



NORDSTROM

SHARING OUR PROGRESS

2016 CORPORATE SOCIAL RESPONSIBILITY REPORT



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LETTER



WHEN WE THINK ABOUT CORPORATE SOCIAL RESPONSIBILITY AT NORDSTROM, WE SEE IT AS ONE OF THE MANY WAYS WE CAN BETTER CONNECT WITH AND SERVE OUR CUSTOMERS AND EMPLOYEES.

Maintaining our customers' trust and ensuring our employees are proud to work here is a privilege we take seriously, and we know our social and environmental responsibility efforts play an important role in that.

Corporate social responsibility (CSR) supports our business objectives and has been integrated into the work our teams are doing across the company. Transparency has always been an important component of our CSR strategy, and this year we took the opportunity to gather feedback from stakeholders to inform our reporting and find ways to share more about our successes and opportunities. While we still have work to do, we're pleased with the progress we are making toward our 2020 goals, which are part of our long-standing intention to *"leave it better than we found it."*



Blake W. Nordstrom
Co-President, Nordstrom, Inc.



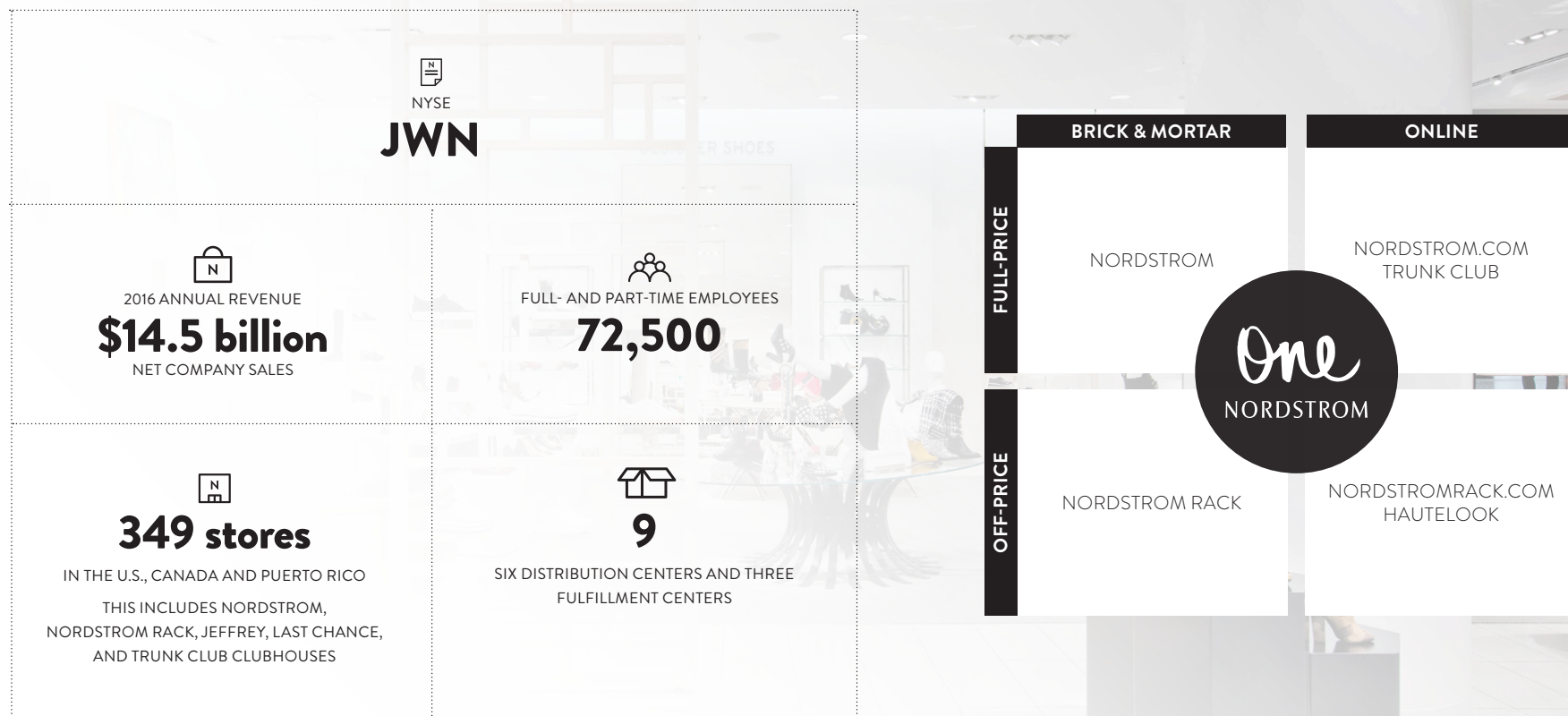
Erik B. Nordstrom
Co-President, Nordstrom, Inc.



Peter E. Nordstrom
Co-President, Nordstrom, Inc.

COMPANY OVERVIEW

As a leading fashion specialty retailer, Nordstrom is committed to providing our customers with the best possible service by delivering personalized and convenient experiences and the best selection in clothing, shoes and accessories.



This Sharing Our Progress report represents our CSR work from February 1, 2016, through January 31, 2017, and the data has been verified by our own Internal Audit team.

Visit NordstromCares.com to learn more about our CSR efforts throughout the year.
Read or download our 2016 10-K report [here](#). | Read or download our 2015 Sharing Our Progress report [here](#).

OUR STRATEGY

At Nordstrom, our number one goal every year is to improve the service we offer to our customers. To help us meet that goal, we're focused on three elements across our business:



PEOPLE

We're working to build long-term relationships that enable us to attract, retain and engage our customers and our employees.



PRODUCT

We continue to be committed to offering our customers the best selection of merchandise and brands at a great value.



PLACE

Whether customers choose to shop in stores or online, we want to provide them with a convenient, easy and seamless experience.

We've aligned our CSR strategy with this business approach to create a sustainable CSR platform that contributes to the long-term growth and success of our company.

Our CSR efforts are built on two pillars, Taking Care of Our Communities and Respecting the Environment. Each pillar supports relevant programs that drive our organization forward, while tying back to our overall focus on people, product and place.

TAKING CARE OF OUR COMMUNITIES

One of our most important responsibilities is to support the people that do so much to support us as a business—our customers, communities, employees and factory workers.



Give back

- Support our communities through giving
- Create opportunities for our employees and customers to join us in giving back



Support human rights

- Ensure factories provide safe and healthy work environments
- Support worker empowerment and education programs

RESPECTING THE ENVIRONMENT

Virtually every aspect of our business has an impact on the environment. Reducing that impact is important for the future of our communities and business.



Reduce our carbon footprint

- Use less energy across our operations
- Pursue renewable and alternative energy options
- Create fewer emissions



Conserve resources

- Recycle and compost more of our waste
- Reduce use of paper and packaging
- Incorporate more sustainable paper
- Minimize water use



Offer sustainable, responsible and healthier products

- Provide sustainable, high-quality products
- Serve sustainable, healthy food in our restaurants and specialty coffee bars

MATERIALITY

To ensure we're reporting on the topics most relevant to our business and stakeholders, in 2014 we conducted a formal materiality assessment in partnership with an outside consulting agency. Through that process, we gathered insights from our customers, employees, leaders within our company and other external stakeholders (see sidebar for our list of stakeholders). Based on their feedback, we identified the following key priorities, which have guided our CSR efforts, goals and reporting:



WASTE AND RECYCLING



COMMUNITY SUPPORT

(corporate giving, volunteering)



HUMAN RIGHTS

(wages, working conditions)



ENVIRONMENTALLY FRIENDLY PRODUCTS AND PACKAGING



ENERGY

(conservation, renewable resources)



WATER

(conservation, pollution)



FOOD ISSUES

(local sourcing, organic, healthy)



CLIMATE CHANGE

OUR STAKEHOLDERS

We define our stakeholders as:

- **Customers**—those who shop with us in stores or online
- **Employees**—including prospective, current and retired
- **Communities**—people who live and work in areas where we do business
- **Non-governmental organizations (NGOs)**—advocacy and nonprofit groups
- **Vendors**—any company that provides goods or services to Nordstrom
- **Investors**—including current and prospective shareholders
- **Government**—law enforcement, safety and regulatory offices

Since that robust assessment in 2014, we've continued to solicit external feedback on our reporting and incorporate that feedback wherever possible, including a complete redesign of our 2015 report that enabled us to share more information than ever before. In 2017, we plan to take a more comprehensive look at our 2014 assessment and identify opportunities for updates as we continue toward our 2020 goals.

TAKING CARE OF OUR COMMUNITIES

We're committed to supporting the people who shop with us, work for us and make our products.



EMPLOYEES ON DAY OF CARING



MARCHING IN THE SEATTLE PRIDE PARADE



VOLUNTEERING WITH FORTERRA



NORDSTROM GIVING

We give back in every community where we do business and create opportunities for our employees to join those efforts. All of our corporate giving is funded by our Gift Card Give Back program, which designates 1% of all Nordstrom Gift Card sales for charity. Those funds support Nordstrom cash grants and our employee giving programs.

CASH GRANTS

Our cash grants are primarily given to organizations and programs focused on caring for kids and empowering youth. Based on communities' needs, we also support nonprofits providing health, education and social services, and those working in the arts. In 2016, Nordstrom donated more than \$8 million to 635 charities across the United States, Puerto Rico and Canada.

EMPLOYEE GIVING

To better support the organizations that matter most to our employees, we launched our Employee Charitable Match program in 2015. Through Match, Nordstrom doubles donations our employees make to charity (up to \$5,000 per employee, each year). We updated the eligibility guidelines in 2016 so all employees are able to use the program beginning on their first day of work (they previously became eligible after one year of employment). In 2016, 3,000 employees donated more than \$1.4 million to 1,735 eligible nonprofits—all of which was matched by Nordstrom.

In 2017, we'll be rolling out a new employee volunteering program, in which Nordstrom will match employees' volunteer hours with a financial contribution to the organizations they volunteer with. We know our employees want to give more than just money, and that sometimes the gift of time can be equally (if not more) valuable for nonprofits in our communities. Whether it was packing lunches for the homeless in Los Angeles, planting trees in Western Washington or filling an entire bus with school supplies in Jacksonville, Florida, throughout the year our teams showed the impact they can have through volunteering.



NORDSTROM + CUSTOMER GIVING

In addition to partnering with our employees, we work to make it easy for our customers to join our giving efforts.

TREASURE & BOND

In 2014, we launched Treasure & Bond, our give-back brand that donates 2.5% of net



We often spotlight the work our employees are doing with nonprofits in our communities, like Justin Studebaker, a Personal Stylist at our Roseville Galleria store in California, who donates time and money to support Koinonia Family Services, an organization for teens and foster youth struggling with alcohol and drug dependency. [Learn more.](#)

“Our Day of Caring volunteer event helped our team remember that just a few hours of their time can make a massive difference in someone's life.”

—ABI LEONARD, STORE MANAGER, NORDSTROM FLATIRON CROSSING



TREASURE & BOND



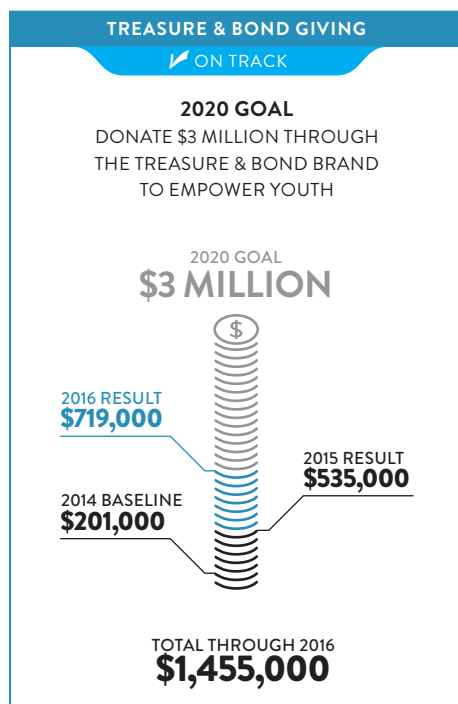
SHOES THAT FIT GIVING PROGRAM



STORE OPENING EVENT



DESIGNER PREVIEW FUNDRAISING EVENT



sales to organizations that empower youth. The Treasure & Bond nonprofit partner rotates regularly, and in 2016 we made a \$719,000 donation to Big Brothers Big Sisters of America and Canada. That brings our total donation to more than \$1.4 million, keeping us on track to reach our 2020 goal. The brand's classic, all-American aesthetic has resonated with our customers, enabling us to expand it into more departments throughout our stores, which has resulted in larger donations. Treasure & Bond can now be found in Women's, Men's and Girls' Apparel, Women's and Girls' Shoes, Soft Accessories, Jewelry and Hosiery. The brand will be expanding again in 2017 to include Boys' Apparel. [Learn more.](#)

SHOES THAT FIT

This year, we reached a significant milestone in our annual Holiday Giving program that supports the nonprofit Shoes That Fit. Thanks to support from our customers and employees, we were able to give a new pair of New Balance sneakers to 25,000

children across the U.S. and Puerto Rico. We've donated more than 110,000 pairs of kids' shoes since the partnership began in 2010. [Learn more.](#)

M•A•C VIVA GLAM

We donate 100% of the selling price of M•A•C Viva Glam products to the M•A•C AIDS Fund, which helps fund treatment, prevention and basic-needs programs for people living with HIV/AIDS. In 2016, this meant a \$700,000 donation, bringing our total to \$14.6 million since we began participating in 1997. [Learn more.](#)

STORE OPENING EVENTS

Support for our communities begins even before we open our doors for the first time. We hosted fundraising events before opening each of our three new stores in 2016, raising more than \$520,000 for seven nonprofit organizations that are meeting some of the most pressing needs in those communities. [Learn more.](#)

DESIGNER PREVIEW

Nearly 600 guests attended our 30th annual Designer Preview fashion show in Seattle to get an early glimpse of fall fashion. We donated this year's \$176,000 in ticket sales to the Seattle Art Museum's exhibit *Yves Saint Laurent: The Perfection of Style*.



SUPPORTING HUMAN RIGHTS

Our community support extends to the health and safety of the factory workers who make the products we sell. Through partnerships with factories, industry groups and other brands, we're continuing to identify opportunities to make improvements.

PARTNERSHIP GUIDELINES

Every vendor we work with is required to abide by local laws as well as our Partnership Guidelines, which outline our standards for workers' rights, health and safety. In 2016, we updated our guidelines to more closely align with those set by the International



FACTORY WORKER
PHOTO COURTESY OF ALLIANCE FOR BANGLADESH WORKER SAFETY



FACTORY WORKER



FACTORY WORKER
PHOTO COURTESY OF ALLIANCE FOR BANGLADESH WORKER SAFETY



Read our [Partnership Guidelines](#), which include the [International Labour Organization \(ILO\) Conventions](#) and the [United Nations \(UN\) Guiding Principles on Business and Human Rights](#).

Labour Organization and the United Nations Guiding Principles on Human Rights. We also benchmarked our guidelines with more than 30 peers and industry leaders to find new opportunities for our program to improve.

NORDSTROM PRODUCT GROUP

A small but growing portion of our overall product offering comes from Nordstrom Product Group (NPG), our family of private label brands. In 2016, NPG included 54 brands manufactured in 484 factories across 30 countries.

NPG FACTORY AUDIT PROCESS

In 2016 we continued to partner with third-party organizations to audit 100% of new NPG factories for compliance with our Partnership Guidelines and local laws. Audits take place before we begin any work with a factory, and factories are re-audited regularly, with priority given to factories based on when they were last audited and overall risk. Our approach goes beyond

simply auditing—we work with manufacturers to improve their processes over time to be safer and more comprehensive, leading to lasting progress.

Our key operating principles of transparency and continuous improvement provide a model for working successfully and openly with our factory partners. We encourage candid, ongoing discussion of compliance challenges. NPG's Social Responsibility team works with factories to implement plans to correct issues found during audits by setting timelines and sharing our expectations for improvement. Through corrective action plans, remediation efforts and special projects, we focus on sustainable solutions and education initiatives that benefit the factories, workers and local communities.

Factory audits can only show a factory's status at a given moment in time, but are helpful in revealing the range of challenges factories are facing, from minor health and safety findings to critical issues like child labor

or long overtime hours. If an audit reveals a severe issue, Nordstrom will immediately stop production with the factory until the matter is fully resolved. If the factory is unwilling or unable to address the problem, we'll stop working with them. In 2016, our audit findings drove us to stop production and exit one factory, and informed our choice not

Our NPG Social Responsibility team works with our own product developers and designers to help them incorporate social responsibility performance into business and sourcing decisions. All NPG employees are expected to complete our training program, Social Responsibility 101. The training is meant to educate employees on the social issues that can exist in apparel manufacturing, and the role their teams have in preventing issues. Ninety percent of NPG employees participated in one of 18 trainings in 2016. In 2017, we are exploring additional education options, like eLearning classes.

to begin production in four other factories. After leaving a factory, we make resources available for six months to help those factories address the issues that triggered our exit.

Of the 245 total audits conducted in 2016:

- 46% of findings have been fully remediated
- 31% of findings are pending, meaning factories are working through plans to address them
- 23% of findings represent issues that are systemic in nature and will take longer to remediate

Our goal is always to prevent issues from occurring. We do this by helping vendors

understand our Partnership Guidelines, working with them throughout the audit process and making training available to factory management and workers.

To enhance our remediation process, we use technology to share information, tools and resources with factories. 2016 was the second year we provided factories with an eLearning program to educate leaders on our standards and guidelines. Topics in the training include managing work hours, establishing a sustainable wage, and implementing health and safety management systems. Factories completed 61 courses, and we continue to receive positive feedback. In 2017, we plan to reach 200 factories with this program, engaging several managers within each factory.

We recognize NPG typically makes up a small portion of a factory's overall business. To increase the efficiency of the audit process, and to help ensure any necessary improvements are made, we try to collaborate with other manufacturers and retailers doing business in the same factories as Nordstrom. In 2017, we will develop relationships with non-apparel retailers to expand our impact across our entire factory base.

SOCIAL DEVELOPMENT PROGRAMS

In northern India, we worked with two factories to pilot Project Prerna, an initiative from the nonprofit Impactt Limited, to train factory management and workers on effective communication strategies to increase worker satisfaction. More than 2,000 people are participating in the program, with workers and supervisors already reporting improved working relationships and clearer paths for advancement.

We've partnered with Business for Social Responsibility (BSR) for years to provide programs that benefit our factory workers and their communities. In 2016, we laid the groundwork to implement HERhealth and HERfinance programs in nine factories across three countries in 2017. We selected factories based on their size and location, and their existing partnership with NPG. Each program is intended to empower workers, provide financial or health resiliency, and create stronger workplaces. We expect to impact nearly 5,000 workers, including more than 3,500 women, through these nine programs.

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“Project Prerna is building engagement in a worker-centric way. Workers in these two factories say they feel more respected at work, and the factories are seeing lower turnover as a result.”

—MOHAMMED SALEEM, INDIA COUNTRY MANAGER, IMPACTT LIMITED

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SOCIAL RESPONSIBILITY PARTNERSHIPS AND AFFILIATIONS

Our partnerships with industry groups have been valuable as we refine our audit processes and expectations for our vendors, and create worker empowerment initiatives. [Learn more](#) about their impact.



ALLIANCE FOR BANGLADESH WORKER SAFETY

NPG works with one high-volume factory in Bangladesh, and we're proud to support the Alliance's efforts for worker safety and empowerment through our membership.



AMERICAN APPAREL AND FOOTWEAR ASSOCIATION (AAFA)

We joined AAFA in 2012, and are a member of the Social Responsibility and Environmental Committee. Through AAFA, we collaborate with peers to learn about global social responsibility trends and initiatives.



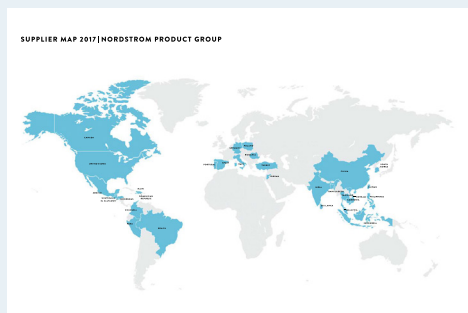
BUSINESS FOR SOCIAL RESPONSIBILITY (BSR)

Since 1998, we've partnered with BSR to improve working conditions in factories and offer HERproject programs to factory workers.



SUSTAINABLE APPAREL COALITION (SAC)

We are a founding member of the SAC and are continuing to explore how the organization's Higg Index can support our human rights and environmental efforts.



WHERE WE SOURCE:

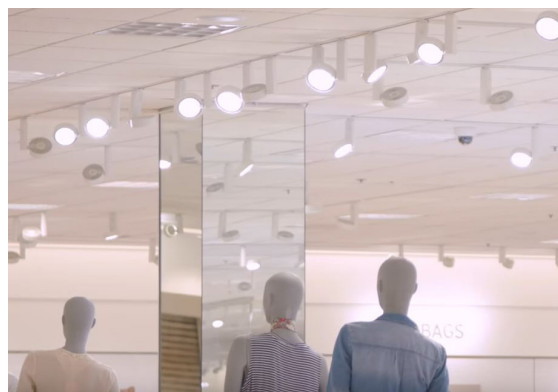
Click the map to view each of the 30 countries where NPG suppliers were located in 2016.

Our top five NPG suppliers by volume were:

1. China (275 factories)
2. India (59 factories)
3. Vietnam (16 factories)
4. United States (48 factories)
5. Bangladesh (1 factory)

RESPECTING THE ENVIRONMENT

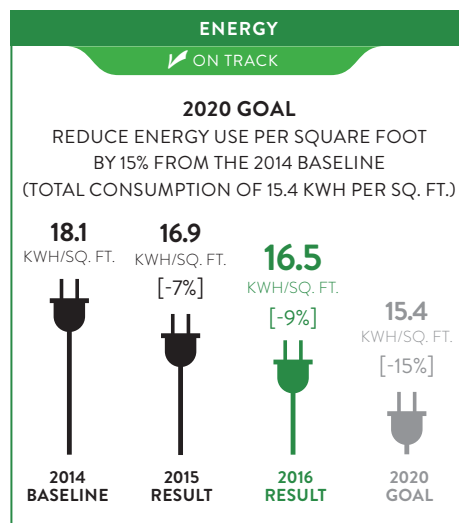
To minimize our environmental impact, we're focused on reducing energy, packaging and waste, as well as increasing fuel efficiency and our sustainable product offering.



ENERGY-EFFICIENT SPOTLIGHTS



LINEAR LED LIGHT BULB



REDUCING OUR CARBON FOOTPRINT

Our biggest environmental impact comes in the form of carbon emissions. It's also the greatest contributor to climate change, something that will likely impact our business into the future. We're working to address this by reducing our use of energy and fuel—our two primary sources of emissions.

ENERGY

Lighting Technology

After upgrading nearly all of our screw-in and spotlight light bulbs to energy- and cost-saving LED bulbs in 2015, we shifted our attention to replacing the linear fluorescent lights found on our sales floors and in our stockrooms with LED bulbs, ultimately retrofitting 20 Nordstrom stores and 46 Racks with 134,326 LED bulbs. Retrofitted stores use 12% to 15% less energy than stores that are not upgraded. Across the company, LED lights helped reduce our total energy use by 3% per square foot in 2016. Upgrading the rest of our stores, restaurants

and distribution centers will continue through 2018, with 59 Nordstrom and 150 Rack stores being updated in 2017.

Energy Management

All Nordstrom stores began using our new energy monitoring technology in 2016. This technology allows our facility systems engineers to monitor our lighting and heating, ventilation and air-conditioning (HVAC) systems, and lets them respond quickly to efficiency and mechanical issues. These systems have helped us decrease energy use in all stores, including in stores that have not yet been upgraded to more efficient LED light bulbs.

Renewable Energy

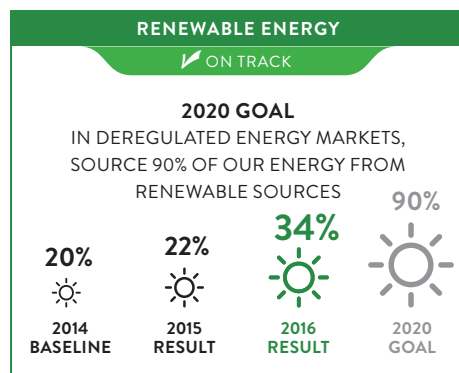
In most communities where we operate, we don't have choices when it comes to where we get our energy. These are known as "regulated" energy markets. U.S. states and Canadian provinces that offer "deregulated" electricity markets give energy consumers like us the opportunity to choose between multiple energy companies and energy sources.

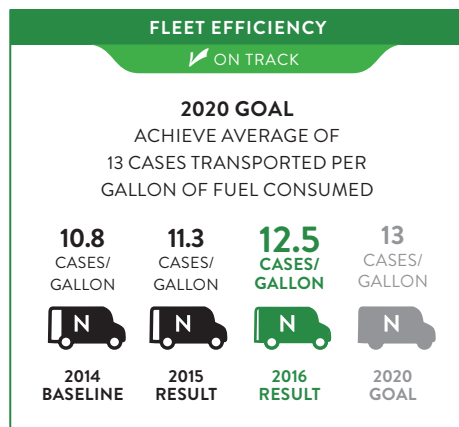
In these deregulated markets, we currently purchase 34% of our electricity in ways that support renewable sources like wind, solar and geothermal. Our goal is to increase that to 90% by 2020. We'll do this by working with energy providers that generate 90% or more of their total energy from renewable sources. We believe this investment will ultimately be best for our business and the environment.

URBAN FREIGHT LAB

In October, Nordstrom partnered with Costco, UPS, the City of Seattle and University of Washington to create the university's Urban Freight Lab research center, which is testing package delivery solutions in urban areas to reduce street congestion and cut down on emissions.

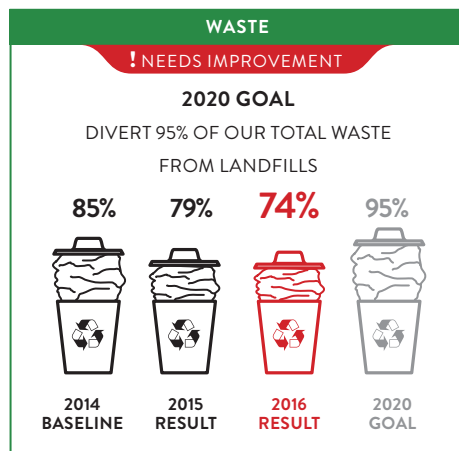
[Read more.](#)





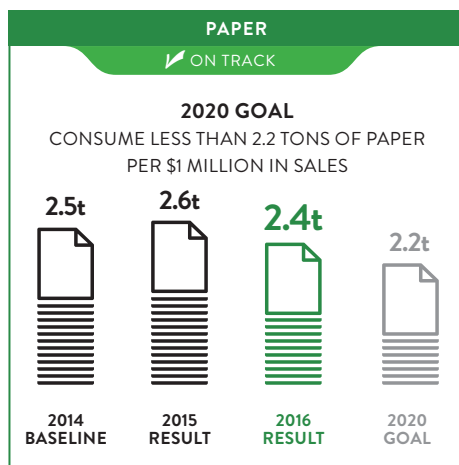
Transportation

To move products from our distribution centers to our stores, we ship more than 28.7 million boxes around the country each year, primarily with a fleet of 122 leased trucks. Buying and using fuel contributes to greenhouse gas emissions, so we are always working to improve our transportation efficiency. The two most significant ways we can do that are by driving newer trucks with better technology and by increasing the number of boxes (cases) we fit in each truck. In 2016, we replaced five trucks in our fleet with newer models that use fuel more efficiently. Thanks to the efforts of our employees, we were able to pack more cases into each truck. These efforts brought us to an average of 12.5 cases moved on one gallon of fuel in 2016, putting us ahead of schedule to meet our 2020 goal.



CONSERVING RESOURCES

We're conserving resources by using paper and water more efficiently and reducing the amount of waste we produce and send to landfills.



RECYCLING AND COMPOSTING

Diverting waste from landfills continues to be a challenging goal for us. Wherever municipal recycling programs are available, our stores and facilities participate by recycling paper, plastic, cardboard, glass and aluminum. Each of our restaurants also participates in composting programs, when they're made available in the local community.

Our 2016 results were lower than in 2014 and 2015. We believe this decrease is a result of new, more accurate measurement, which was implemented by the new waste management

vendor we began using in 2016. Thanks to this improved tracking, we know that we are currently diverting 74% of our total waste from landfills. Our fulfillment centers and distribution centers divert 98% of their waste, while our stores recycle or compost between 64% and 74% of their waste on average. Our goal remains to recycle or compost 95% of our waste by 2020, so we are looking for new programs and technologies that will help us reach that goal over the next several years.

PAPER AND PACKAGING

We're trying to reduce the amount of paper, boxes, bags and other product packaging we use as a company. We're also finding opportunities to use more responsibly sourced paper where we can.

Corrugated Cardboard

We use cardboard boxes to receive items at our distribution centers, send items to stores and to ship items from fulfillment centers to our customers.

One of the biggest pieces of feedback we get from customers relates to the number or size of boxes they receive after ordering something from us. Whenever we fulfill orders, we work to balance two factors: getting orders delivered quickly, and being as efficient as possible with the amount of packaging we use. One of the biggest challenges to this balance comes when items in one order ship from different locations. Our teams are continuing to explore technology that will help us better consolidate orders and also ensure we're using a box that's the right size for the shipment.

ENVIRONMENTAL RECOGNITION AND AFFILIATIONS



CDP CLIMATE CHANGE

We collect and report data on our carbon emissions across the company every year. Details on our emissions can be found in our CDP submission. [Learn more.](#)

NEWSWEEK

In 2016, Nordstrom moved up to #35 on *Newsweek's* Green Rankings list, which rates the 500 largest publicly traded U.S. companies on their environmental performance. [Learn more.](#)



STOXX

Nordstrom remained a member of the STOXX® Global ESG Leaders index fund, which is comprised of global companies leading on environmental, social and governance criteria.



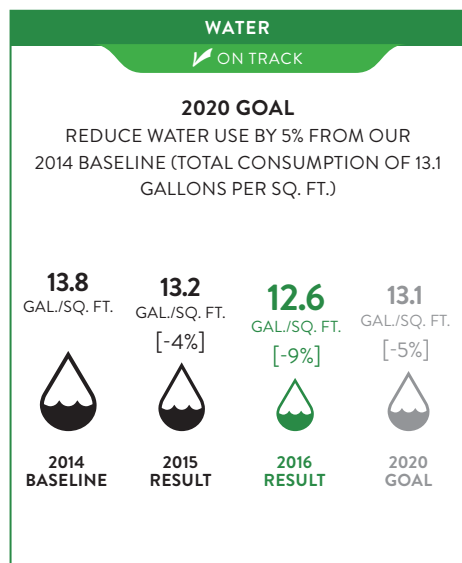
FORTERRA EVERGREEN CARBON CAPTURE PROGRAM

Since 2013, this program has helped us calculate our carbon footprint in Western Washington and offset 50% of those emissions by purchasing and planting trees. In 2016 we helped plant 708 trees.



SMARTWAY

We began using the Environmental Protection Agency's SmartWay program in 2011 to help us reduce the carbon footprint of our transportation fleet.



NORDSTROM RACK, BELLE ISLE STATION

Product Packaging

Packaging keeps our products clean and protected during shipment, but also produces paper and plastic waste. We're cutting back on the packaging used in our private label products and partnering with our vendors to do the same, all while maintaining product integrity.

In 2015, NPG piloted a program to reduce the amount of packaging in certain NPG women's shoe brands sold at Nordstrom Rack stores. That program was a success and has become the new standard for those brands. In 2016, we expanded those efforts to NPG's kids' shoes at the Rack, which allowed us to keep multiple pieces of stuffing out of each shoe box.

NPG also tested eight new packaging reduction programs in 2016, including using less tissue paper in our Halogen cashmere sweaters and removing some of the paperboard used in men's dress shirts and underwear. NPG's women's division stopped packing denim and casual knit tops in individual plastic bags and instead now packs multiple products in one large bag. These packaging-reduction pilots affected products sold at both Nordstrom and Nordstrom Rack, and kept more than 20 tons of packaging out of our supply chain. NPG is continuing these reductions and looking for new opportunities in 2017.

Our Logistics team also piloted a project in 2016, asking several of our shoe vendors to reduce packaging in shoe boxes. For us, the right level of packaging is one simple 'S'-shaped piece of paper, with no additional

stuffing, Styrofoam or sticks. Ultimately, we partnered closely with our vendor Steve Madden to reduce packaging across all of its shipments where possible. This learning experience will allow us to work with even more brands to cut down on packaging waste in 2017.

Paper and Packaging in Our Stores and Offices

We've made progress reducing the amount of paper used in our stores, offices and marketing materials. Our catalogs are printed on Forest Stewardship Council (FSC) certified paper and include a minimum of 10% post-consumer recycled content. We are also reducing the number of pages each year. Our shopping bags and gift boxes are still 100% recyclable, and our paper shopping bags are made of 54% recycled content. In 2016, we began using only FSC-certified printer paper in our corporate offices. Overall, we reduced our usage to 2.4 tons of paper per \$1 million in sales during 2016, which is getting us closer to our 2020 goal.

To continue that progress in 2017, we're reducing the number of marketing post cards sent to customers, removing some printers from stores and exploring wireless printers for our corporate offices, which will help our corporate teams avoid printing more materials than are needed for meetings.

WATER

Though water is not a significant part of our operations, we want to use it efficiently. Low-flush toilets, low-flow faucets and waterless urinals are installed in all our new stores, as well as stores that are remodeled or relocated. In 2016, we installed efficient fixtures in our 26 new Nordstrom and Nordstrom Rack stores. We further reduced our water use, bringing us to a 9% reduction since 2014, and exceeding our 2020 goal. Moving forward, we intend to maintain this reduction through efficient fixtures and water monitoring and auditing.



NATURAL BEAUTY TOWERS



GRAB-AND-GO ITEM



WILD SALMON À LA NAGE



OFFERING SUSTAINABLE, RESPONSIBLE AND HEALTHIER PRODUCTS

We know how important it is for our customers to feel good about the products they buy from us. We are working to offer socially and environmentally responsible products for customers seeking products that are both on trend and ethically made.

PRODUCTS IN OUR STORES

Customers can shop a broad collection of sustainable products from vendors like Eileen Fisher, Timberland and Patagonia by searching for the terms “sustainable” or “eco-conscious” on Nordstrom.com.

Our customers have specifically asked us to offer more chemical-free personal care products, so this year we launched a new Natural Beauty category in 45 Nordstrom stores and online at Nordstrom.com. To be included in the category, brands must be free

of parabens, sulfates and phthalates. There are currently 12 brands featured in this category. As always, customers can filter beauty products by ingredient on Nordstrom.com to find products that are dye-free or vegan, for example.

RESTAURANTS AND SPECIALTY COFFEE BARS

Across our 125 restaurants and 126 specialty coffee bars, we work to create menus that give our customers lots of choices so they can find the meal, snack or drink that's right for them.

Our Menus

Under the direction of our new corporate chef, we reviewed our menus in 2016, looking at three different factors: calorie counts, healthy choices and responsible ingredients.

We know our customers consider calories and nutrition when deciding what to eat. We want to make that information easy to access, which is why we share calorie counts for each of our menu items. In 2016, we reviewed all of our

recipes and menus to ensure these counts are accurate. We made edits where necessary, and feel more confident than ever that we're giving our customers the information they need to make informed ordering decisions.

We continuously look for opportunities to include healthier choices and portion sizes. We now offer customers the choice of a side salad, rather than chips or fries, and we've updated our portion sizes where necessary, while maintaining value. In 2017, we'll begin to look at our kids' and dessert menus for opportunities to incorporate more of these healthy choices.

We are using more sustainable, responsible ingredients across our menus. In August, we began sourcing only wild-caught salmon from Bristol Bay, Alaska. Wild salmon, as opposed to farmed, is more nutritious and also helps maintain natural wild fish stocks and the environment. Other new menu items highlight local, seasonal ingredients, making it easier to adapt the dishes to ingredient availability

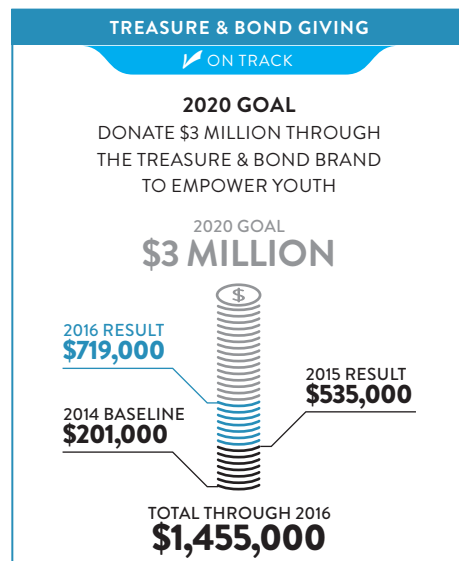
throughout the year. And we continued to offer coffee and tea that's organic, Fair Trade or direct trade. We're excited to roll out some new coffee partnerships in 2017, and we'll begin transitioning to gestation crate-free pork.

Product Packaging

Beyond food, our Restaurant and Specialty Coffee group is also committed to improving packaging and reducing waste. In 2016 we used compostable packaging for 90% of our grab-and-go items (like salads, snack boxes and wraps), while the remaining 10% was recyclable. We sold tens of thousands of reusable coffee cups in our specialty coffee locations, and in our restaurants we decreased overall straw use while also transitioning the majority of our straws to compostable materials.

SUMMARY

TAKING CARE OF OUR COMMUNITIES



RESPECTING THE ENVIRONMENT

