 2013. [Learn more about Forterra's conservation efforts.](#)



We actively participate in the Environmental Protection Agency's SmartWay program as part of our commitment to reducing greenhouse gas emissions from our transportation activities. [Learn about SmartWay.](#)

# Conserving Resources

Conserving resources like paper, packaging and water is better for the environment and also helps us reduce costs. We continually look for ways to use resources efficiently and send less waste to landfills.

## RECYCLING AND COMPOSTING

We are committed to recycling and composting materials like cardboard, plastic bags, paper, glass, aluminum and food waste in our stores, DCs and FCs. We choose to recycle and compost wherever these programs are available in local communities.

We recycled or composted 49.5 thousand tons of waste in 2017, or 76.3% of the total waste in our operations. Employees in our Nordstrom Rack stores made a significant contribution to this; they recycled 82% of waste in Rack stores across the U.S., Puerto Rico and Canada, a 9% improvement from 2016. And our nine distribution and fulfillment centers continue to stand out for their excellent recycling rates, at 98% on average.

The two areas we're able to further improve our waste diversion rates are in our restaurants and in our restrooms. In 2018, we'll add composting

bins to some of our restrooms to help customers better dispose of used paper towels.

## CORRUGATED CARDBOARD

We regularly hear from customers and employees that it's frustrating to receive more than one box when they order from us online, and we're trying to find solutions by investing in technology and testing new packaging options.

When items from one order ship from multiple locations, we call it a "split shipment." While split shipments can help orders arrive quickly, they have higher shipping costs and they use more boxes. In 2017, we made targeted effort to reduce this occurrence by keeping more inventory at our fulfillment centers, adding more shipping locations and using data science.

With additional investments in our fulfillment center technology in 2018, we'll be able to cut down on split shipments even more. We're also investing in technology that measures the products in a shipment to help us select the right box size for every order. We hope to be able to share results from these improvements soon.

*PAPER AND PACKAGING IN OUR STORES  
AND OFFICES*

In 2017, we used 2.3 tons of paper per \$1 million in sales, making progress toward our 2020 goal.

Part of the change can be attributed to our increased emphasis on online marketing. We produced 20% fewer catalog pages in 2017, and reduced our overall print circulation by 40%. We also tested three mini catalogs, which are small enough for customers to drop in a purse and carry along while they shop—in addition to using less paper. As in prior years, our catalogs were printed on Forest Stewardship Council (FSC) certified paper and included at least 10% post-consumer recycled content. We plan to print even fewer catalogs in 2018.

We also reduced paper used in online orders by cutting down on packaging filler (crumpled kraft paper) and eliminating packing slips in orders with only one item.

To encourage customers to choose an electronic receipt more often in stores, we're providing

more training on eReceipts to our employees. And we're communicating regularly to our corporate employees to print less and to choose black and white printing when possible.

**WATER**

We continued to reduce our water intensity in 2017, well beyond what we thought was possible. We've now decreased our water use per square foot by 11% since 2014, exceeding our goal of a 5% reduction by 2020. This reduction has come through continued use of efficient fixtures in our restrooms, as well as efforts led by our restaurants.

We will continue to measure our water use and we intend to keep our water intensity at this level or lower, but we do not expect significant additional reductions. Because water is not one of the most significant environmental impacts in our operations, we are evaluating how we should report on this in the future.



# Offering Sustainable, Responsible, Healthier Products

We deeply value the trust that our customers place in us when it comes to offering great fashion, including products that are socially and environmentally responsible. Teams across the company are working to improve the sustainability of our products and packaging every year.

## PRODUCTS IN OUR STORES AND ONLINE

We want to make it as easy as possible for customers to find the sustainable, responsible products we offer. In 2017, we improved the search results customers see when they search for “sustainable,” “eco-friendly” and “eco-conscious” products on Nordstrom.com. We also learned that nearly 50 brands we carry are using the Sustainable Apparel Coalition’s

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“STYLE AND FASHION APPLY TO EVERYONE. WE DON'T VIEW BEING SIZE INCLUSIVE ANY DIFFERENTLY THAN THE NEED TO BE MORE INCLUSIVE ACROSS THE BOARD—WHETHER IT'S ETHNICITY, SIZE OR BODY TYPE.”

—Tricia Smith, EVP and General Merchandise Manager for Women's Apparel



Higg Index, a tool that helps factories improve their environmental performance over time. In 2018, we plan to thank our partners for their commitment to meaningful change.

We also plan to more clearly define for our customers and our vendor partners what “sustainable” and “responsible” products mean at Nordstrom. We hope this will help customers make informed buying decisions, support our brand partners doing innovative work in this area and enable us to identify opportunities to evolve our product offering.

Within NPG, we are exploring innovations in product design, like using recycled content in fabric. We’re also researching opportunities for greater traceability of some apparel items, and hope to have more to share in our 2018 report.

## INCLUSIVE SIZING

To better meet our customers’ diverse needs, we announced a new approach to inclusive sizing in our women’s category, where we’re working closely with a number of our top brands to expand their size ranges.

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“WE’VE BEEN THRILLED WITH HOW MANY NORDSTROM CUSTOMERS WANT TO GIVE BACK AND TAKE CARE OF THE ENVIRONMENT BY DONATING THEIR USED CLOTHES. THEY RESPONDED ENTHUSIASTICALLY TO THIS PROGRAM, AND WE’RE EXCITED TO CONTINUE THE PARTNERSHIP.”

—Monika Wiela, CEO and Founder, Give Back Box®

After launching in October of 2017, we plan to offer extended sizes in up to 100 brands throughout the course of 2018.

**PRODUCT PACKAGING**

By reducing product packaging the right way, we’re able to be more sustainable and cost efficient. Our goal in NPG is to reduce our product packaging each year, and we partner closely with our factory suppliers to share our goal and ask for changes to product packaging. This effort began in 2016 when we tested eight new ways to package products like men’s dress shirts and women’s denim. Those results were positive, so in 2017 we rolled out those changes across our business and began testing new and reduced packaging in other areas.

Through 15 new packaging reduction tests in 2017, we kept more than 10.7 tons of packaging out of our supply chain, again reducing the amount of paper and plastic that is discarded or recycled. In 2018, we’ll standardize some of these recent changes and will continue to test new reduction opportunities.

**PRODUCT END OF LIFE**

Billions of pounds of textiles, apparel and shoes are thrown away every year in the U.S. Part of offering responsible products means finding ways to ensure clothing doesn’t wind up in landfills. To offer our customers a better option, we began testing a clothing donation program.

Through this program, we hope to make it easy for our customers to extend the life of their clothes, shoes and accessories by donating them to nonprofits.

From October 2017 through January 2018, our customers donated 11,139 pounds of clothing. They primarily donated by mail, printing a free shipping label through our partner Give Back Box®. We also tested donation bins in seven stores, through which customers donated to Seattle Goodwill and Goodwill Southern California.

We look forward to reviewing feedback from our customers and employees, which will help guide our decisions about the future of this program in 2018.



Clothing donation bin



Restaurant employee

## **FOOD AND PACKAGING IN OUR RESTAURANTS AND SPECIALTY COFFEE LOCATIONS**

### *OUR MENU ITEMS*

Following our change to source wild-caught Alaskan salmon in 2016, we're now seeking out even more seafood from Alaska. Alaskan fisheries are some of the most sustainable in the world, in part because of the ways they regulate their fishing to ensure fish stocks are maintained. In 2017, we started sourcing all of our halibut from Alaska as well.

We've been updating other menu items to be healthier, primarily by including more vegetables, citrus, vinegars and healthy oils. Where we can, we've reduced portion sizes to make it easier for customers to feel great about their choices. And we lowered prices accordingly to ensure our restaurants and cafés offer great value.

The biggest change we made in 2017 was a new national sourcing program in the U.S. By consolidating our suppliers, we can know more about the supply chain, ingredients and nutritional content of foods like our Pacific wild-caught shrimp and non-GMO bread,

and we know the same quality ingredients are being served in our 128 restaurants and 126 specialty coffee locations nationwide.

In 2017 we also served products like bird-friendly coffee, certified by the Smithsonian Migratory Bird Center. Going forward, we'll be launching new limited-time offerings and partnerships with companies offering organic tortillas, freshly ground flour for our pasta and coffee grown by women farmers.

### *FOOD PACKAGING*

Our restaurants and Ebars remain committed to responsible packaging. As in prior years, in 2017 90% of our grab-and-go foods were packaged in compostable containers, with the remaining 10% using recyclable containers. Our straws are compostable, and we continue to use fewer of them every year.

# summary of progress

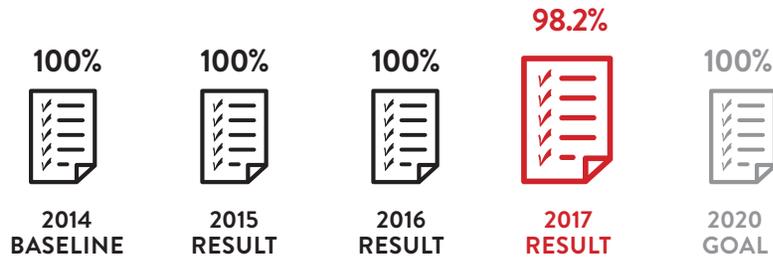
Our eight CSR goals for 2020 are helping us measure and share our progress and challenges year over year.



## Human Rights *!needs improvement*

### 2020 GOAL

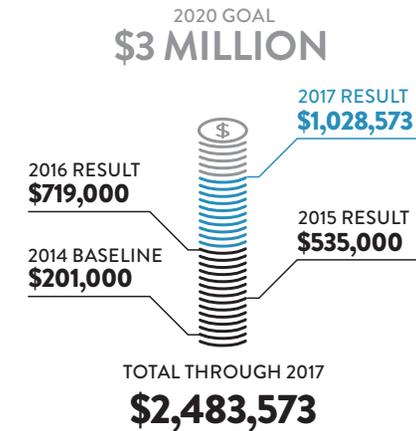
Audit 100% of Nordstrom Product Group factories for compliance to our Partnership Guidelines.



## Treasure & Bond Giving *✓on track*

### 2020 GOAL

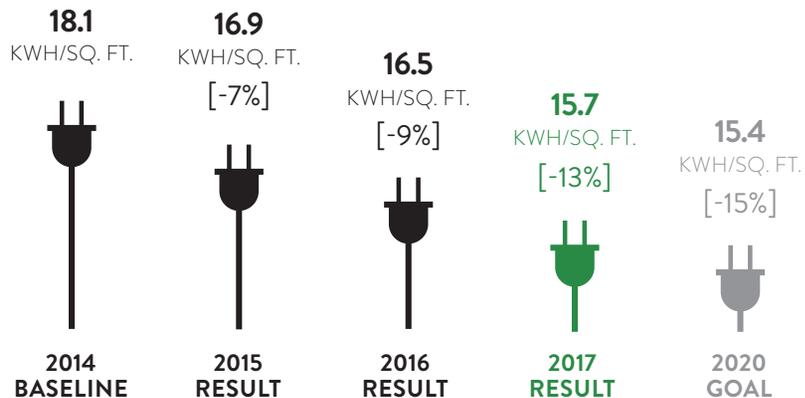
Donate \$3 million in total through the Treasure & Bond brand to empower youth.



## Energy *✓on track*

### 2020 GOAL

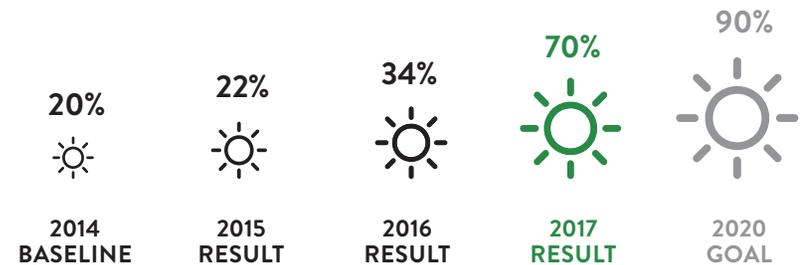
Reduce energy use per square foot by 15% from the 2014 baseline (total consumption of 15.4 kWh per sq. ft.).



## Renewable Energy *✓on track*

### 2020 GOAL

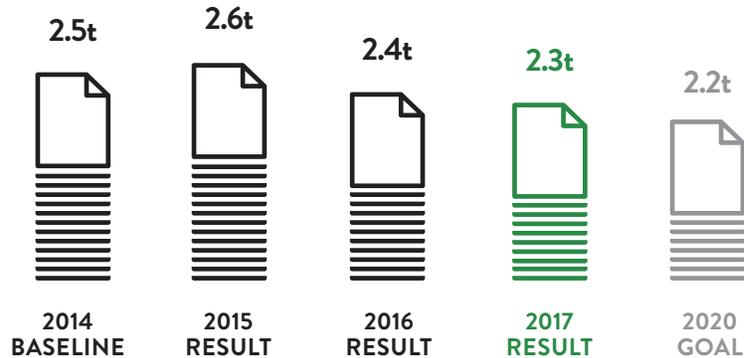
In deregulated energy markets, source 90% of our energy from renewable sources.



## Paper ✓ on track

### 2020 GOAL

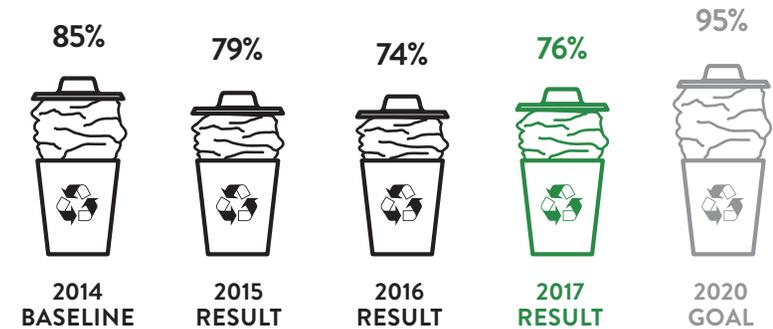
Consume less than 2.2 tons of paper per \$1 million in sales.



## Waste ✓ on track

### 2020 GOAL

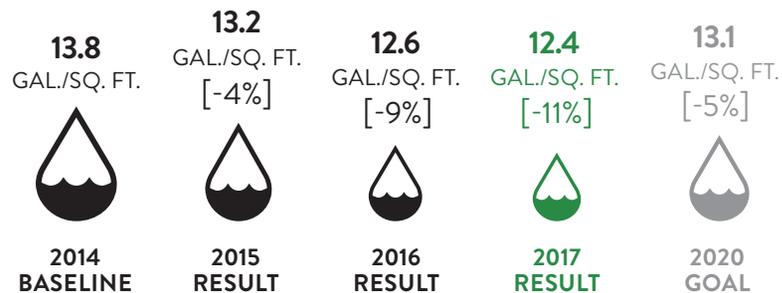
Divert 95% of our total waste from landfill.



## Water ✓ achieved

### 2020 GOAL

Reduce water use by 5% from our 2014 baseline (total consumption of 13.1 gallons per sq. ft.).



## Fleet Efficiency !needs improvement

### 2020 GOAL

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

