CEO LETTER

TO OUR STAKEHOLDERS:

At Macy’s, Inc., we are committed to creating value for all of our stakeholders — our customers, colleagues, brand partners and investors. We are also committed to creating a more sustainable future. We take direct actions where possible, and we partner across the industry on issues that no single brand can solve alone.

Our sustainability strategy is guided by three principles:

1. We will manage the environmental impact of our business, including our supply chain, as well as our stores and distribution network.
2. We will optimize the positive social impact our business has on our colleagues, customers and communities.
3. We will continue to ensure strong governance so that we are held accountable to all stakeholders and contribute to long-term value creation.

Over the past year, we have taken concrete steps to refine our sustainability strategy. We have set clear goals and strengthened the policies and programs that support our sustainability efforts. Here are a few highlights of our recent environmental, social and governance accomplishments:

★ Conducted our first materiality assessment to ensure our work is focused on the areas of greatest importance and impact to all stakeholders.
★ Reviewed and reset environmental and supply chain goals to address key issues, such as energy consumption and management, waste reduction and recycling, and sourcing and production of our private brands.
★ Refined our cause and giving programs to ensure maximum impact on the causes that matter most to our communities.

★ Launched a comprehensive diversity and inclusion strategy that sets specific goals for our workforce, customers’ rights, supplier diversity, community engagement and marketing standards.
★ Reviewed and updated key policies that govern our activities, and those of our suppliers, to better align with the International Labour Organization’s (ILO) core conventions and the United Nations Sustainable Development Goals. This ensures that our commitment to human rights is clear.

This report is the first step on what will be a multi-year journey. We can’t do this work alone, and we will continue to engage with a broad set of stakeholders to understand their concerns and collaborate with our industry partners to find solutions. We will continue the work already underway and address the areas where we have opportunities to improve.

While we have work to do as an organization, I’m proud of the steps we are taking to create a more sustainable future.

Jeff Gennette
Chairman & Chief Executive Officer
2018 HIGHLIGHTS

1.7% comparable sales growth on an owned basis
2.0% comparable sales growth on an owned plus licensed basis
$25 BN in sales
130,000 colleagues
80,000 seasonal colleagues

MACY’S, INC. IS COMMITTED TO CREATING A MORE SUSTAINABLE FUTURE

ENVIRONMENTAL

Energy Consumption
- Installed more than 180,000 LED fixtures

Parking
- Provided 68 electric vehicle charging stations

GHG Emissions
- Lowered greenhouse gas emissions by 6.82%
- Avoided 83,622,187 pounds of CO2 in one year

Solar
- Operated 100 solar installations
  (of the energy generated in 2018, all but approximately 6,509 megawatt hours were sold to others)

Recycling
- Reduced annual marketing paper tonnage by 60%
  over the past 5 years

COMMUNITY GIVING

Demonstrated local impact & deep roots in the community
- Donated $56 million to our communities
- Launched disaster relief playbook
- Volunteered 152,000 hours in community service

COLLEAGUES

Senior Director Level & Above
- Distributed the PATH TO GROWTH Incentive
to 95% of eligible colleagues
- Introduced new values and behaviors
- Values: Acceptance, Integrity, Respect, Giving Back

Brands (by sales)
- 80% National brand partners
- 20% Private brand products

GOVERNANCE

11 Board Members
- 5 Women
- 3 Ethnically diverse

- Maintained a strong, independent, diverse Board with a range of perspectives
- 6 out of 11 new within the last 5 years
- 10 out of 11 independent

For full financial data, reconciliation of non-GAAP financial measures and cautionary language regarding forward-looking statements, please refer to Macy’s fourth quarter 2018 earnings release issued on February 26, 2019 and other financial information available on the investor relations page at www.macysinc.com.
## About This Report: Transparency & Accountability

We believe that as a responsible corporate citizen, we should be transparent about our actions. This report conforms with the Sustainable Accounting Standards Board (SASB) standards for our industry sector. The SASB framework provides a standardized, common reporting approach that will yield decision-useful metrics, help us track progress, and enable comparability for investors and other external stakeholders.

For our SASB disclosure matrix, see pages 41-43

This sustainability report, which is guided by our initial materiality analysis, covers the fiscal year 2018 (February 4, 2018 to February 2, 2019), unless otherwise noted.

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OUR COMPANY

One of the nation’s premier retailers, Macy’s, Inc. delivers memorable shopping experiences through approximately 680 department stores under the nameplates Macy’s and Bloomingdale’s, and nearly 190 specialty stores that include Bluemercury, Bloomingdale’s The Outlet and Macy’s Backstage. Customers can shop at our stores in 43 states, the District of Columbia, Guam and Puerto Rico, as well as on macys.com, bloomingdales.com and bluemercury.com. Our corporate headquarters are located in Cincinnati, Ohio, and New York, New York. The company’s stock is traded on the New York Stock Exchange under the ticker “M.”

2018 Highlights

- 130,000 colleagues
- $25 billion net sales
BRANDS & VALUES

Macy’s is America’s store for life. The largest retail brand of Macy’s, Inc., Macy’s delivers quality fashion at affordable prices to customers throughout the United States, Puerto Rico and Guam. We also serve more than 200 international destinations through macys.com. We are committed to providing customers with a unique, seamless shopping experience, whether they are shopping online, with our app or in one of our 637 brick-and-mortar stores. We also operate a growing network of Macy’s Backstage, our on-mall, off-price locations. Additionally, Macy’s acquired STORY, a narrative-driven retail concept shop in New York City, in 2018.

Bloomingdale’s is like no other store in the world. One of America’s top nationwide omnichannel, upscale department stores, Bloomingdale’s operates 38 stores, bloomingdales.com and 17 Bloomingdale’s The Outlet locations. Known for its originality, innovation and fashion leadership, the brand is a leading attraction for domestic and international tourists.

Bluemercury is widely recognized as one of the largest and fastest-growing luxury beauty products and retail spa chains in the United States and operates 164 stores in 27 states. Since being acquired by Macy’s, Inc. in 2015, Bluemercury has grown its footprint and has created two fast-growing private brands: M-61 Powerful Skincare and Lune+Aster Cosmetics.

LEARN MORE

1 All store count and square footage as of the end of Q1 2019.
We are committed to operating as a responsible steward of our resources and using our position as a national retailer to create shared value for our customers, colleagues, communities and the world.

2018 Highlights

- Identified our most relevant environmental, social and governance (ESG) issues
- Refreshed our sustainability guiding principles and strategy
- Established Sustainable Stewardship Goals
OUR GUIDING PRINCIPLES

We have a deep sense of stewardship for managing our resources and maximizing our positive social impact. Our sustainability principles guide these efforts. We proactively engage on issues that span the breadth of our operations – this includes transparency, product responsibility and supply chain management, energy management, diversity and inclusion and building resilient communities. We believe operating by these principles will enable us to create value for our shareholders while addressing the shared needs of society.

SUSTAINABILITY GOVERNANCE
Sustainability is embedded in our thinking and actions. Our efforts are governed by broad-based leadership with Board-level oversight and are supported by colleague involvement through a network of Employee Resource Groups (ERGs). To learn more about our governance structure, please view the governance section on page 38.

In 2018, we took two major steps to strengthen and expand our sustainability work. First, we consolidated all supply chain responsibility under a single organization to oversee the entire product journey. This function includes global sourcing, inventory management, store and e-commerce distribution and transportation, as well as indirect procurement, supply chain systems, sustainability and supplier diversity.

Second, we established stronger and broader sustainability governance through a new Macy's, Inc. Sustainability Working Group. Led by the senior vice president of corporate communications, this group includes leaders in merchandising, legal, human resources, supply chain, facilities and communications. These members provide direct insight into all areas of our business and have the responsibility to set sustainability goals and drive progress toward them. The Macy's, Inc. Sustainability Working Group is supported by the Macy's Private Brand Sustainability Committee, which includes those members of our Macy’s Private Brand organization who are accountable for responsible sourcing, social compliance and other sustainability initiatives for our private brands.

The Macy's, Inc. Sustainability Working Group reports to the Macy's, Inc. Corporate Strategy Group (CSG). The CSG is led by the chairman and chief executive officer and comprises the 14 senior most executives of Macy's, Inc. and is overseen by the Board of Directors. Additionally, the Nominating and Corporate Governance Committee of the Macy’s, Inc. Board of Directors oversees policies and practices related to charitable, political, social and environmental issues, sustainability initiatives and reporting.

For the purpose of this report, Macy’s Private Brand refers to the Macy’s Merchandising Group.
WHAT MATTERS MOST

We are focused on advancing sustainability in areas where we know we can make a difference.

OUR MATERIALITY PROCESS
We have completed a comprehensive process to develop a new sustainability strategy and set measurable stewardship goals. Our Sustainability Working Group, in collaboration with the sustainability consulting firm Salterbaxter, managed the process. The group benchmarked our work against other leading retailers and gathered input from key internal and external stakeholders.

STAKEHOLDER ENGAGEMENT
We took a broad approach to stakeholder engagement. We conducted interviews with internal leaders from all levels of management, including Macy’s, Inc. Chairman & CEO, Jeff Gennette, and we surveyed a wide variety of colleagues, including members of our Go Green ERG. We asked internal stakeholders to assess the significance of our impact on various ESG issues and our ability to influence them.

We also identified impact areas and conducted interviews and surveys of external stakeholders representing customers, suppliers, NGOs and industry experts. Our stakeholders assessed the importance of each issue to Macy’s, Inc. and the amount of impact we can have on those issues.

Using this feedback, the Sustainability Working Group identified and prioritized a set of material issues.

Material Issues
Combining the results of internal and external stakeholders, we identified the following issues as those that have the greatest external importance and internal impacts.

★ Business Ethics
★ Sourcing and Production of Private Brands
★ Product Quality and Safety
★ Employee Health and Safety
★ Data Protection and Privacy
★ Diversity & Inclusion
★ Convening Role for National Brands
★ Human Rights
★ Responsible Marketing
★ Waste Reduction and Recycling

Materiality Assessment and Why it’s Important
Material issues are those that our stakeholders have deemed as most important and that Macy’s, Inc. has the greatest ability to impact. A materiality assessment is an effective and widely recognized way to get a broad view on the relative importance of issues by synthesizing internal and external perspectives. It also helps inform our decisions on strategic priorities. Using the concept of materiality enables Macy’s, Inc. to direct our resources and achieve meaningful results.

MATERIALITY FINDINGS AND NEXT STEPS
Based on the findings of our materiality assessment, our stakeholders believe that Macy’s, Inc. has two areas of strengths and two areas of opportunities to improve.

Macy’s, Inc. has two areas of strengths, Diversity & Inclusion and Governance, and two areas of opportunities to improve, Products and Supply Chain and increasing Transparency.

Shareholders also would welcome additional information on sustainability efforts to influence and engage customers, suppliers and others on material issues. As an outcome of this work and the findings, we have set new Sustainable Stewardship Goals, which are presented in this report.
We are committed to creating a more sustainable future by achieving meaningful progress in critical areas.

We are proud to introduce Sustainable Stewardship Goals that will carry us through 2025. Informed by the materiality assessment described on the previous page, these goals are aligned with our corporate strategy and business initiatives to create shared value for our company and our stakeholders. Our policies align with the United Nations Sustainable Development Goals and the global social and environmental agenda. In addition to achieving the long-term goals presented here, we will review and update, as necessary, our policies on: product quality and safety; employee health and safety; business ethics; human rights; and data protection and privacy.

We are setting the path for consistent, measurable progress on key areas with reporting frameworks that offer increased visibility into our sustainability operations.

### Our Ambition

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<th>Our Ambition</th>
<th>2025 Goal</th>
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<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>Reduce energy consumption by 10% from a 2018 baseline</td>
</tr>
<tr>
<td>Operate efficiently and adopt environmentally friendly solutions</td>
<td>Host 10 additional solar installations, bringing our total to 110</td>
</tr>
<tr>
<td><strong>Waste &amp; Recycling</strong></td>
<td>Increase in-store recycling rate to 67%</td>
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<tr>
<td>Recycle as much material as possible</td>
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<tr>
<td><strong>Materials &amp; Fibers</strong></td>
<td>Implement policies focused on preferred fibers in our pipeline</td>
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<tr>
<td>Incorporate more sustainably sourced raw materials and fibers into our private brand products</td>
<td>for all private brand product categories</td>
</tr>
<tr>
<td><strong>Chemical Management</strong></td>
<td>Develop and implement our first Private Brand Restricted Substance List (RSL) covering apparel, footwear and home textiles</td>
</tr>
<tr>
<td>Continue to remove unwanted chemicals and increase transparency of designated private brand product lines</td>
<td>Develop and implement our first Private Brand Manufacturing Restricted Substance List (MRSL) for children's apparel/footwear and home textiles</td>
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<tr>
<td><strong>Products</strong></td>
<td>Achieve annual improvement in the number of sustainable products offered</td>
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<tr>
<td>Offer more products that are sustainable and eco-conscious</td>
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<tr>
<td><strong>Sourcing</strong></td>
<td>Direct all of Macy's private brand factories to use Sustainable Apparel Coalition (SAC) Higg Index tools</td>
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<tr>
<td>Improve environmental performance and social responsibility among our private brand suppliers</td>
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<tr>
<td><strong>Transparency</strong></td>
<td>Publicize sustainability performance data from CDP (formerly the Carbon Disclosure Project) and other sources, for our largest national brand partners on macyinc.com</td>
</tr>
<tr>
<td>Launch a collaboration to share and advance sustainable practices across the retail industry</td>
<td>Launch a collaboration to share and advance sustainable practices with our national brand partners and across the industry</td>
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<tr>
<td><strong>Diversity</strong></td>
<td>To learn more about our short- and long-term Diversity &amp; Inclusion Goals, <a href="#">click here</a></td>
</tr>
<tr>
<td>Integrate diversity and inclusion into all aspect of our business</td>
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We are committed to using more sustainable sources, respecting the human rights of our workers and protecting the environment.

### 2018 Highlights

- Adopted a new supply chain transparency platform: SGS Transparency-One
- Enhanced our social compliance audit tool to more effectively monitor factory working conditions
- 56% of Tier 1 Macy’s Private Brand factories are using Sustainable Apparel Coalition (SAC) assessment tools
We – and our customers – want to be confident that our merchandise is produced in an ethical, responsible manner.

Having specific, reliable information on each step of a product’s life cycle – from source to store – gives us the ability to identify the greatest impacts, risks and opportunities for improvement. We are working on several fronts to gain greater transparency into our entire supply chain. We introduced significant changes in 2018.

At the end of fiscal year 2018, Macy’s, Inc. consolidated our supply chain into a single organization that oversees the entire product journey. Our Private Brands Sustainability Committee, as well as our social compliance and product development teams, support this organization. We are also improving our supply chain systems, processes and facilities to enhance productivity and efficiency.

We source our Macy’s private brand products from more than 650 manufacturing facilities in 30 countries.

TRANSPARENCY THROUGH DATA
Managing our supply chain involves a vast amount of data, which is growing as we seek enhanced transparency into our raw materials, manufacturing process and suppliers that create our finished products. To help us get closer to end-to-end traceability of our products, Macy’s Private Brands is introducing a new, online information system, SGS Transparency-One, that will enable the direct exchange of technical information and data with our suppliers.

We will use this system to map our supply chain, make our training materials and resources more accessible to our suppliers, help us to more efficiently track working conditions, ensure compliance and better manage business risks. Our immediate goal is to roll out this system to our Tier 1, finished-good private brand suppliers in 2019, and then to the rest of our suppliers in subsequent years.

SETTING SUPPLIER EXPECTATIONS
We require all suppliers for both our private brands and the national brands we carry to operate ethically, with respect for the human rights of their workers, and with regard for their environmental impact. Our Vendor and Supplier Code of Conduct (Supplier Code) outlines the minimum standards we require from our suppliers to ensure that our merchandise is produced in workplaces that are free of abusive, exploitative or unsafe working conditions. We also require that our suppliers comply with the applicable laws and regulations of the United States, and those of the respective country of manufacture or exportation.

ELIMINATING FORCED LABOR
We work to safeguard the welfare and rights of workers involved in producing the goods we sell and take action to ensure that their working conditions are just, safe and fair. We regularly educate our suppliers and colleagues with supply chain responsibility on the need to protect human rights and delivered updated training with information on trafficking and slavery in 2018. View our Human Trafficking statement. As an example, we recognize that cotton from Uzbekistan and Turkmenistan may have been harvested through a state-orchestrated forced labor system. This violates international conventions prohibiting forced labor, and we prohibit Macy’s Private Brand suppliers from sourcing cotton from these countries.

AVOIDING CONFLICT MINERALS
Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, publicly traded companies are required to submit to the U.S. Securities and Exchange Commission (SEC) an annual report disclosing the use of “conflict minerals” originating from the Democratic Republic of Congo or adjoining countries (hereafter collectively referred to as DRC). The conflict minerals are tin, tantalum, tungsten and gold. This Conflict Minerals Rule reflects the concern that revenues obtained from the minerals fund the ongoing armed conflict in the DRC and the resulting humanitarian crisis.

The Conflict Minerals Rule requires public companies like Macy’s to conduct due diligence inquiries of their supply chains to determine the source(s) of the conflict minerals used by their suppliers. Our Conflict Minerals Policy applies to private brand products produced by Macy’s, Bloomingdale’s, Bluemercury and their respective subsidiaries, and we prepare and file an annual Conflict Minerals Report with the SEC. As part of our due diligence, we use an independent third party to survey our suppliers annually to determine if conflict minerals are used in their supply chains and to identify the sources of those conflict minerals. We also require that our Tier 1 private brand suppliers source metal trim components from our Nominated Trim Supplier list. Trim suppliers who are not able to meet or maintain these expectations risk being removed from our program.

LEARN MORE
We educate our manufacturing partners on our rules and expectations and require them to meet high standards.

Our private brand suppliers are on the front lines of ensuring the safe and ethical treatment of the workers in our supply chain. We have comprehensive programs in place to maximize their adherence to our standards, identify issues and drive comprehensive remediations when violations occur. Through rigorous screening of new suppliers, ongoing training, regular audits and collaborating for improvement, we ensure that our suppliers operate to high ethical and performance standards.

TRAINING FOR SUPPLIERS AND PRODUCT DEVELOPMENT TEAM
We want to help our suppliers understand and meet our standards, both when they join our supply chain and on an ongoing basis.

All new suppliers undergo a social compliance audit and must meet or exceed minimum standards before they are approved for production and are added to our merchandise ordering system. Our social compliance team prepares and trains prospective suppliers on our Supplier Code, audit protocols and terms of engagement.

Current suppliers receive ongoing education from our social compliance team, which communicates our requirements and expectations, encourages robust internal compliance policies and collaborates on continuous improvement at manufacturing facilities. In 2018, we hosted our Supplier Summit to review the audit and approval process, affirm our supplier requirements and expectations and provide program updates.

Internally, Macy’s Private Brand product development professionals receive similar training on topics relevant to their role, including our Supplier Code, high-risk violations such as child and forced labor, human trafficking, illegal subcontracting, bribery, fraudulent record-keeping, homeworkers and physical abuse; as well as our involvement with industry initiatives. Additionally, all colleagues receive annual General Legal Compliance and Code of Conduct training that includes information on our human rights and human trafficking policies.

MONITORING OUR SUPPLIERS
We actively monitor working conditions in all factories, which includes auditing all of our Tier 1 facilities using the tools described on page 13. We employ a qualified third-party firm, UL Responsible Sourcing, to conduct on-site audits.

To ensure ongoing compliance, our independent auditors conduct unannounced social compliance audits at least annually, or more frequently as needed, at all factories producing private brand goods. We regularly collaborate with our suppliers to help them improve their social compliance scores.
ENSURING COMPLIANCE WITH OUR STANDARDS

We audit our manufacturing partners to protect our workers, our customers and the environment.

To gain consistent, accurate insight, we use two audit tools to monitor the social responsibility, safety and security performance of our partner factories. These tools – rigorous questionnaires that address both our Supplier Code and legal requirements – are effective methods for conveying our standards.

FAIR, SAFE WORKING CONDITIONS
To strengthen our approach for dealing with human trafficking and forced labor risks, in 2018 we enhanced our Manufacturing Compliance Evaluation Report, the social compliance audit tool we developed in partnership with UL Responsible Sourcing for use in all of our domestic and overseas private brand factories. This audit tool covers local laws in the country of manufacture and all principles in our Supplier Code, including health and safety, harassment and abuse, non-discrimination, freedom of association, wages and working hours, and child labor.

SECURITY AUDITS
We work to improve security measures at our production sites and reduce the risk of terrorist activities throughout the supply chain. Suppliers that are not already certified under the Customers Trade Partnership Against Terrorism (CTPAT) program are required to undergo annual security audits at their overseas factories for private brand production. The security audit covers CTPAT-required security measures such as container and trailer integrity, personnel checks, cargo handling and information technology. We updated the security audit tool in 2018 to guard against human trafficking and slavery, and amended the accompanying Security Manual to keep current with the U.S. Customs and Border Protection guidelines. Macy's has been a member since the program was introduced in 2002 and maintains the highest level of CTPAT compliance.

FACTORY AUDIT RESULTS
Macy's, Inc. does not tolerate human trafficking and slavery in the supply chain. Our Private Brands Macy's social compliance team will investigate any reports alleging these activities, or any other serious violations against our Code of Conduct. Action is taken against any suppliers for failing to comply with our standards, which may result in termination of the business relationship.

We do work with our suppliers to correct issues, and in factories where corrective actions have been required, we conduct audits more frequently. If high-risk violations are found, immediate action is taken to investigate and evaluate next steps.

In some cases, the supplier and/or factory relationship may be terminated. During 2018, we conducted 836 factory audits, with four factories falling under the High-Risk category. Of those four factories:

★ Three were terminated and are no longer used for production.
★ One was allowed to remain active for production, pending corrective action and specialized remediation.

Private Brand Overseas Audits 2018*

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* Audits conducted per country in 2018
Our customers will find an expanding selection of products made from sustainably sourced fibers and materials.

We are working to provide customers with the information and responsible products they are looking for. Our sourcing and product integrity teams collaborate to identify credible third-party certifications for sustainable fibers and materials we feel confident offering to our customers. In the future, we will offer more products with manufacturing processes that have been documented to use natural resources responsibly and protect the environment.

**ETHICAL, ECO-CONSCIOUS FIBERS AND MATERIALS**

Once we have determined which standards and certifications are most meaningful, we will set benchmarks for incorporating these raw materials and fabrics into targeted product categories. We intend to pursue this in a thoughtful and strategic way. We currently offer 28 independently certified private brand products made with some or all eco-conscious fibers and materials. We are working to introduce another eight in 2019, with more after that.

**Sustainable Stewardship Goals**

**Materials & Fibers:** Incorporate more sustainably sourced raw materials and fibers into our private brand products.

**Products:** Offer more products that are sustainable and eco-conscious.

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**Cleaner Cotton**

Cotton is one of the most widely used fabrics worldwide and requires many chemicals during processing. To offer consumers access to cleaner cotton, we are introducing home textiles that have been certified through OEKO-TEX®, an association of 18 independent textile research and testing institutes responsible for the joint development of test methods and limit values which form the basis of the product labels according to STANDARD 100 by OEKO-TEX® and MADE IN GREEN by OEKO-TEX®.

**STANDARD 100 by OEKO-TEX® –** In 2019, Macy’s will begin offering selected Women’s and Men’s apparel that bears the label of this leading global certification for textiles that have been independently tested for harmful substances according to strict scientific criteria that go beyond global legal regulations.

**MADE IN GREEN by OEKO-TEX® –** By fall 2019, all of Macy’s moderately priced sheets will have been independently certified as safe from harmful substances and produced in environmentally friendly facilities with safe and socially responsible working practices.

**Recycled Polyester**

Using fabric made from recycled polyester gives a second life to fossil-fuel based material that is not biodegradable and otherwise might end up in landfill or the ocean. We introduced our first apparel product containing recycled polyester in 2018 and plan to expand our selection within the next year.

**Environmentally Responsible Leather**

To improve the environmental stewardship of our private brand tanneries and leather manufacturers, Macy’s Private Brands joined the Leather Working Group in 2017. This independent global initiative assesses environmental compliance and performance of tanneries, and promotes sustainable business practices within the leather industry. It also grants certification to tanneries that demonstrate environmental best practices and performance in all areas of leather production. We expect that all tanning facilities providing leather for private brand products will achieve Leather Working Group certification by 2021.

**Metal Trim**

All of the metal trim components that may contain tin, tungsten, tantalum or gold on Macy’s private brand products are vetted through a due diligence process to ensure compliance with the SEC’s Conflict Minerals Rule as described on page 10.
We are on a path to increasing product transparency and removing unwanted chemicals.

To gain consistent, accurate insight, we use two audit tools to monitor the social responsibility, safety and security performance of our partner factories. These tools – robust questionnaires that address both our Supplier Code and legal requirements – are effective methods for conveying our standards.

Our Chemical Management oversight extends from product concept through customer use. The Product Integrity and Quality Assurance Group, an internal function, collaborates with product development teams to provide guidance about potential issues related to materials or manufacturing, interfaces with offices and suppliers as needed, and oversees quality and testing programs.

REMOVING UNWANTED CHEMICALS

Responsible chemical management, which has always been integral to our product safety efforts, is taking on growing importance as customers seek information about product ingredients and increasingly purchase products that have been formulated without harmful chemicals. Macy’s Private Brands is expanding our Chemical Management Program to enhance education and training around chemicals of concern and to provide increased ingredient transparency when appropriate. We will restrict hazardous chemicals that are used in the finished products we sell, as well as the ones used during the manufacturing process. To achieve this, we have developed a two-part approach that will be implemented over the next six years.

Our Product Integrity and Quality Assurance Group will partner with our supply chain partners, trade associations, third-party service providers, as well as regulatory agencies to help identify the chemicals that we believe should be removed from our products. This input will inform the development of our own Chemical Management Program and the creation of Macy’s Restricted Substance List for finished products and a Manufacturing Restricted Substance List for the manufacturing process. By working together, we support the overall chemical management efforts within our industry.

CLEANER PRODUCTS

Sustainable Stewardship Goal

Chemical Management: Continue to remove unwanted chemicals and increase transparency of designated private brand product lines.

★ ★
- Develop and implement our first Private Brand Restricted Substance List covering apparel, footwear and home textiles by 2022 and non-apparel product categories beginning in 2024.
- Develop and implement our first Private Brand Manufacturing Restricted Substance List for children’s apparel/footwear and home textiles by 2023 and non-apparel product categories beginning in 2025.
We can accomplish more when we come together for the common good.

We believe the best opportunity to create a sustainable apparel industry lies in united action by brands, retailers and suppliers. While we participate in a number of industry coalitions and initiatives, one of our most productive partnerships is with the SAC, the leading global alliance working to reduce the environmental and social impact of apparel and footwear products.

The power of the SAC lies in the widespread use of its self-assessment tools by 230 international members, including leading apparel, footwear and textile brands, retailers, suppliers, service providers, trade associations, nonprofits, non-governmental organizations and academic institutions.

INCREASED INSIGHT
As a member of this coalition, Macy’s Private Brands uses the SAC’s Higg Index Facility Environmental Module and Facility Social and Labor Module to gauge the environmental and social performance of our manufacturing facilities.

We first asked our suppliers to use the Higg Index in 2014 and are pleased to report that by 2018 more than 400 facilities participated, including all of our trim suppliers, representing 56% of our manufacturing volume. This progress positions us well to direct 100% of our Tier 1 factories to use SAC Higg Index tools by 2025. With the information from these self-assessments, we can better reduce our environmental impact and improve labor conditions for factory workers throughout our supply chain.

### Higg Index: Private brand supplier rollout from 2016-2018 (% of volume)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2018</td>
<td>56.3%</td>
</tr>
<tr>
<td>2017</td>
<td>44.3%</td>
</tr>
<tr>
<td>2016</td>
<td>36.8%</td>
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</table>

Macy’s is also a signatory to the Social and Labor Convergence Project, an initiative to make the factory social assessment process more efficient through use of a Converged Assessment Framework. Its premise is that a common data collection tool and verification process will improve working conditions by leveraging collaborative action to reduce audit fatigue and achieve sustainable remediation.

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**Sustainable Stewardship Goal**

**Sourcing:** Improve environmental performance and social responsibility among our private brand suppliers.

★ Direct all Tier 1 factories to use SAC Higg Index tools.

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**Safer Working Conditions in Bangladesh**

Over six years ago, the Rana Plaza factory complex collapsed near Dhaka, Bangladesh, killing 1,134 people and injuring thousands more. In response, the Alliance for Bangladesh Worker Safety was formed by U.S. brands and retailers – with Macy’s as a founding member – to improve fire, structural and electrical safety in the country’s ready-made garment factories. Today, hundreds of thousands of Bangladeshi men and women work in safer factories thanks to Alliance assessments and remediation. During the five-year program, 178 factories were suspended for failing to make adequate remediation progress. None were Macy’s factories. In January 2019, the Alliance transitioned into Nirapon, a locally managed group that will assume responsibility for monitoring more than 600 factories, providing standardized worker safety training and making the helpline service available to factory workers.

**ALLIANCE FOR BANGLADESH WORKER SAFETY**

- Trained more than 1.6 million workers and more than 28,000 security guards in factory and fire safety
- Provided 24-hour confidential helpline access to more than 1.5 million workers in more than 1,000 factories
- Helped to form Worker Safety Committees in nearly 200 factories
- Completed remediation of 700 factories and initial Corrective Action Plans in 428 factories
We will learn from and work with our brand partners and industry leaders.

Macy’s, Inc. is committed to advocating sustainable practices with our brand partners and across the retail and fashion industry. Many of our national brand partners are leaders in areas of sustainability, and we can learn from them while sharing best practices across the Macy’s, Inc. value chain. As a national retailer, we can help build industry-wide momentum to address global challenges that are too big for any one retailer to solve on its own.

“Macy’s is committed to advancing our own sustainability and advocating for sustainable practices among our brand partners, and across the retail and fashion industry.”

Jeff Gennette, Macy’s, Inc., Chairman & CEO

We have outlined a two-step process for achieving shared sustainability standards with our national brand partners and making that information publicly available. We will begin by making the corporate social responsibility policies and reports of our top national brands partners accessible through macysinc.com. Following that, we will exchange information on sustainability practices with our national brand partners through CDP, which operates an extensive supply chain data platform.

**WORKING TOGETHER FOR CHANGE**

Macy’s, Inc. is an active member of and collaborates with numerous associations and networks that directly engage with policy makers on international trade, human rights and sustainability issues. Our colleagues hold multiple leadership positions in many of these organizations.

<table>
<thead>
<tr>
<th>Association/Network</th>
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<tbody>
<tr>
<td>Alliance for Bangladesh Worker Safety/Nirapon</td>
</tr>
<tr>
<td>American Apparel &amp; Footwear Association (AAFA)</td>
</tr>
<tr>
<td>Business for Social Responsibility (BSR)</td>
</tr>
<tr>
<td>CDP (formerly the Carbon Disclosure Project)</td>
</tr>
<tr>
<td>Cotton Inc.</td>
</tr>
<tr>
<td>Fair Fashion Center (FFC)</td>
</tr>
<tr>
<td>GoodWeave</td>
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<tr>
<td>Leather Working Group (LWG)</td>
</tr>
<tr>
<td>National Retail Federation (NRF)</td>
</tr>
<tr>
<td>Responsible Minerals Initiative (RMI)</td>
</tr>
<tr>
<td>Retail Industry Leaders Association (RILA)</td>
</tr>
<tr>
<td>Social and Labor Convergence Project (SLCP)</td>
</tr>
<tr>
<td>Sustainability Accounting Standards Board (SASB) Advisory Group (Consumer Goods)</td>
</tr>
<tr>
<td>Sustainable Apparel Coalition (SAC)</td>
</tr>
<tr>
<td>United States Fashion Industry Association (USFIA)</td>
</tr>
</tbody>
</table>

Sustainable Stewardship Goal

Transparency: Launch a collaboration to share and advance sustainable practices across the industry.
As responsible stewards, we seek to operate efficiently and adopt environmentally friendly solutions that create value for all of our stakeholders.

2018 Highlights

- Installed more than 180,000 LED fixtures
- Generated clean renewable energy through 100 on-site solar power installations
- Provided 68 electric vehicle charging stations
We measure what we do and work toward quantifiable goals to reduce our energy footprint.

With 863 stores covering 123,599,000 square feet and an extensive logistics network, Macy’s, Inc. has a substantial operational footprint, which we constantly manage in an effort to minimize our environmental impact. We seek to responsibly manage the resources we consume and the waste we produce. We set and work toward goals that are achievable and sustainable by investing in actions that yield the biggest improvement for the environment and the best return on our capital.

**FY2018 Total Energy consumption**

3,262 MWh

Total renewable

1,587,691 MWh

Total non-renewable

**ENERGY MANAGEMENT STRATEGY**

Energy efficiency is a core element of our strategy. We use both building automation systems and an enterprise-wide energy management information system to continually monitor our operating performance and detect anomalies. Our energy management system provides daily information, which enables us to respond in real time to curb wasteful energy consumption. In addition, Macy’s is leveraging new predictive technology that will provide greater control over peak energy demand periods and is enhancing our building automation systems to further reduce our energy consumption.

**BENCHMARKING OUR ENERGY PERFORMANCE**

We find value in benchmarking our management of energy in comparison to national standards and best practices and use the EPA ENERGY STAR Portfolio Manager online tool to measure and track our energy consumption to industry benchmarks. Portfolio Manager enables us to compare each building’s performance against a yearly baseline, national medians or similar buildings in our portfolio. We regularly provide detailed consumption data to comply with building energy benchmarking ordinances in 12 cities and the State of California.

Macy’s participates in the U.S. Department of Energy’s Better Buildings Initiative and was recognized in 2017 for achieving our 20% energy reduction goal four years ahead of target.

**Sustainable Stewardship Goal**

**Energy:** Reduce energy consumption by 10% from a 2018 baseline by 2025.
A SMALLER CARBON FOOTPRINT

We are continually improving our efforts to measure and manage our greenhouse gas emissions.

REducing and Reporting Our Carbon Emissions

We work to create a healthier environment for employees and communities throughout our operations and supply chain by measuring our greenhouse gas emissions and focusing on continuous improvement. We have been submitting a Climate Change questionnaire to CDP since 2008, collecting annual emissions data across our business and calculating carbon inventories for the CDP’s public rating system.

This year, we had an independent auditor verify all 2018 emissions calculations for Scope 1 (direct energy usage) and Scope 2 (purchased energy) activities.

### Scope 1 and 2 GHG Emissions 2016-2018 (metric tons CO₂e)

<table>
<thead>
<tr>
<th></th>
<th>FY2018**</th>
<th>FY2017*</th>
<th>FY2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG Emissions (Scope 1)</td>
<td>45,504</td>
<td>97,837</td>
<td>96,876</td>
</tr>
<tr>
<td>Indirect GHG Emissions (Scope 2)</td>
<td>552,248</td>
<td>631,865</td>
<td>710,548</td>
</tr>
</tbody>
</table>

* 2016-2017 data includes information outside of US boundary
** 2018 data reflective of US boundary

### Renewable Energy

With 100 active on-site solar power installations at our facilities nationwide, we are a leading source of clean, renewable energy. Each year these solar installations produce approximately 60 million kilowatt hours, which offsets approximately 43,000 metric tons of carbon emissions annually. Of the energy generated in 2018, all but approximately 6,509 megawatt hours were sold to others. We plan to add more solar projects until we reach our goal of 110 installations by 2025.

### Sustainable Stewardship Goal

Energy: Host 10 additional solar installations, bringing our total to 110.

**Go Green Groups Lead the Way**

Our Go Green Employee Resource Groups are the grass roots of our sustainability efforts. The groups are dedicated to educating our organization and implementing sustainability practices at both the individual and corporate levels. They raise issues and propose solutions and, at every step, they have access to and support from senior executives.

**Electric Vehicle Program**

As we work to reduce our own carbon emissions, we also support our customers’ sustainable choices by making electric vehicle charging convenient, accessible and free through a growing network of charging stations. Macy’s and our partner Volta Charging LLC added 16 stations in 2018, bringing the total to 68 at 30 locations. We have four more stations in progress, and we are reviewing more than 30 properties for additional installations across eight states.
We seek to responsibly manage the resources we consume and the waste we produce.

**REDUCING PAPER USE**
Over the past five years, we have shifted our marketing strategies to focus more on digital marketing and less on traditional print mailers. Since 2013, we have reduced our annual paper tonnage by 60%.

<table>
<thead>
<tr>
<th>Year</th>
<th>% Reduction</th>
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<tbody>
<tr>
<td>2018</td>
<td>20.8%</td>
</tr>
<tr>
<td>2017</td>
<td>29.7%</td>
</tr>
<tr>
<td>2016</td>
<td>13.5%</td>
</tr>
<tr>
<td>2015</td>
<td>11.2%</td>
</tr>
<tr>
<td>2014</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

**RECYCLING IN OUR STORES**
Recycling is a core element of a circular economy in which materials are not regarded as waste but are redirected for other uses. In our stores, corporate offices and other facilities, our policy is to recycle as much material as possible, including cardboard, plastic film, hangers, metal fixtures and wooden pallets. We also have an internal program to reuse, refurbish or recycle store fixtures. Some of our facilities have additional waste reduction programs, such as our Cincinnati corporate office’s composting program, which diverts food waste. To improve our recycling rate, we are developing a waste diversion plan that will incorporate better reporting of in-store recycling efforts, identify barriers and increase awareness.

**TRANSPORTATION**
Our efforts to improve the efficiency of our logistics network are yielding results, as we reduced our inbound (distribution center to store) shipments, which lowered our greenhouse gas emissions by approximately 7% and avoided approximately 84 million pounds of CO₂ in just one year. We achieved this by using:

- Vendor-to-store direct shipments which bypass our distribution centers for fewer miles traveled
- Intermodal travel in which more shipments are consolidated or sent by rail rather than individual truck.

**PRODUCT PACKAGING**
Developing responsible products also includes reducing the environmental impact of product packaging. Macy’s, Inc. has adopted a number of best practices, which include standardizing the size of packing cartons and minimizing packaging materials. Increasingly, we incorporate recycled content into our packaging, especially in corrugated cardboard. We also use auto-boxer and auto-bagger machines that can build a package that perfectly fits odd or oversized items. This fit-to-size auto-boxing technology reduces box volume up to 50% by creating the smallest parcel needed at the lowest expense, which also helps reduce shipping costs.

**Sustainable Stewardship Goal**
Waste & Recycling: Increase our in-store recycling rate to 67%.

**Cincinnati Volunteers Help Recycle Electronic Waste**
For the past six years, Macy’s has co-sponsored the PNC/Reds E-Waste Recycling Drive in Cincinnati, Ohio. The popular three-day event, one of the largest in the Midwest, accepts and recycles electronic waste of all kinds. In 2018, Macy’s volunteers helped unload a record 815 cars in six hours – a 20% increase from the previous year. In total, this event has diverted more than one million pounds of electronic waste from entering landfills from where toxic chemicals can leach into groundwater.
DIVERSITY & INCLUSION

We are strongest and our brand shines brightest when all aspects of our business reflect the diversity of the customers and communities we serve.

2018 Highlights

- Launched a companywide five-point diversity and inclusion strategy and goals
- Provided unconscious bias training to 1,200 directors and above
- Supported ethnically diverse-, women-, LGBTQ- and veteran-owned business enterprises through annual average purchases of $1 billion
OUR FIVE POINT APPROACH

Our mission is to embed diversity and inclusion into how we think, act and operate.

We are strongest when we are representative of the many communities we serve. In 2018, we laid out a bold vision to advance diversity in all aspects of our organization. We identified five focus areas, in which we have set specific performance objectives for 2019 and beyond. We revitalized the Macy’s Diversity & Inclusion Business Council, which is co-chaired by our CEO and our chief diversity officer and includes representatives from all areas of the company.

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Objective</th>
<th>Goals</th>
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<tbody>
<tr>
<td>Colleagues</td>
<td>Reflect the full spectrum of diversity at all levels of our workforce</td>
<td>Achieve more ethnic diversity by 2025 at senior director level and above, with a goal of 30%</td>
</tr>
<tr>
<td>Customers</td>
<td>Welcome, accept and respect every one of our customers</td>
<td>Publish and activate our new Customer Bill of Rights in every Macy’s and Bloomingdale’s store in 2019</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Increase representation and advance the growth of under-represented suppliers</td>
<td>Increase our combined retail and non-retail supplier spend above 5% by 2021</td>
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<tr>
<td>Community</td>
<td>Build meaningful relationships with community partners whose objectives align with our business goals and our company values</td>
<td>Launch economic development partnerships in at least five cities in 2019</td>
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<tr>
<td>Marketing</td>
<td>Reflect and reach the full spectrum of our customers in our imagery, messages and experience</td>
<td>Require 50% representation of gender/gender identity, ethnicity, age, size and differently-abled subjects in our advertising by 2020</td>
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OUR COLLEAGUES: REFLECT THE FULL SPECTRUM OF DIVERSITY AT ALL LEVELS OF OUR WORKFORCE

Macy’s, Inc. should be a safe and inclusive place where each colleague can bring their authentic selves to work every day. While our workforce already includes many women and ethnically diverse individuals, we want to include the full spectrum of diversity at all levels of our workforce. Our goal is to open conversations and foster an environment where people feel encouraged to be themselves.

OUR CUSTOMERS: WELCOME, ACCEPT AND RESPECT EVERY ONE OF OUR CUSTOMERS

To strengthen this commitment, we expanded our Customer Bill of Rights to every Macy’s and Bloomingdale’s store. Our Customer Bill of Rights states that we will welcome, accept and respect every one of our customers. It also declares that discrimination, unreasonable searches and profiling will not be tolerated. And it provides direction on how customers can report any incidents in our stores. In addition, we have increased the timeliness of customer complaint resolutions and have intensified training in higher risk stores and markets.

CUSTOMER BILL OF RIGHTS

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CUSTOMER BILL OF RIGHTS

WE ARE COMMITTED TO YOU:

You may, at any time, ask to speak with a Manager about a particular transaction or experience. We are committed to assisting your needs in a respectful and non-judgmental manner. Your input is an important part of our customer feedback system and is valued by our team.

WE RESPECT YOUR RIGHTS:

We respect your right to be treated with dignity, respect and kindness by our employees, regardless of race, color, religion, national origin, age, gender, gender identity, sexual orientation, marital status, health condition, disability, veteran status or other characteristics, as well as any other rights that you may have under any local, state, or federal law.

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OUR SUPPLIERS: DRIVE GROWTH WITH UNDER-REPRESENTED SUPPLIERS

We are working to support the next generation of diverse suppliers by ensuring they are integrated into our merchandising and business development strategies. Our Supplier Diversity Program is designed to connect more ethnically diverse-, women-, veteran- and LGBTQ-owned businesses to opportunities within Macy’s, Inc., enabling us to have more distinctive merchandise, contribute to the economic health of local communities, and help grow the number of diverse suppliers in the retail industry.

GENERATING ECONOMIC IMPACT

In 2018, we purchased approximately $937 million from ethnically diverse- and women-owned businesses. This engagement with diverse suppliers contributed more than $1.8 billion to the U.S. economy – surpassing the billion-dollar mark for the fourth year in a row – and sustained more than 10,000 jobs. These jobs, and the incomes earned through them, are important contributions to the communities in which we operate.

5%

Macy’s is committed to increasing our economic impact by achieving a combined diverse supplier spend of at least 5% by 2021.

America’s Top Corporations Award
Gold Level from the Women’s Business Enterprise National Council

A Springboard for Ethnically Diverse & Women Entrepreneurs

Each year Macy’s helps high-potential women and ethnically diverse entrepreneurs grow their businesses through The Workshop at Macy’s, an intensive four-and-a-half day workshop. This business development program equips participants with a new perspective on how to create effective, large-scale supplier relationships. To obtain one of the coveted openings in the annual event, applicants must apply and undergo an in-depth vetting process by The Workshop at Macy’s team. In early 2019, we expanded this program by increasing the class size, identifying new funding sources and partners, and redeveloping the curriculum to address different stages of participant business development.

Since we launched the program in 2011, approximately 125 businesses have graduated and, as a result, we have tapped into new retail suppliers that appeal to our diverse customers. We will continue to grow The Workshop at Macy’s to contribute to our communities and foster economic inclusion.
THE COMMUNITIES WE SERVE

OUR COMMUNITY: DRIVE IMPACT THROUGH COMMUNITY RELATIONSHIPS THAT REFLECT OUR GOALS AND VALUES

Our commitment to drive economic growth, while reinforcing social good, is reflected in our multicultural community work. Macy’s, Inc. actively partners with many nonprofits, civic organizations and initiatives that aim to empower and inspire diverse groups. We support the areas of education, health and wellness, mentoring and more for men and women of all ages, abilities and religions, as well as African-American, Hispanic, Asian and LGBTQ communities.

This means collaborating with local organizations to strategically seek out new partners to participate in our business accelerators: The Workshop at Macy’s, The Market @ Macy’s, and our narrative-driven retail concept shop, STORY. To support this commitment, in 2018 Macy’s partnered with organizations such as the National Urban League, Black Enterprise, The Asian American Business Development Center, The Hispanic Federation and Eagle Academy network of public schools.

Regular stakeholder engagement is important to our company. In July 2018, Jeff Gennette, Macy’s, Inc. Chairman & CEO, along with the Diversity & Inclusion Business Council, hosted a meeting with nearly 30 diverse business and community stakeholders. The goals were to update our partners on where Macy’s, Inc. is today on our diversity and inclusion work, seek feedback on our plans as we continue this work, and gain insight on how we can better partner as we move forward.

OUR MARKETING: CONSISTENTLY AND GENUINELY REFLECT ALL OUR CUSTOMERS

We recognize and value our diverse customer base. Our goal is simple: we want all of our marketing to reflect the diversity of our customers. To achieve this, we have changed our model casting guidelines to require 50% representation on gender/gender identity, ethnicity, and age, size and differently-abled.

Advancing Civil Rights with the National Urban League

We were honored to continue 24 years of partnership with the National Urban League, a non-partisan civil rights organization, by supporting its annual conference in Columbus, Ohio, in 2018. Macy’s Diversity & Inclusion team hosted the Young Professional Speed Networking event at which future leaders were able to build powerful connections and received gift bags provided by the Macy’s Easton store team. Additionally, to support the mission of New York Urban League, Macy’s participated in College Live, a series of pre-college tours and preparation workshops that provide students with the preparation needed to maximize the value of their college campus visits.
COMMUNITY

We are dedicated to serving our communities by creating jobs, giving back and being a vibrant hub for commerce and connection.

2018 Highlights

- Launched the North Star Relief Fund to support colleagues in need
- Raised and donated $56 million to our charity partners
- Volunteered 152,000 hours of community service through Partners in Time
The people of Macy’s are guided by a sense of respect for the communities we serve.

Building on a 160-year tradition, and with the collective support of customers and colleagues, Macy’s, Inc. strengthens communities by supporting local and national charities to help make a difference in the lives of our customers.

Giving back is one of our core values, and we want to create as much positive impact as possible. In 2018, we aligned giving programs to sharpen our focus on the needs of local communities. We upgraded and consolidated the management of our programs into one centralized system, which will improve our ability to report on our giving impact. We also developed a rapid response playbook that enables us to react quickly and consistently to local disasters in a meaningful, strategic way.

Macy’s corporate giving is allocated at local, regional, and national levels to provide charitable funding to support and serve the communities in which we live and work. The funds are distributed through a network of district grant captains, store colleagues who have direct connection to their local communities.

Macy’s Salutes America’s Veterans

Each year we celebrate America’s birthday by thanking the thousands of men and women who are deployed around the world protecting our freedom. In salute to our nation’s armed forces, Macy’s colleagues and customers nationwide come together for a charitable giving campaign to support veterans and military families.

In 2018, our 1st annual “Macy’s Salutes Those Who Serve” campaign generated more than $2 million for three nonprofits that support current and former members of the U.S. armed forces and their families: Blue Star Families, Bunker Labs and Team Rubicon. These organizations help with career development, caregiver support, entrepreneurship and business opportunities, skills-based volunteering and community rebuilding activities.

We also provided smaller grants to more than 20 local organizations dedicated to supporting veterans.

Macy’s, Inc. 2018 Corporate Giving

$15+ million

to 1,000+ organizations
It’s about giving back and showing up in times of need.

Our colleagues embody our value of giving back each and every day, and we are proud of their commitment. We have many opportunities for colleagues to contribute, including two of our flagship programs: Bag Hunger and The Big Give Back.

**BAG HUNGER**

In March 2018, by giving their time and money, our enthusiastic colleagues helped Macy’s, Inc. and our customers raise more than the equivalent of $3.5 million for local food banks, emergency food assistance programs and summer meals for children who typically rely on school meal programs. Colleagues volunteered nearly 23,000 hours as they raised funds through imaginative events such as good-natured competitions and “fashion shows for food” and teamed up to deliver to homebound seniors, and make and serve meals.

[LEARN MORE]

**DISASTER SUPPORT**

When our communities are hurting, Macy’s shows up. In 2018, Macy’s responded to 13 disasters and supported two long-term disaster relief efforts, helping people recover from floods, fires, hurricanes and shootings. Guided by our new disaster relief toolkit, we are now better able to respond quickly and consistently when trouble strikes. With creativity and compassion, our stores team up with local organizations to find the best way to respond to each situation.

**THE BIG GIVE BACK**

In 2018, we introduced The Big Give Back as a new month-long colleague fundraising and volunteer movement to raise funds for the North Star Relief Fund, United Way or other local 501(c)(3) charity. The campaign enabled colleagues to meet needs in their own communities in a variety of ways, from packing backpacks and collecting school supplies to donating blood and leading a coding camp. We invited customers to join us by rounding up their purchase to the nearest dollar to support their store’s chosen local charity. The total campaign giving from our colleagues and customers, alongside Macy’s, Inc. contributions, topped $7.3 million.

**PARTNERS IN TIME**

Through volunteerism, we also build connections that reach beyond the walls of our stores – connections between our customers, our colleagues and our communities. This is best demonstrated through our Partners in Time colleague volunteerism program, which extends to virtually every one of our locations. Since Partners in Time began in 1989, our colleagues have given approximately 3 million hours of community service to thousands of charities in local communities. Our charity partners equate that to a value of more than $58 million.

---

**2018 Colleague Giving & Volunteering**

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$10+</strong> million</td>
<td>in donations</td>
</tr>
<tr>
<td><strong>152,000</strong> hours</td>
<td>of volunteer service worth $3.8 million</td>
</tr>
<tr>
<td><strong>29,000</strong> colleagues</td>
<td>participated in about 3,000 community projects</td>
</tr>
</tbody>
</table>
CUSTOMER GIVING

We invite customers to join us in supporting causes that build stronger communities.

GRANTING WISHES ACROSS AMERICA

Macy's customers brought the magic to our 11th annual Believe campaign benefitting the Make-A-Wish® Foundation, which grants wishes to children with critical illnesses. Macy's donated $1 to Make-A-Wish for each letter to Santa placed in the store's red letterboxes or sent on macy.com/believe, up to $1 million. The high point of our annual Believe campaign came on National Believe Day, when Macy's doubled our $1 donation for each letter collected, up to an extra $1 million. On National Believe Day, Macy's also helped grant wishes to 25 critically ill children in 25 cities across the country.

Through the Believe and Thanks for Sharing campaigns, Macy's donated $10 million to Make-A-Wish in 2018. Overall, Macy's has raised and donated more than $122 million since 2003, which has enabled 14,000 children's wishes to be granted, impacting 2.6 million people throughout the children's support network.

BUY A COAT, GIVE A COAT

For the past six years, we have invited customers to shop for a cause during our three-day “Buy a Coat and We’ll Donate One” campaign in November. Through our partnership with Clothes4Souls and participating brands, we provided warmth, hope and dignity to 35,000 men, women and children in need in 2018. Our colleagues worked with Clothes4Souls to distribute the coats in 25 communities near Macy's stores and corporate office locations.

MARCH OF DIMES

Partners for nearly 20 years, the March of Dimes and Macy’s share a common belief that all moms and babies – regardless of age, race, geography, income or socio-economic background – deserve the best possible and healthiest beginnings. Unfortunately, health inequities and disparities in our communities are far too commonplace; together, we are working to change that.

The 2018 Thanks for Sharing contribution of $1.5 million funded core components of March of Dimes’ community programs in areas with the greatest disparities and highest preterm birth rates. Programs such as Group Prenatal Care and Storks’ Nest address training medical and community health workers, providing professional curricula for program implementation and distributing health education materials. In total, these programs reached more than 52,000 women and 12,000 community medical health professionals in 2018.
PARTNERS FOR A BETTER TOMORROW

We have forged deep relationships with leading organizations dedicated to helping those in need.

FIGHTING BREAST CANCER TOGETHER

In the fight against breast cancer, everyone plays a role. Macy’s and Bloomingdale’s, together with our colleagues and customers, have raised more than $26 million for the Breast Cancer Research Foundation (BCRF) since 2003.

★ Macy’s funding of over $12.4 million, which includes $2 million in customer and colleague donations in 2018, has supported a total of 41 research projects at major BCRF medical institutions in the U.S., translating to 249,187 critical research lab hours. Macy’s has played a valuable role in supporting major breakthroughs in breast cancer prevention, diagnosis, treatment, survivorship and metastasis.

★ In 2018, Macy’s customers and colleagues raised more than $2 million for BCRF – our largest fundraising year ever – through our annual Thanks for Sharing holiday rewards program and a dedicated charitable round-up program during October, National Breast Cancer Awareness Month. We currently support six major research grants and are adding two new grants for the 2019-2020 year.

★ Bloomingdale’s has also contributed more than $13 million to the fight against breast cancer over the past 14 years. Every October, the company raises awareness and funds through its Pink Campaign, which includes exclusive products and in-store events as part of its Give Pink, Get More program.

★ These initiatives have enabled Bloomingdale’s to support the work and research of five doctors through a grant to the Breast Cancer Research Foundation, as well as to fund projects for The Carey Foundation and the Marisa Acocella Marchetto Foundation.

★ Bloomingdale’s and the Child Mind Institute:

Promoting Awareness, Care & Research of Youth Mental Health

As a signature corporate partner to the Child Mind Institute since its founding in 2009, Bloomingdale’s has played a key role in advancing awareness of children’s mental health and learning disorders through many philanthropic channels. These efforts include an annual donation through sales of the Child Mind Institute Holiday Bear, in-store events and a holiday window at its flagship store in New York City, CharityBuzz auctions, and Round-Up-the-Change campaigns.

To date, Bloomingdale’s has helped raise more than $1.7 million on behalf of the Child Mind Institute, funding clinical care financial aid, community-based research efforts and free resources, and school-based mental health intervention and training.
We strive to be an employer of choice in every location where we do business, offering competitive pay and benefits, and a welcoming and inclusive work environment. We foster a winning mindset and provide all colleagues with the programs and opportunities they need to contribute to the business and their own growth and development in a meaningful way.

**COLLEAGUES**

**2018 Highlights**

- Introduced Path to Growth Incentive for all colleagues
- Corporate colleagues spend an estimated 12 hours and hourly colleagues spend an estimated 8 hours in training each year
At Macy’s, Inc. our culture is key to our success. We believe that what we do and how we do it are equally important. Creating a culture of shared expectations helps our organization deliver on our promises to stakeholders. In 2018, we updated our values and behaviors to better align with our vision for the organization. Simply, clearly and powerfully, they describe how to live our values and follow our vision. This work was so important, we invested in training in these areas for all colleagues.

In the following section of the report, we highlight various aspects of our culture work, from listening to our colleagues to creating a safe and inclusive workplace. Our colleagues are engaged and motivated to win in the competitive retail landscape.

MAKING COLLEAGUES’ VOICES HEARD
We encourage colleagues to share feedback that will help us measure engagement and understand how they are feeling about our culture. For example, our recurring Culture Pulse surveys have contributed to our progress by helping identify the areas where we are doing well and growth opportunities, focused on our colleagues and People Leaders. We are holding our leaders accountable by measuring engagement and are using these survey results to help our People Leaders to be their best.

How We Get It Done: Our Behaviors

Commit To Win
We must win with the customer and consider her in all decisions. We are passionate and competitive. We are demanding of ourselves, proud and humble to be part of a winning team. We commit to acting with speed and agility. We own our business and results.

Build Trust
Trust is at the heart of any meaningful partnership – both inside the company and with our business partners. We do what we say we will do. We are transparent. We collaborate and place trust in our colleagues willingly. We listen, learn, and root for one another.

Own Your Role
Every job matters and each of us plays a unique part in our company’s success. We are clear and accountable to the responsibilities of our role. We seize every opportunity to make our team successful. We are quick to make decisions, learn from mistakes, and understand how to be of service to others.

Get Better Every Day
We continually improve ourselves and develop our teams. We work in service to one another and to our customers. We welcome feedback and learn from it. We are curious and look beyond our walls for inspiration and ideas. We are optimistic and resilient.

★ What Guides Us: Our Values
Acceptance  Respect  Integrity  Giving Back

★
make
life
shine
brighter
for our customers, colleagues and communities
We work to create a safe and inclusive environment where all colleagues feel empowered and supported.

We are proud of our long history of employing a diverse and inclusive workforce. Our total workforce is 75% women and 60% ethnically diverse, and our mission is to ensure that we represent the full spectrum of diversity at all levels. We promote an environment where people feel encouraged to be themselves. To achieve this, we have:

- Supported a Can We Talk series of national conversations in which senior leaders address the impact of societal challenges in the workplace.
- Provided Unconscious Bias Inclusive Leadership training to 1,200 directors and above in 2018 to reveal and override learned stereotypes, and will extend this training to all 130,000 colleagues in 2019.

ACCELERATING MULTI-CULTURAL TALENT

To demonstrate our commitment to diversity and inclusion, we launched MOSAIC, a leadership program designed to accelerate the momentum of top talent multi-cultural manager and director-level colleagues. Through these programs and other actions, we plan to reach 30% ethnically diverse talent at the senior director level and above by 2025, up from our current level of 22%. To ensure that we meet this goal, we are establishing performance-related People Leader accountability and will create a reporting dashboard to track our progress.

*Figures as of FY2018.

LEADER ACCOUNTABILITY

We hold our People Leaders accountable for driving our culture of diversity and inclusion. This is so important that we built a set of commitments to highlight this mindset and serve as a guidepost for how our leaders should think, act and operate.

The People Leader Commitment

I Promote Diversity & Inclusion

I ensure belonging. I believe we can achieve our best when we leverage each person’s unique strengths, background and perspective. I seek, cultivate and encourage an environment where everyone is valued and included.

I lead the way. I select and nurture talent with representation and balance in mind. I role model our values and behaviors consistently through my daily choices, attitude and actions.

EXTERNAL RECOGNITION

We are proud to be recognized by others for our accomplishments in advancing diversity across our business.

- Best Place to Work for LGBTQ Equality and a perfect score on the Corporate Equality Index from Human Rights Campaign
- Top 25 Company for Women Technologists by AnitaB.org for the third consecutive year
Our colleagues come together to grow professionally and support one another.

THE VALUE OF EMPLOYEE RESOURCE GROUPS

We offer ten Employee Resource Groups (ERGs) that provide our colleagues platforms for speaking out and working together. Aligned with the strategic direction of the company, these employee-led, company-sponsored groups benefit colleagues and provide insightful counsel to the business as they:

★ Provide a safe and supportive environment where member voices count;
★ Support talent strategies by contributing to recruitment, engagement and retention efforts, and providing opportunities for professional growth and leadership development;
★ Connect with the customer through the ideation and evolution of product offerings that position Macy’s as the retailer of choice; and
★ Engage in community outreach and volunteer initiatives.

Colleagues who join one of these groups find many opportunities for professional growth and leadership development. For example, our company-wide ONYX ERG, focused on African-American leadership and development, teamed up with our Partners in Time colleague volunteer initiative to lead our National Day of Service for Martin Luther King Day.

OUR EMPLOYEE RESOURCE GROUPS

★ ONYX – Blacks United in Leadership & Development
★ ATEAM – Strengthening Asian and Pacific Islander Communities
★ La Voz – Empowering the Latino Community
★ Pride – Empowering the LGBTQ Community in Partnership with Allies
★ WAM – Women at Macy’s
★ ATLAS – Aspiring to Lead and Succeed
★ EMBRACE – Diversity & Inclusion
★ FitFluence – Be Empowered. Be Active. Be Fit.
★ Go Green – Sustainable Leadership
★ Working Families – Promoting Work/Life Balance

MACY’S NORTH STAR RELIEF FUND

When colleagues are struggling, our people now have a formal way to help each other. In July 2018, we created the North Star Relief Fund, a 501(c)(3) charity exclusive to Macy’s that supports our colleagues in need through rapid, direct financial assistance. This covers impacts from natural disasters, domestic violence, deaths in the immediate family and other significant life challenges. This fund was seeded with a $2 million grant from Macy’s, Inc. and is augmented through generous colleague giving.

LEARN MORE

The Value of a Mentor

Learning from more experienced colleagues often provides valuable insights that complement other forms of education. La Voz, the Employee Resource Group for our Latino community in New York City, launched a successful Mentoring Circle program that matches members with senior leaders. Within one year, 56% of the mentees reported that they have been promoted or started a new job since entering the program. And 93% of mentees feel that they now have the basic tools necessary to navigate the company. In addition, Macy’s and Bloomingdale’s have a technology-enabled Mentoring Portal that was created to provide opportunities for mentorship across the enterprise.
MEANINGFUL CAREER OPPORTUNITIES FOR OUR COLLEAGUES

From recruiting to development, we build a workplace that helps both our colleagues and company grow.

We offer benefits and working conditions that treat our people with respect and recognize the value they contribute to our success. Macy’s, Inc. is 130,000 strong, with approximately 80,000 more seasonal colleagues during the peak holiday shopping period. We offer many different roles, including nearly 20,000 corporate positions. We seek to attract talented people and offer meaningful work with the opportunity for personal growth.

ATTRACTING TALENTED COLLEAGUES
At Macy’s, Inc., we strive to work with the best and brightest talent in the industry. Attracting outstanding people in a highly competitive and increasingly complex job market starts with a candidate-first mentality. We believe our candidates are our customers. From this belief, we are committed to creating a compelling, meaningful and personalized candidate experience. This includes seeking out innovative ways to add value and inspire career experiences for our internal colleagues.

To help Macy’s compete for talent and to deliver on recruiting excellence, we rolled out a Talent Acquisition Skills Academy to our professional recruiters and are introducing artificial intelligence tools to enhance recruiter productivity. We are also exploring additional efficiencies through technology.

OPPORTUNITIES FOR COLLEGE STUDENTS AND GRADUATES
Each year, hundreds of young people from America’s colleges and universities choose to begin their careers in retail at Macy’s, Inc. They are attracted to our reputation, programs and the opportunity for advancement.

Sixty five percent of the college students who participated in our 2018 summer internship programs went on to accept full-time positions with Macy’s, Inc. During the 2018 academic year, concluding in June 2019, we hired over 500 college interns and graduates into these programs. We intentionally seek a workforce that represents the communities we serve and are pleased that 63% of our college hires are women and 44% are from ethnically diverse minorities.

Our Executive Development Programs equip new colleagues with all the tools they need to learn, grow and succeed in one of eight key areas of our business. We are proud of the breadth and depth of these programs and work hard to ensure that our content and approach are updated regularly to remain competitive and to align with the ever-changing retail landscape.

OPPORTUNITIES TO GROW AND DEVELOP
Macy’s, Inc.’s growth and development initiatives encompass a wide range of programs in key areas such as leadership, professional and technical skills, an online Talent Center and an in-house Leadership Institute. Today, the Leadership Institute serves over 600 leaders annually. We are committed to making it easier for our colleagues to access training content through best-in-class technology and on-demand services. Additionally, we make significant investments each year to support colleague growth and development and to generate results for our business.

LENGTH OF SERVICE
Our dynamic culture enables colleagues to thrive and be their best each day. We remain an employer of choice in a competitive job market. The average length of service among professional and hourly colleagues is ten and five years, respectively.
A WORKPLACE WHERE PEOPLE THRIVE

We offer an employment proposition that makes sense for today’s workers, from compensation and benefits to scheduling options and commitment to safety.

COMPETITIVE COMPENSATION
A key component of a compelling work environment is our ability to provide market-relevant compensation programs in support of our business and talent priorities. We strive to develop and maintain fair compensation strategies and practices that align with colleague career development, and that are competitive within our industry and the markets and business channels where we operate. Our compensation strategy incorporates base and variable earnings opportunities to reward our colleagues when individually and/or as a team we achieve pre-determined goals. We believe this approach promotes a high-performance team culture and further aligns our colleagues’ actions with our business results. We continue to monitor our pay practices and levels and adjust as needed to meet local competitive demands and legislative requirements.

Compensation for our senior executives is tied closely to the company’s performance and is disclosed in our annual proxy statement.

BENEFITS
At Macy’s, Inc. we know that benefits are important to our colleagues. In 2018, we took the opportunity to gather feedback from throughout the organization and used that input to revamp our approach. This work resulted in a new range of health and wellness programs for eligible team members, including healthcare benefits, paid parental leave, hospital indemnity, paid short-term disability and optional long-term disability benefits, and special programs like pet insurance. We also grant paid time off, offer flexible work and a generous colleague discount.

FLEXIBLE SCHEDULING
Our colleagues across all areas of the business have the flexibility and ownership of their own schedules in partnership with their People Leaders and teams. For example, our store colleagues manage their schedules, noting their preferred availability by customizing assigned shifts to fit their lifestyles. Over the last few years, the company has worked to make complete schedules available to colleagues as early as possible, and up to six weeks in advance during the holiday season. We’ve also worked to provide the tools and technology needed for our corporate office colleagues to establish flexible work arrangements to meet their needs. We believe these steps support our goal to remain competitive and attract a diverse workforce.

LABOR RIGHTS
Non-management colleagues have the right to bargain collectively and approximately 7% of the company’s colleagues belong to a union. We are committed to treating our colleagues fairly, paying competitive wages and benefits, and promoting an inclusive and respectful workplace. We believe in maintaining direct and mutually productive relationships with our colleagues and that third-party representation is often unnecessary and counterproductive.

COLLEAGUE SAFETY
Colleague safety is one of our top concerns, whether in our corporate offices, stores, supply chain facilities or support centers. We create a culture of safety by increasing awareness among our colleagues through ongoing communication in the form of monthly safety meetings, training sessions throughout the year and constant monitoring of our safety standards. In 2018, our OSHA incidence rate was 3.3, which is below the industry standard of 3.5. In addition, we experienced 1,121 work-related lost time accidents which matches the industry incidence rate. While we are pleased with these results, we remain determined to get better every day in keeping our colleagues safe.

Introducing the Path to Growth Incentive
Our Path to Growth Incentive Plan recognize that every colleague has a role to play in driving our success. Launched in 2018, the Path to Growth Incentive Plan supports Macy’s growth strategy and is tied directly to measurable goals that align to a colleague’s work area. The incentive plan is available to colleagues in all of Macy’s business units, including stores, call centers, warehouses and corporate offices. All colleagues – full-time, part-time and seasonal – are eligible for our Path to Growth Incentive Plan, excluding those covered by collective bargaining agreements.

At the end of each quarter, colleagues who achieve their goals receive a Path to Growth Incentive, and approximately 95% of eligible colleagues received the incentive at least once in 2018. We value the important contributions that our colleagues make to our success and are pleased that so many of them, in so many different roles, have been able to participate in this new program.
Our Company Sustainability Approach Product Sourcing Operations Diversity & Inclusion Community Colleagues Governance SASB Matrix

Strong governance ensures that we are accountable to all stakeholders and is critical to ensuring long-term, profitable growth.

2018 Highlights

• Conducted Legal Compliance Training for 25,000 colleagues
• Maintained strong Board diversity
• Financially aligned directors and management with shareholders through performance-based compensation and robust stock ownership guidelines
Our Board structure provides leadership and guidance to our entire enterprise.

Our Board of Directors ensures that we operate with integrity and accountability in all aspects of our business.

**BOARD STRUCTURE**

The Board of Directors oversees management and key issues such as strategy, risk and integrity through a lead independent director and four standing independent committees.

The **Audit Committee** assists the Board in its oversight of the integrity of our financial statements, systems of internal controls, compliance with legal and regulatory requirements, qualification, independence and performance of Macy’s independent public accountants and internal audit function. The Audit Committee also discusses our risk assessment and risk management policies and monitors the functions of our compliance and ethics organization. This includes oversight of our data privacy programs.

The **Compensation and Management Development Committee** recommends to the Board annual and long-term compensation for our chief executive officer and determines the compensation for other executive officers. It administers our incentive and equity compensation plans, reviews and approves any proposed severance or retention plans or payments to executive officers and establishes executive succession plans.

The **Finance Committee** reviews and approves capital projects, other financial commitments, acquisitions and dispositions of businesses, assets, real estate or other property above $25 million and below $50 million, and reviews and recommends to the Board projects, commitments and transactions of $50 million or more. It also reports to the Board on transactions affecting our capital structure such as financings or involving debt or equity securities.

The **Nominating and Corporate Governance Committee** identifies and screens candidates for Board membership, proposes director nominees for election by shareholders, oversees the annual evaluation of the Board and its committees, reviews and recommends director compensation, and considers possible Board and management conflicts of interest. This committee oversees our policies and practices relating to charitable, political, social and environmental issues, initiatives and reporting.

Directors and management employees are financially aligned with shareholders through performance-based compensation and robust stock ownership guidelines. All directors are annually elected and highly engaged in our business.
PERFORMANCE-FOCUSED LEADERSHIP

Our experienced, diverse directors engage on critical issues to add value and help accelerate our growth.

We believe that the composition of our Board of Directors should reflect the colleagues and the customers we serve. Our Board should also provide an effective mix of deep industry and professional experience and fresh ideas, as well as gender, age and ethnic diversity.

Board Composition

<table>
<thead>
<tr>
<th>Category</th>
<th>Policy</th>
<th>Board Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Maintain an experienced Board with expertise in areas relevant to Macy’s, Inc.</td>
<td>Leadership 11/11 directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finance 11/11 directors</td>
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<tr>
<td></td>
<td></td>
<td>Industry Knowledge/Global Business 10/11 directors</td>
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<tr>
<td></td>
<td></td>
<td>Sales and Marketing 7/11 directors</td>
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<tr>
<td></td>
<td></td>
<td>Technology 4/11 directors</td>
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<tr>
<td></td>
<td></td>
<td>Real Estate 2/11 directors</td>
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<tr>
<td></td>
<td></td>
<td>Public Company Board 10/11 directors</td>
</tr>
<tr>
<td>Background</td>
<td>Maintain a diverse Board representing a range of perspectives and backgrounds</td>
<td>Ethnically diverse 3/11 directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Women 5/11 directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Current and former CEOs 9/11 directors</td>
</tr>
<tr>
<td>Tenure</td>
<td>Balance deep Macy’s, Inc. knowledge with new perspectives</td>
<td>0–4 years 6/11 directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5–9 years 1/11 director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10–19 years 2/11 directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20+ years 2/11 directors</td>
</tr>
<tr>
<td>Age</td>
<td>Retirement at age 74</td>
<td>55% younger than 60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Median age is 58</td>
</tr>
<tr>
<td>Independence</td>
<td>A majority of the Board must be independent</td>
<td>Independent 10/11 directors</td>
</tr>
<tr>
<td>Day-to-day</td>
<td>Our Corporate Strategy Group comprises the 14 senior most executives of Macy’s, Inc. and provides the day-to-day leadership of our entire organization. The group is led by the chairman and chief executive officer with Board oversight.</td>
<td>Management</td>
</tr>
</tbody>
</table>

5 Women 3 Ethnically diverse
Operating a responsible business

We operate with integrity and strive to do the right thing in every aspect of our business.

Cultivating an ethical culture
We foster a culture of ethical conduct to guide everyone in our organization, from our leaders to our colleagues and to our suppliers. Through a holistic approach, we emphasize our core value of Integrity. We regularly share our expectations and continually monitor our organization to ensure compliance with company policies and applicable laws.

In addition to a Code of Conduct for colleagues, we have set forth our expectations for our Board in a Code of Business Conduct and Ethics for Non-Employee Directors and our private brand suppliers in a Vendor and Supplier Code of Conduct. The Audit Committee of the Board of Directors has oversight over ethics and compliance.

Our ethics hotline
Our company creates a culture in which people are encouraged to speak up and do the right thing. We make it easy for our colleagues to report suspected misconduct through our confidential, third-party Compliance Connection toll-free telephone line and web reporting service. We also offer a separate hotline for our suppliers to report their concerns. Additionally, we welcome input from our customers and offer many vehicles that the public can use to raise issues or complaints. We encourage stakeholder and shareholder dialogue. Customers may contact us via Customer Service, U.S. mail, email, website or a convenient online Tell Us What You Think response form.

Training for integrity
Our colleagues are the face of our company and the ambassadors of our brand. Our reputation rests on their behavior.

To ensure that our entire organization behaves in a legal and ethical manner, we provide annual training, alternating between our Code of Conduct and General Legal Compliance Training. In 2018, we provided General Legal Compliance Training via computer-based modules to all colleagues in the business support functions, central offices, as well as our digital operations. In Macy’s Logistics, all exempt and salaried overtime-eligible colleagues received training. In Bloomingdale’s and Macy’s stores, all store management, including supervisors and cosmetic counter managers, also received training. In total, 25,000 colleagues completed the training in 2018, representing 95% of the colleagues it was provided to.

In addition to this formal instruction, we regularly train our colleagues on a number of other areas that affect how we conduct our business with integrity. We work to instill our values and communicate expected behaviors through team huddles, the Employee Handbook and other ongoing communications.

Data protection and privacy
Through our sales, marketing activities and use of third-party information, Macy’s, Inc. collects and may retain certain public and non-public personal information that customers provide to us. We recognize the importance of protecting consumer data and have robust systems, processes and practices in place to ensure that sensitive data is kept secure. Data security is overseen by our Corporate Information Security Officer who reports to our Controller and Enterprise Risk Officer.

We employ a defense-in-depth strategy that provides layers of safeguards and have made significant investments in our overall information technology network. For instance, we have implemented two-factor authentication protocols, installed firewalls and anti-virus/anti-malware software, conducted continuous risk assessments, and established data security breach preparedness and response plans. We also employ encryption and other methods to protect our data, promote security awareness with our colleagues and work with our key third-party vendor partners in an effort to create secure and compliant systems.
## SASB DISCLOSURE MATRIX

### Multiline and Specialty Retailers & Distributors | Apparel, Accessories & Footwear

**Sustainability Disclosure Topics & Accounting Metrics**

All data as of FY2018, unless otherwise noted.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Code</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Accounting Metric</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Management in Retail &amp; Distribution</td>
<td>CG-MR-130a.1</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>(1) Total energy consumed</td>
<td>FY2018 Macy’s, Inc. consumed 1.25 million MWh</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2) Percentage grid electricity</td>
<td>Percentage grid electricity: 94.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3) Percentage renewable</td>
<td>Percentage renewable: 5%</td>
</tr>
<tr>
<td>Environmental Impacts in the Supply Chain</td>
<td>CG-AA-430a.2</td>
<td></td>
<td></td>
<td>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment</td>
<td>We first asked our suppliers to use the Higg Index in 2014 and are pleased to report that by 2018 nearly 400 facilities participated, representing Tier 1 factories – which account for 56% of our manufacturing volume, as well as Tier 2 and Tier 3 facilities, including all metal trim suppliers, select fabric mills, hanger and label facilities. This progress positions us well to direct all suppliers to use SAC tools by 2025. With the information from these assessments, we can better reduce our environmental impact and improve labor conditions for factory workers throughout our supply chain. As part of our 2025 Sustainable Stewardship Goals, we have committed to directing all Tier 1 factories to use Sustainable Apparel Coalition Higg Index tools.</td>
</tr>
<tr>
<td>Labor Practices</td>
<td>CG-MR-310a.2</td>
<td>Quantitative</td>
<td>Rate</td>
<td>(1) Voluntary and (2) Involuntary turnover rate for in-store employees</td>
<td>We remain an employer of choice in a competitive job market. Our average length of service among professional and hourly colleagues is 10 and five years, respectively.</td>
</tr>
<tr>
<td>Workforce Diversity &amp; Inclusion</td>
<td>CG-MR-330a.1</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees</td>
<td>Colleagues: Men (25%), Women (75%), Ethnic Minorities (60%), Non-Ethnic Minorities (40%), Senior Executives: Men (43%), Women (57%), Ethnic Minorities (22%), Non-Ethnic Minorities (78%).</td>
</tr>
<tr>
<td>Labor Conditions in the Supply Chain</td>
<td>CG-AA-430b.1</td>
<td>Quantitative</td>
<td>Percentage (%)</td>
<td>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor</td>
<td>We actively monitor working conditions in all of our factories, which includes auditing 100% of our Tier 1 factories. We employ a qualified third-party firm, UL Responsible Sourcing, to conduct on-site audits. To ensure ongoing compliance, our independent auditors conduct unannounced (with a 14-day window) social compliance audits at least annually, or more frequently as needed, at all factories producing private brand goods. We regularly collaborate with our suppliers to help them improve their social compliance scores.</td>
</tr>
<tr>
<td></td>
<td>CG-AA-430b.2</td>
<td>Quantitative</td>
<td>Rate</td>
<td>Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits</td>
<td>During 2018, we conducted 836 factory audits, with four factories falling under the High-Risk category. Of those four factories: • Three were terminated and are no longer used for production. • One was allowed to remain active for production, pending corrective action and specialized remediation.</td>
</tr>
<tr>
<td>Topic</td>
<td>Code</td>
<td>Category</td>
<td>Unit of Measure</td>
<td>Accounting Metric</td>
<td>Response</td>
</tr>
<tr>
<td>--------------------------------------</td>
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<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Product Sourcing, Packaging &amp; Marketing</td>
<td>CG-MR-410a.2</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products</td>
<td>As part of our 2025 Sustainable Stewardship Goals, Macy's has committed to developing and implementing our first Private Brand Restricted Substance List (RSL) covering apparel, footwear and home textiles and Private Brand Manufacturing Restricted Substance List (MRSL) for children's apparel/footwear and home textiles. As part of this commitment, we will continue to remove unwanted chemicals from finished apparel, footwear and textiles and the manufacturing process of children's apparel/footwear and textiles.</td>
</tr>
<tr>
<td></td>
<td>CG-MR-410a.3</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>Discussion of strategies to reduce the environmental impact of packaging</td>
<td>Developing responsible products also includes reducing the environmental impact of product packaging. Macy's, Inc. has adopted a number of best practices, which include standardizing the size of packing cartons and minimizing packaging materials. Increasingly, we incorporate recycled content into our packaging, especially in corrugated cardboard. We also use auto boxer and auto-bagger machines that can build a package that perfectly fits odd or oversized items. This fit-to-size auto-boxing technology reduces box volume up to 50% by creating the smallest parcel needed at the lowest expense, which also helps reduce shipping costs.</td>
</tr>
</tbody>
</table>

**REDUCING PAPER USE**

Over the past five years, we have shifted our marketing strategies to focus more on digital marketing and less on traditional print mailers. Since 2013, we have reduced our annual paper tonnage by 60%.

<table>
<thead>
<tr>
<th>Annual Percent Change in Paper Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 2014 5.7%</td>
</tr>
<tr>
<td>&gt; 2015 11.2%</td>
</tr>
<tr>
<td>&gt; 2016 13.5%</td>
</tr>
<tr>
<td>&gt; 2017 29.7%</td>
</tr>
<tr>
<td>&gt; 2018 20.8%</td>
</tr>
</tbody>
</table>

**Data Security**

<table>
<thead>
<tr>
<th>Code</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Accounting Metric</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>CG-MR-230a.1</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>Description of approach to identifying and addressing data security risks</td>
<td>Through our sales, marketing activities and use of third-party information, Macy's, Inc. collects and may retain certain public and non-public personal information that customers provide to us. We recognize the importance of protecting consumer data and have robust systems, processes and practices in place to ensure that sensitive data is kept secure. Data security is overseen by our Corporate Information Security Officer who reports to our Controller and Enterprise Risk Officer. We employ a defense-in-depth strategy that provides layers of safeguards and we have made significant investments in our overall information technology network. For instance, we have implemented two-factor authentication protocols, installed firewalls and anti-virus/anti-malware software, conduct continuous risk assessments, and established data security breach preparedness and response plans. We also employ encryption and other methods to protect our data, promote security awareness with our colleagues and work with our key third-party vendor partners in an effort to create secure and compliant systems.</td>
</tr>
</tbody>
</table>
### Activity Metrics

*Square footage and store/location count is as of Q1 2019. All other data as of FY2018.*

<table>
<thead>
<tr>
<th>Code</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Activity Metric</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>CG-MR-000.A</td>
<td>Quantitative</td>
<td>Number</td>
<td>(1) Retail locations</td>
<td>863 retail locations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2) Distribution centers</td>
<td>6 megacenters and 16 fulfillment centers</td>
</tr>
<tr>
<td>CG-MR-000.B</td>
<td>Quantitative</td>
<td>Square meters (m²)</td>
<td>(1) Retail space</td>
<td>11,482,723 square meters</td>
</tr>
<tr>
<td>CG-AA-000.A</td>
<td>Quantitative</td>
<td>Number</td>
<td>(1) Tier 1 suppliers</td>
<td>278</td>
</tr>
</tbody>
</table>
For more information, please visit
www.macysinc.com