

# SHARING OUR PROGRESS 2012

When it comes to our corporate responsibility efforts at Nordstrom, we hold ourselves accountable by setting goals and demonstrating our progress toward meeting those goals. This allows us to recognize our accomplishments, and to identify opportunities for continuous improvement. Below, you'll find our 2012 Progress Report (reporting from February 1, 2012 through January 31, 2013).

## RECYCLING

### DISCLOSURE

**GOALS — Reduce total waste sent to landfills and/or incinerators by recycling plastic, glass, metal, paper, corrugated cardboard and organic waste.**

Due to a miscalculation we identified in 2012, we misreported our recycling results in 2009, 2010 and 2011. Our 2008 baseline remains the same. As such, our progress is as follows:

- 2008 baseline: 64.18%
- 2009 actual results: 77.34% (previously reported 82%)
- 2010 actual results: 78.06% (previously reported 84%)
- 2011 actual results: 83.95% (previously reported 89.3%)

### 2012 RESULTS

**BELOW TARGET** — Our 2012 goal was based on incorrectly calculated and reported data, as noted above, so our 2012 results were below target. However, we continued to make progress on increasing our percentage of waste diverted from landfills and incinerators, due in large part to focused efforts from our full-line stores and distribution centers. Our people and customers continue to be the drivers behind pushing these efforts forward and achieving results as we continue to collect aluminum, paper, cardboard, plastic, glass and compostable materials. Our organic food waste recycling program also saw improved results, with 136 full-line and Rack stores now participating (up from 100 in 2011). Some markets continue to face challenges related to the organic recycling infrastructures where they do business.

In 2012, we began to capture data on our construction waste, and are working closely with our construction partners to gather reliable data that accurately illustrates our diversion—this data will be included in our total company diversion percentage next year.

### 2013 FOCUS

One of our biggest opportunities continues to lie in our organics recycling; the organic waste from our restaurants and specialty coffee bars is extremely heavy and will be the biggest driver in getting our diversion percentage into the low 90s. Another area of opportunity is our construction projects—we're continuing to look for ways to use more local recycled materials and to build with less construction waste.

--- 2012 target  
 ■ 2012 result  
 ■ 2013 target

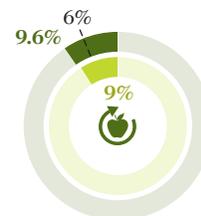
### RECYCLING RATES

Percentage of total waste diverted from landfills and/or incinerators through recycling efforts.



### ORGANICS RECYCLING

Percentage of waste (food) that is recycled into composting programs.



## TRANSPORTATION

### 2012 RESULTS

**GOALS — Reduce carbon dioxide (CO<sub>2</sub>) emissions through improved fleet fuel economy, carton delivery optimization and reduced air freight.**

**ABOVE TARGET** — We had great results in this area. Additional trailers were retrofitted with aerodynamic devices and 173 drivers received payouts from our GainShare program, which compensates them for improving their miles per gallon (MPG) during hauls. We made a significant jump in the use of intermodal (combination of truck and rail) transportation for merchandise that comes into our distribution centers – up from 8% to 18%, which saved the equivalent of 3,000 metric tons of CO<sub>2</sub> or taking 390 cars off the road. We continued using three compressed natural gas (CNG) trucks in California, saving more than 21,000 kilos of CO<sub>2</sub> (CNG emits about 90% less CO<sub>2</sub>).

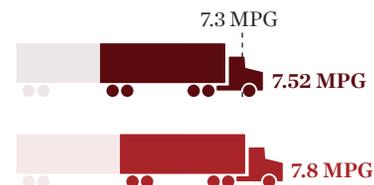
### 2013 FOCUS

We plan to build on the strong results of 2012 in 2013. We anticipate increasing our payouts to drivers through the GainShare program, which will lead to additional reductions in our overall MPG number. And we are looking for opportunities to continue to grow the program, knowing that the availability of compressed natural gas outside of certain areas poses a challenge.

--- 2012 target  
 ■ 2012 result  
 ■ 2013 target

### FUEL EFFICIENCY

Average MPG for store and over-the-road deliveries.



Average MPG for store and over-the-road deliveries.

## PAPER & PACKAGING

### 2012 RESULTS

**GOALS — Reduce consumption of paper and packaging and increase recycled content in forest products we use (paper, corrugated cardboard, shopping bags, gift boxes, catalogs and collateral).**

#### USAGE: ABOVE TARGET

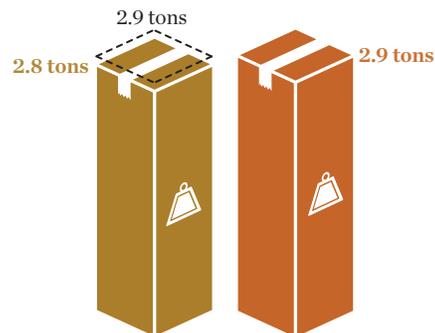
**RECYCLED CONTENT: ON TARGET**— Last year, we started to roll out our 100% recycled content, 50% post-consumer waste (PCW) paper shopping bags. These bags are now used in all stores, which will save about 23,000 trees each year. We've removed any non-reusable bags (our paper shopping bags are considered reusable) and offer a new, low-cost reusable bag option in some stores. Our boxes are also 100% recycled fiber; 55% is PCW. Five boxes are an updated, one-piece design, which will save 400 tons of paper each year. As we increase the amount of merchandise we ship to customers, up our marketing efforts (the number of catalogs we produced and distributed to our customers increased), and add more stores, we'll use more paper. But we're minimizing our use by reducing the amount of paper we use in offices through efforts like 100% duplexing and reducing copies.

### 2013 FOCUS

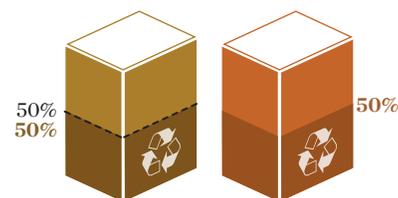
From serving customers in store to shipping to them at their homes, we're taking a closer look at where we can make our packaging better and reduce the number of boxes we use. For example, the response from customers to our lower-cost reusable bag has been positive, so we're considering opportunities to roll the bags out more broadly. We'll also continue to offer the higher-quality Nordstrom eco-bags, offering new designs and colors throughout the seasons. Customers have told us that receiving small items in a large box is something we should fix, but in some cases we're bound by restrictions that may be outside our control. We're doing our best to work at resolving these issues as they arise. Department of Transportation (DOT) regulations require us to use a larger-sized box when shipping certain items (like nail polish) so required stickers can fit and won't touch each other or the tape on the box. We're working closely with DOT on approval of a new box that is one inch smaller—every little bit counts. Additionally, we're working with our vendors to look for opportunities where they can reduce their packaging. Currently, our social responsibility team is partnering with our top 20 branded vendors to identify areas to reduce packaging and implement sustainable materials into their future production.

--- 2012 targets  
 ■ 2012 result  
 ■ 2013 target

#### PAPER AND PACKAGING USED



*Tonnage of packaging we consume per \$1 million of sales.*



*Percentage of recycled content in the paper we purchase.*

## ENERGY

### 2012 RESULTS

**GOALS — Reduce energy consumption through more efficient technologies, elimination of excess energy use, creation of streamlined processes and research of alternative energy sources.**

**BELOW TARGET** — 2012 was another installation year for two big ongoing projects: spotlight technology and energy controls. This year, we invested an additional \$1.5 million by installing updated lighting and other energy-efficient systems in our facilities. These new systems helped reduce the amount of energy consumed per square foot 1.82% in 2012, which is enough electricity to power 1,205 homes.\* With that, we completed our five-year program to retrofit stores with energy-efficient spotlight technology and continued our work with backroom controls, which focus on enhancing controls and motion sensors for lighting in backrooms and stockrooms in our full-line stores.

### 2013 FOCUS

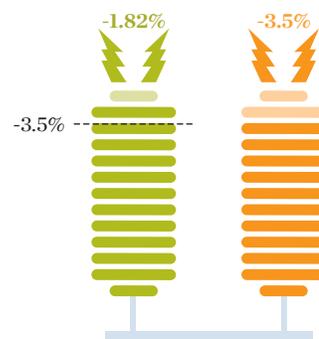
Note: Based on the pace of our investments, we're not likely to meet our target in 2013. Regardless, our focus remains to drive the biggest return that we can while still meeting our internal rate of return standards for these projects.

\*(Source: EIA.gov average annual U.S. residential electricity use)

--- 2012 target  
 ■ 2012 result  
 ■ 2013 target

#### ENERGY USAGE

*Year over year energy reduction per store square foot.*



## WATER

### 2012 RESULTS

**GOALS — Practice clean and responsible water use in our operations by decreasing demand in our stores, headquarters and all our facilities, and by encouraging our supply chain partners to adopt more efficient methods and processes.**

**BELOW TARGET** — Unfortunately, we didn't get the results we hoped to achieve with water usage in 2012. Unidentified leaks at our stores continued to contribute to increases in our usage. We did continue to monitor and audit water use within our supply chain at our nine contracted wash and dyeing facilities. Because we're a smaller producer at these factories, we know our best bet in making changes is to partner with the other manufacturers and brands that are in the same factories we are—and we've continued to do so.

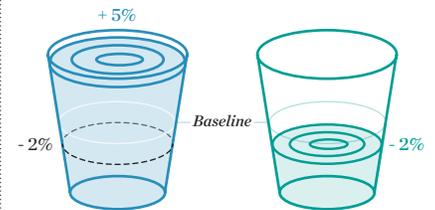
### 2013 FOCUS

Though previous years' results haven't been successful, we're moving forward with improvements that include more robust water-usage reporting and a targeted water audit being deployed to stores. We also see a lot of opportunity to identify areas in our supply chain where water savings can be greater.

--- 2012 target  
 ■ 2012 result  
 ■ 2013 target

### WATER USAGE

*Year over year water reduction.*



## HUMAN RIGHTS

### 2012 RESULTS

**GOALS — Strive to ensure the workers in the facilities where we manufacture Nordstrom private label products are provided a safe, healthy and fair work environment.**

**ON TARGET** — We monitor 100% of the factories in the 37 countries (total as of the report's close) where we do Nordstrom Product Group (NPG) business. In 2012, we reviewed audit results and rated factories based on five areas.

Results were as follows (reported in the infographic at right):

- Factories representing 49.6% of NPG volume had 'Acceptable' results
- Factories representing 33.1% of NPG volume had 'Needs Improvement' results
- Factories representing 11% of NPG volume had 'At-Risk' results
- Factories representing 1.6% of NPG volume had 'Non-Compliant' results
- Factories representing 4.7% of NPG volume had 'Uncategorized' results

In summary, more than three-quarters of NPG volume comes from factories that had 'Acceptable' and 'Needs Improvement' results, which equates to lower risk.

Additionally:

- 43 total factories were involved in comprehensive improvement activities.
- 63 factories received training on multicultural labor/management topics, the environment, and health and safety.
- 13 factories participated in worker empowerment activities related to health and hygiene, skills development, and improving manager/worker communication.

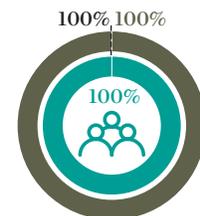
### 2013 FOCUS

Our 2013 focus is to continue partnering with our Nordstrom private label partner factories to build relationships based on trust and respect, which allows us to better address the needs of each factory in making improvements on behalf of workers. We plan to continue our social development programs through engaging in factory trainings on topics such as health education, professional development, work environment and management-worker communication topics. In addition, we plan on identifying opportunities within our supply chain to reduce the impact to the environment through responsible water use and disposal, responsible chemical use, reductions in energy use and reductions in the use of packaging materials.

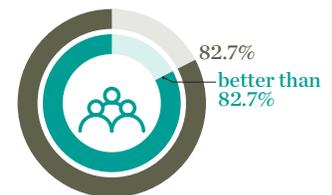
Our goal is to focus our business with suppliers in the 'Acceptable' and 'Needs Improvement' categories while working to improve conditions with suppliers in the 'At-Risk' and 'Non-Compliant' categories. As this is a new reporting area, we will use 2012 results as our baseline.

--- 2012 target  
 ■ 2012 result  
 ■ 2013 target

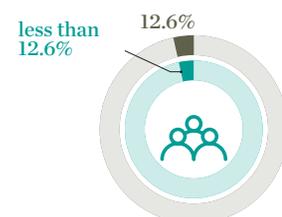
### HUMAN RIGHTS



*Percentage of facilities monitored for compliance to our Partnership Guidelines.*



*Focus our business with suppliers in lower-risk categories.*



*Improve conditions with suppliers in the At-Risk and Non-Compliant categories.*

## NATURAL AND ORGANIC FOOD OFFERINGS

### 2012 RESULTS

**GOALS — Find alternative, sustainable cleaning solutions and increase the use of organic and sustainably produced food products in our restaurants.**

**BELOW TARGET** — We came just short of meeting our target goal of 25 (out of a possible 25 points) on the Nordstrom Food Index Rating\* because without our own roaster, we were unable to completely convert our coffee offering to Fair Trade. Instead, we've committed to offering customers three of the following options on our menu at all times: micro lot coffee, direct trade, organic and Fair Trade. We did achieve maximum points in all other areas on the Index. Our restaurants and coffee bars continue to focus on offering customers more local, sustainable and organic food options when available. This includes a focus on animal welfare with offerings such as cage-free eggs, wild shrimp and CAK turkey (the most humane turkey processing method) in all locations, and gestation crate-free pork and non-bovine growth hormone or rBGH dairy products where available. Environmentally-friendly packaging remains important with many items now being compostable and/or recyclable.

### 2013 FOCUS

As we do not foresee a change that will allow us to convert our coffee offering to all Fair Trade in the coming future, we're going to refocus our goals for social responsibility in our restaurants and coffee bars. 2013 will be a year of measurement and setting a new baseline in three areas where we already have measures underway, but also see opportunity to make continued strides:

- Food Waste—increase the number of restaurants that participate in composting and focus on daily prep lists that allow us to reduce extra food.
- Nutritional Awareness—review portion sizes and provide more robust and meaningful nutritional data to our teams and customers.
- Organics—increase the amount of local, sustainable and organic food we offer.

We plan to use 2013 as a time to measure what we're currently doing in these areas and look for ways to improve.

--- 2012 target

■ 2012 result

■ 2013 target

## NATURAL AND ORGANIC FOOD OFFERINGS

Rating on the Nordstrom Food Index.\*



\*Our Nordstrom Food Index Rating, a zero-to-25-point weighted system, measures progress in providing healthier food choices that are produced with greater social and environmental benefits. Scoring for each of the four priority food categories (use of rBGH-free dairy, organics, trans fat-free food, 100% Fair Trade tea and coffee offerings) is based on the percentage of all stores that have the option in place (where available).

## COMMUNITY SUPPORT

### 2012 RESULTS

**GOALS — Give back to the diverse communities where we do business by supporting organizations that champion arts and culture, education, health, community development and the environment.**

**ON TARGET** — We believe in giving back to the diverse communities that support our business. Our support may take the form of a cash contribution, partnering with a local organization or volunteering our time. We focus on partnering with organizations that champion arts and culture, education, health, community development and the environment. In 2012, we made contributions to 344 organizations in all 31 states where Nordstrom had stores. Additionally, Nordstrom has been a strong supporter of the United Way for almost six decades. In addition to donations and volunteerism on behalf of our employees, our corporate gift to United Way is the single largest contribution we make to one organization or group of organizations. Nordstrom and our employees pledged \$9.33 million to local United Way chapters in 2012. Our sales of MAC Viva Glam products resulted in \$1.1 million donated to HIV/AIDS organizations and our Designer Preview events raised \$376,300 for community organizations. We also gave 80 students \$10,000 scholarships and provided 8,100 pairs of shoes to kids through our Giving Tree program/partnership with Shoes That Fit and New Balance.

### 2013 FOCUS

We will continue to focus on giving in every state where Nordstrom does business (up to 33 in early 2013). We will also, as we do each year, focus on increasing our pledge to United Way through increased employee participation. Also in 2013, we have a goal to increase the number of pairs we give to kids through our Shoes That Fit/Giving Tree program to 10,000.

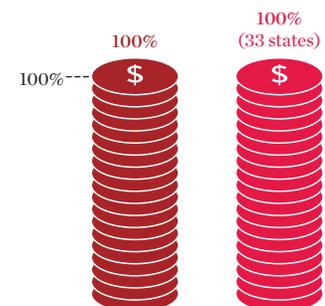
--- 2012 target

■ 2012 result

■ 2013 target

## COMMUNITY SUPPORT

Giving in states where Nordstrom does business.



For additional information, visit [nordstromcares.com](http://nordstromcares.com) or email [csr@nordstrom.com](mailto:csr@nordstrom.com).

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