Letter from Terry Lundgren and Jeff Gennette

Integrity is a cornerstone value of Macy’s, Inc. We pride ourselves on being a company that seeks to do the right thing in every aspect of our business.

We believe that public companies should be socially responsible to the communities where they do business, and we put those beliefs into action every day. We’ve recorded our progress in this 2016 Report on Social Responsibility which outlines our philosophies and actions in areas including diversity and inclusion, corporate governance, environmental sustainability, product sourcing, consumer choice, employment and community support.

Though we have accomplished much, we will keep moving forward and innovating. To do so, we measure our progress in areas where data is available and tracking is viable. We report results publicly both to document the goals we have achieved, and to challenge ourselves to reach the next level.

Whether you are a customer, associate, shareholder, or community or government leader, you are an important stakeholder in our company. We appreciate your interest and your support in joining with us to make our local communities, our nation and our world a better place to live and work.

Sincerely,

Terry Lundgren
Chairman and Chief Executive Officer
Macy’s, Inc.

Jeff Gennette
President
Macy’s, Inc.
Tangible Progress in Sustainability

The Macy’s and Bloomingdale’s distribution center in Joppa, MD, features a new, energy-saving white roof and energy-producing solar power array.
Macy’s, Inc. remains steadfastly committed to sustainability. For more than a decade, we have made significant progress on all fronts and we continue to look for new ways to minimize our environmental impact.

As a leading national retailer with a significant workforce, we have the opportunity to make a meaningful difference in improving the environment. And we do so by using resources more efficiently and striving to reduce our overall impact on the environment. We must, however, operate within the bounds of good business decision-making so that each action we take is measurable, sustainable and enduring.
Macy’s 5-Point Action Plan

Macy’s, Inc.’s commitment to sustainability is multidimensional.

01 / We will be aggressive in our drive to eliminate wasteful behavior. In some cases, this requires consistent application of very simple principles, such as reminding our associates to turn off lights when rooms are not in use, to print fewer hard copies of e-mails, to recycle waste, to optimize facility performance, and encouraging associates to use mass transit for commuting to work. In other cases, we will be pursuing systematic improvements to the way we do business, such as better targeting customer mailing lists and shifting marketing to electronic media by leveraging the digital and social channels used by our customers.

02 / We will reduce our use of scarce resources in a meaningful way. Macy’s, Inc. will pursue ongoing programs to consume less electricity and water, reduce our waste stream, and source more of our power from renewable resources such as solar energy. We will use fewer paper-related products, recycle more and seek to use paper made with post-consumer waste (PCW). We will work to migrate more of our output to electronic/digital, including large-scale projects such as monthly customer billing statements.

03 / Whenever possible and sensible within the context of our business requirements, Macy’s, Inc. will pursue the most environmentally-friendly solution. We will be as aggressive as possible in changing for the better to preserve endangered forests, wildlife, water quality and eco-systems. We will explore ways to make our shopping bags, gift boxes, wrapping tissue, merchandise hangers and other staples of retailing from recycled and/or certified paper sources, with a preference for Forest Stewardship Council (FSC) certification. The building materials used in our stores will be environmentally certified whenever reasonably possible.

04 / We will take a comprehensive approach to sustainability, involving everyone around us. Macy’s, Inc. will advocate sustainability and renewability with our vendor partners, associates and customers. This will include developing supplier sustainability standards and promoting eco-friendly products to our customers. We will encourage our associates and ask them to support our initiatives with their ideas, energy, personal actions and volunteer time. We will support efforts in our communities and our nation to clean up the environment and reduce consumption of scarce resources.

05 / We will measure what we do and strive toward quantifiable goals. Building on recent progress, Macy’s, Inc. has set specific sustainability goals to guide our progress in the years ahead. On page 6 is a snapshot of our progress against five key goals in the most impactful areas of sustainability.
## Sustainability Goals

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PHASE II GOALS, SET IN 2013</th>
<th>CUMULATIVE IMPACT, AS OF 2015</th>
<th>PHASE III GOALS, SET IN 2016</th>
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<tbody>
<tr>
<td><strong>Energy Consumption</strong></td>
<td>Reduce total energy use on a kWh-per-square-foot basis by another 6 – 10 percent by 2015 (compared with 2012 levels).</td>
<td>At the end of 2015, total energy consumption on a kWh-per-square-foot basis has been reduced by more than 28 percent over the past ten years.</td>
<td>Reduce our energy use on a kWh-per-square-foot basis by another 2 percent in years 2016, 2017 and 2018 (compared with 2015 levels).</td>
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<td><strong>Renewable Energy Sources</strong> (i.e., solar)</td>
<td>By 2015, install an additional 25 percent to 35 percent of solar power systems from 2012 levels.</td>
<td>Increased solar energy with a total of 78 active installations at Macy’s locations at year-end 2015, with another 43 in various stages of development. During 2015, about 50,162 Megawatt Hours of renewable energy were generated on Macy’s, Inc. facilities and all but approximately 4,113 Megawatt Hours were sold to others.</td>
<td>Install additional solar power systems on Macy’s, Inc. facilities to reach a total of 113 by the end of 2016. 35 are planned to be installed in 2016 alone.</td>
</tr>
<tr>
<td><strong>Resource Management</strong></td>
<td>By 2015, manage the amount of paper products we use through internal operations so any growth is at least 20 percent less than the increase in the number of sales transactions in our stores and online.</td>
<td>In 2015, about 23 percent of store transactions were electronic. In addition, the volume of total paper products used through internal operations declined in 2015 by 9.5 percent over 2014 levels.</td>
<td>By 2018, increase the amount of our waste diverted from landfills by recycling to 70 percent (up from more than 60 percent in 2015).</td>
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<td><strong>Use of Recycled/Certified Paper</strong></td>
<td>Increase the percentage of third-party certified and/or recycled (10 percent post-consumer waste or higher) paper we use in marketing materials to 95 percent by 2015 from 63 percent in 2009.</td>
<td>Increased the percentage of certified or recycled paper used in marketing materials to 99 percent in 2015, compared to 63 percent in 2009.</td>
<td>Maintain the percentage of recycled (10 percent PCW or higher) and/or third-party certified paper we use in marketing materials at the 99 percent level.</td>
</tr>
<tr>
<td><strong>Construction: Sustainable Building Materials and Waste Diversion</strong></td>
<td>Increase the use of sustainable building materials in all major construction projects by more than 15 percent by 2015 (over 2012 levels).</td>
<td>Sustainability is now built into all Macy’s and Bloomingdale’s store design and the company turned its sights toward establishing baselines for waste diversion from construction.</td>
<td>Increase the company’s waste diversion from construction by 15 percent over 2016 in major capital projects.</td>
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Sustainability In Action

01 LED Lighting
Macy’s, Inc. has entered a new phase of its industry-leading program to install energy-saving LED lamps in stores nationwide. The company has already installed more than 1.1 million LED lamps in substantially all Macy’s and Bloomingdale’s stores across America, cutting energy consumption used in lighting by up to 70 percent compared with conventional lamps replaced. New types of LED installations continue to be piloted and used in new stores and store remodel projects.

02 Solar Power
Macy’s was ranked as the 6th largest American company in total on-site installed solar capacity in 2014 by the Solar Energy Industries Association. The company is planning and developing 35 additional solar power arrays to be installed on the roofs of stores and distribution centers in California, Connecticut, Hawaii, Maryland, New Jersey, New York and other states in 2016. At year-end 2015, solar energy was being generated on 78 active installations at Macy’s and Bloomingdale’s facilities. During 2015, about 50,162 Megawatt Hours of renewable energy were generated on Macy’s, Inc. facilities and all but approximately 4,113 Megawatt Hours were sold to others.

03 Packaging Reduction
Macy’s is reducing waste in the merchandise supply chain by standardizing the size of packing cartons, incorporating recycled polyester fibers in many woven garment labels, and minimizing packaging materials. Macy’s has led a process with a group of major home merchandise vendors to explore new ways to reduce waste and cost in product packaging, and in a manner that facilitates sharing and adoption of best practices.
Digital Receipts

Macy’s is driving adoption of digital receipts, which are available in all stores nationwide. When making a purchase, customers can choose to have a copy of their receipt e-mailed to them, thus eliminating the use of paper receipts. Digital receipts are a convenience for many customers and support the company’s sustainability objective of reducing the use of paper in its business operations. In 2015, about 23 percent of all store transactions were electronic.

Project Linus Reduces Fabric Waste

When Macy’s Private Brands organization set out to find a way to make productive use of damaged product and fabric samples that were being discarded, they discovered Project Linus. The nonprofit organization – named for the famed Peanuts character and his trustworthy blanket – is dedicated to providing security through handmade blankets for ill or traumatized children and teens. Over the past five years, Macy’s Private Brands has donated fabric and product samples on a monthly basis. The result has been thousands of blankets that provide comfort and warmth to children when they need it most.

LEED Certification in Macy’s Stores

Macy’s store in the Shops at Summerlin in downtown Las Vegas has achieved LEED (Leadership in Energy and Environmental Design) Gold certification for Existing Buildings from the U.S. Green Building Council. Included in Summerlin’s sustainable operations is a rooftop-mounted solar power system, planned for completion in fall 2016. Seven additional Nevada stores achieved Gold certification in fiscal 2015.
Sustainability In Action

07 Sustainable Apparel Coalition
Macy’s Private Brands (Macy’s Merchandising Group product development organization) is a member of the Sustainable Apparel Coalition (SAC), a trade organization working to reduce the environmental and social impacts of apparel and footwear products around the world. SAC is comprised of brands, retailers, manufacturers, government, and nongovernmental organizations and academic experts, representing more than a third of the global apparel and footwear market. Private Brands has rolled out the Higg index (the SAC’s tool to assess sustainability) to 65 factories producing wearing apparel, footwear and home textiles for Macy’s. We have validated results for the majority of those factories, and we will be rolling out the process to even more factories in 2016 and the years ahead.

08 Electric Vehicle Charging Stations
Macy’s has an agreement with Volta Charging LLC to install up to 24 new, free-to-operate electric vehicle (EV) charging stations outside 12 stores in northern California, that began in early 2016. All 24 charging stations are expected to be installed and operating by early 2017. Completion of these and other installations in the Los Angeles area will bring as many as 58 EV charging stations to customers at Macy’s and Bloomingdale’s store locations in California. Macy’s is pursuing additional free-to-charge EV stations outside Macy’s stores in other markets. In 2011, Macy’s became the first major department store to pilot the use of EV charging stations when it forged an agreement to install 16 charging stations outside five Macy’s stores and one Bloomingdale’s store in the San Diego area, which are currently being operated as part of the Blink Network. In 2014 and 2015, we significantly increased the number of installations. Collectively, these charging stations provide an added convenience to EV drivers and help promote the reduction of fuel consumption and the transition to clean, renewable energy.

100%
Macy’s shopping bags are made of 100 percent recycled paper with 50 percent post-consumer content and are totally recyclable.
**Sustainability In Action**

**09 Sustainable Transportation**
Macy's has transitioned cross-country shipments from over-the-road trucks to intermodal rail containers, which contribute less than 50 percent of the amount of carbon dioxide per freight mile than trucks. In the last five years, annual intermodal use increased by 200 percent to nearly 48 million miles in 2015 and reduced carbon dioxide emissions by 97 million pounds. Merge centers have been introduced in our largest vendor shipping markets – California, New Jersey, North Carolina and Illinois. Multiple vendors are combined on a single truck to ensure full utilization of space for trailers going to a Macy's distribution center. This has increased the number of cartons per trailer by 50 percent which means less carbon emitted.

**10 Macy’s Volunteers “Green” the Environment for Earth Week 2016**
Macy’s and Bloomingdale’s are deeply committed to sustainability and Earth Week is an exciting time to put that belief into action. Each year, we celebrate with events and activities designed to raise awareness, make new connections, and share the big picture of Green Living.

Earth Week 2016 was no exception. From new solar installation dedications to tree plantings to an interactive “Plant Your Pictures” contest that showed our associates enjoying the great outdoors, employees across the nation came together to celebrate a greener, cleaner world.

Our Partners in Time volunteers recycled electronics, beautified local parks, neighborhoods and beaches, helped to collect recyclable bottles and cans, cleaned yards for elderly residents, cleared land for a wildflower sanctuary, took part in composting, and taught students about recycling.

“It was a beautiful day and we were able to connect with many customers and Savannah residents and visitors,” said a Macy’s store volunteer for the Savannah Earth Day Festival. “We had a lot of folks who were surprised at all of Macy’s ‘green initiatives’ and very excited to see us participate in the event. We took our plastic recycle bins along and many customers said they would start coming into the store and use them.”

Learn more at macysgreenliving.com.
Product Sourcing
There is no shortage of talk about the obligation of public companies to be socially responsible to the people and communities where they do business. At Macy’s, Inc., we hold those same beliefs – along with a belief that actions speak louder than words when it comes to helping tackle some of the toughest problems facing us today.
Since 1995, Macy’s, Inc. has had a stringent Vendor & Supplier Code of Conduct (the “Vendor Code”) that sets out specific standards and requirements for any supplier doing business with Macy’s, Inc. This includes private brand goods produced through contracted vendors. The Vendor Code is designed to protect workers in this country and abroad. All of the company’s vendors are expected to comply with the company’s Vendor Code and Statement of Corporate Policy on Child or Forced Labor and Unsafe Working Conditions. Among other things, the Vendor Code requires that suppliers of Macy’s private brand merchandise allow unannounced factory audits (within a 14-day audit window) for contractual compliance, as well as for compliance with laws and regulations dealing with child or forced labor, wages and hours, and unsafe working conditions. Noncompliance with the Vendor Code has resulted in termination of 77 factories in the 2012-2015 period.

Macy’s, Inc. Statement of Corporate Policy regarding child or forced labor and unsafe working conditions, as well as the company’s Vendor Code, is posted at macysonet.com. The Vendor Code also is posted on macyinc.com/vendorcodeofconduct or available by calling 1-800-261-5385.

Macy’s, Inc. does not tolerate the involvement of its suppliers in human trafficking and slavery. We will quickly investigate any reports alleging human trafficking and slavery in the supply chain and will take swift and decisive action against any supplier that is found to act improperly in this regard. We have enhanced our Vendor Code and our audit tool used for factory audits to emphasize our policies on human trafficking, slavery and unsafe working conditions.

Recognizing the risks of human trafficking and slavery is a key objective of our human trafficking and slavery training for our employees responsible for core private brand goods procurement. This training presents real-world scenarios to help participants identify both the obvious and more subtle indicators of trafficking or forced labor. The focus of this online course is to:

- Increase awareness of human trafficking in supply chains
- Identify human trafficking and slavery risks in company supply chains
- Support prevention and mitigation efforts when human trafficking and slavery is suspected

In addition, each year our executives receive General Legal Compliance training or Code of Conduct training, both of which contain information on human trafficking and slavery. Over the past three years, more than 20,000 Macy’s, Inc. employees have received this training each year.
Macy’s, Inc. requires various types of audits at factories worldwide that are contracted to produce goods we design, market and sell as part of the Macy’s Private Brands program.

The audits are conducted by UL Verification Services, an independent third party. UL Verification Services brings in-depth experience in verifying employment practices, including age and wage in accordance with local labor laws; factory health and safety; and living facilities. Audits also include private interviews with workers in various departments to confirm factory policies.

Through quality assurance inspections and social compliance audits, Macy’s holds its suppliers accountable that the merchandise produced is manufactured in compliance with the Vendor & Supplier Code of Conduct (the “Vendor Code”), as well as consistent with local laws and regulations.

**Initial Audits of New Vendors**
Before conducting business with a new factory, our independent third-party monitor performs thorough audits as a normal course of assigning business. Free On Board (FOB) suppliers - those with whom we directly contract - undergo a combined Vendor Code and Security audit. Landed Duty Paid (LDP) suppliers - typically U.S.-based companies that source overseas or in the U.S. - undergo a Vendor Code audit.

In every case, suppliers must meet or exceed Macy’s minimum standards before being approved for production and set up in our system for merchandise orders.

If problems are identified, the factory may be provided an opportunity to make corrections. In those cases, we then repeat the audits to verify that any issues have been resolved.

**Ongoing Audits**
In addition to initial audits, all factories are subject to audits every 12 to 18 months. They are conducted within a 14-day audit window and are conducted more frequently at factories where violations have been noted in the past. We maintain our own standards for compliance, which are among the highest in the U.S. retailing industry.

We have identified the following violations as High Risk:

1. Child or forced labor, freedom of movement, slavery or human trafficking
2. Physical abuse
3. Attempted bribery or kickback
4. Homeworkers
5. Fraudulent record keeping
6. Unauthorized subcontracting
7. Failure to satisfy Special Protocols issued to the supplier by Macy’s Merchandising Group (MMG) to correct a safety condition identified in the Special Protocol.
(Macy’s is a member of the Alliance for Bangladesh Worker Safety and therefore factories used in Macy’s Private Brands program and located in Bangladesh are required to meet the standards and protocols that are set forth in that agreement.)

**Note:** A confirmed violation of the Foreign Corrupt Practices Act will result in immediate removal of both factory and supplier.

When a High Risk violation is found at any factory, the situation is elevated internally at Macy’s for a decision that may include some type of remediation or removal of the factory as a supplier.

Macy’s, Inc. also conducts security audits of its FOB overseas factories for private brand production in cooperation with U.S. Customs and Border Protection, an agency of the Department of Homeland Security, as part of the Customs-Trade Partnership Against Terrorism (C-TPAT) program. Macy’s has been part of C-TPAT since the program was initiated in 2002. The goal of these audits is to further improve security measures at our production sites and throughout the supply chain.
Supplier Factory Audit Results for 2015

In fiscal 2015 (the year ended Jan. 30, 2016), the company conducted 1,286 factory audits:

- **Factory audits in 2015**: 1,286
- **Factory audits in 2014**: 1,258
- **Factory audits in 2013**: 1,280
- **2015 Free on Board (FOB) supplier total number of audits**: 754
- **2015 Landed Duty Paid (LDP) supplier total number of audits**: 710

2015 factory inspections by region of the world.

- **North/Central/South America**: 75
- **Europe**: 21
- **Middle East / Africa**: 9
- **East Asia**: 754
- **South/Southeast Asia and Oceania**: 427
During 2015, audits showed a total of 21 factories fell under the category High Risk, which is considered a failure. Of the 21 factories with a high risk audit in 2015:

- **2 factories** were allowed to remain active for production pending specific corrective action to improve conditions, followed by follow-up audits and/or specialized training.

- **19 factories** were terminated and are no longer used for production, or were eliminated from consideration prior to orders being placed.

Of the **68 factories** with a High-Risk audit in 2012, 2013 and 2014 combined:

- **10 factories** were allowed to remain active for production, pending specific corrective action to improve conditions, followed by follow-up audits and/or specialized training.

- **58 factories** were terminated and are no longer used for production, or were eliminated from consideration prior to orders being placed.

### Training

All Macy’s offices (and our senior management) are actively engaged with FOB and LDP suppliers and factories regarding our Vendor & Supplier Code of Conduct efforts and audit program. The overseas merchandising team in each office is responsible for providing orientation and training to any new FOB suppliers and factories and the social compliance team in New York City is responsible for providing orientation and training to any new LDP suppliers and factories. New factories are encouraged to carry out a self-audit prior to a third-party audit being done. When needed, we encourage factories requiring remedial support and/or special guidance to arrange their own consultation or remediation service through a reputable social compliance monitoring firm.

We also encourage all our active suppliers to establish their own independent in-house social compliance function to regularly monitor their compliance across their span of operations.

Periodically, we train the LDP suppliers in New York City on the audit/approval process by reviewing all requirements and expectations specific to private brand suppliers. We reiterate what is required based on our Vendor & Supplier Code of Conduct and discuss changes to the program, as well as developments and future directions in the social compliance arena.

Internally at Macy’s, we train new hires from the various merchant areas to provide an introduction to social compliance: the challenges, what is expected from the product areas and what is required to set up a supplier and factories.
Alliance for Bangladesh Worker Safety 2016

In 2013, Macy’s became a founding member of the Alliance for Bangladesh Worker Safety—an unprecedented five-year initiative formed by two dozen American retailers on the premise that protecting the safety of garment workers was a moral imperative. The initiative takes measurable actions based on five pillars of engagement: factory inspections, fire safety training, factory remediation, worker empowerment and ensuring the sustainability of reforms over the long run.

Three years after its formation, the Alliance has saved lives and set in motion a sea change in industry safety. Unified safety standards are now in place, all factories have been inspected, millions of workers have been trained and provided access to a confidential helpline, factories unwilling to comply with safety standards have been removed from the supply chain and critical factory repairs are on a fast track.

Among the Alliance’s accomplishments are the following:

**Inspections:**
- Developed, along with the government of Bangladesh and other partners, the country’s first harmonized Fire Safety and Structural Integrity Standard.
- Conducted independent inspections in more than 900 factories (all reports available at bangladeshworkersafety.org).

**Remediation:**
- Developed Corrective Action Plans (CAPs) for all Alliance factories (all reports available at bangladeshworkersafety.org).
- Suspended 83 factories for failure to make adequate progress remediating safety hazards, none of which produced for Macy’s.
- As of July 15, 2016, guided 28 factories to achieve completion of their CAPs by addressing all critical safety issues a full two years ahead of deadline. Three of these factories produce for Macy’s.
- Achieved steady progress on factory remediation coinciding with a substantial 90 percent drop in fire incidents and deaths since work began.

**Training and Worker Empowerment:**
- Trained 1.2 million workers in fire safety and evacuation skills through the only program of its kind for garment workers.
- Provided more than 450,000 workers to date with a training refresher course.
- Trained more than 20,000 security guards to play a leadership role in protecting life, should evacuation be necessary as a result of a fire or earthquake.
- Launched Amader Kotha (“Our Voice”) – the nation’s first and only worker helpline which now gives more than 900,000 workers confidential, 24-hour access to on-demand assistance for any issue of concern in their factories.
- Completed the formation of democratically-elected worker safety committees in 16 pilot factories.

**Finance:**
- Successfully advocated with the government for the elimination of costly tariffs on the import of key safety equipment such as fire doors, making remediation more affordable.
- Provided compensation to more than 6,000 workers displaced by factory remediation.
- Launched first-of-their-kind agreements with the International Finance Corporation and the U.S. Agency for International Development to help provide affordable loans to factory owners making necessary safety repairs.

For more information, visit bangladeshworkersafety.org.
Macy’s, Inc. Conflict Minerals Policy

This section contains Macy’s, Inc.’s policy regarding the use of conflict minerals in its private label products. As used in this policy, “Macy’s” includes Macy’s, Bloomingdale’s, Bluemercury and their respective subsidiaries, including Macy’s Merchandising Group.

The Securities and Exchange Commission (the “SEC”) adopted a conflict minerals rule (the “Conflict Minerals Rule”) as mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. “Conflict minerals” are defined in the Conflict Minerals Rule as cassiterite, columbite-tantalite (coltan), gold, wolframite and three specified derivatives: tin; tantalum; and tungsten. The mining and trade of the minerals is believed to help finance armed groups that are committing human rights abuses in the Democratic Republic of the Congo (the “DRC”) and its adjoining countries. The Conflict Minerals Rule is intended to reduce a significant source of funding for these groups.

Macy’s takes its obligations under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act regarding conflict minerals seriously. Macy’s is committed to ensuring that the metals and other minerals contained in the private brand products it sells are obtained, produced and used in a socially responsible manner. Macy’s does not directly source conflict minerals from mines, smelters or refiners, and is in most cases several levels removed from these market participants. Macy’s therefore requires the cooperation of its private label suppliers in the implementation and execution of its processes to comply with the rule.

Macy’s expects its suppliers to seek minerals from sources that do not directly or indirectly contribute to the conflict in the covered countries. Macy’s reserves the right to request from any supplier at any time such information, certifications, and documentation as it shall deem necessary to monitor or assess compliance with this policy.

Macy’s seeks to work with suppliers who will share its commitment in working towards compliance with this policy. See macysinc.com/social-responsibility for the complete Conflict Minerals Report for Macy’s, Inc.
Consumer Choice
In a free society as eclectic and ethnically varied as ours, customers expect and demand a range of choices that meet their individual needs and fashion preferences. In our role as retailers, we recognize that it is the consumer who ultimately determines what products will continue to be viable retail offerings. Those decisions are made daily at point of sale by individual consumers and function as a singularly effective barometer for determining what will and will not be sold by retailers in a free and open marketplace. Varied and conflicting viewpoints about what should or should not be sold underscore our belief that factors unrelated to the workings of a free economy are inappropriate determinants of retail offerings.
Consumer Choice

Position on Fur
While we respect the views of individuals who choose not to buy or wear fur, we also respect the wishes of many others who are our customers and who want to make such choices for themselves.

Labeling: Macy’s requires all its vendors to comply with all labeling laws. In the case of labeling fur and fur-trimmed products, our vendors are required to meet the requirements of the Fur Products Labeling Act. Whenever a question arises about the accuracy of labeling, we will investigate and take appropriate action, if warranted.

Selling: Our department stores try to be responsive to customer expectations, particularly in this highly competitive environment. Fashion, value and service are the principles on which our stores are focused. The consumer will ultimately determine whether fur will continue to be a viable product in the American retail marketplace; if no one wants to buy fur, retailers will not sell it. Right now, this is not the case. We understand that customers want to make their own decisions and we respect their right to do so. At the same time, all of our stores offer a wide range of other selections across many merchandise categories. This includes fashions made with faux fur and many other materials, including organic cotton, for example.

Consumers have the ability to choose what they prefer.

Position on Merino Wool and Mulesing
In Australia, it has been common practice to surgically remove, without a pain reliever, strips of wool-bearing skin around the breech of sheep to prevent flystrike. Macy’s, through the National Retail Federation, has been an active proponent of alternatives to mulesing. As a result of the efforts of retailers and others, the Australian merino wool industry has made strides in this regard. Macy’s supports efforts for further improvement in this area.

Position on Uzbekistan Cotton
Uzbekistan has a long history of using children to harvest cotton in spite of international demand to change this practice. Macy’s has long had a policy against child labor and has been vocal with suppliers in requesting that cotton from Uzbekistan not be sourced. Macy’s and other retailers have been united in demanding that Uzbekistan not use children or forced labor in the harvesting process. The National Retail Federation continues to represent U.S. retailing in the battle to protect children from forced labor in Uzbekistan. We also have collaborated with the Responsible Sourcing Network in contacting textile mills about our opposition to Uzbekistan cotton in goods made for sale at Macy’s. Our company was a participant in the Cotton Sourcing Survey of Corporate Practices to End Forced Labor.

Cotton LEADS Program
In 2016, Macy’s Private Brands (Macy’s Merchandising Group product development organization) joined the Cotton LEADS program, a leading effort by the cotton industries in the United States and Australia to promote responsible cotton production, commit to continuous improvement and foster the open sharing of best practices information with cotton producers worldwide. As a user of both U.S. and Australian cotton in our global supply chain, Macy’s recognized the need to identify best practices and encourage the use of responsibly-produced cotton in our supply chain. Through the Cotton LEADS program, Macy’s works with the U.S. and Australian cotton industries to encourage best practices and reviews the progress and metrics in each country with regard to key environmental indicators such as water efficiency, energy use and land use. The Cotton LEADS program promotes traceability in the supply chain with unique identification tags for every bale of cotton sourced and used by textile mills.
Socially Responsible Products at Macy's
Socially Responsible Products at Macy’s

Several exclusive merchandising initiatives at Macy’s involve products with a focus on international social responsibility. Here are three examples.

01 Macy’s Path to Peace
Macy’s Path to Peace program includes colorful and symbolic baskets and bowls handmade by Rwandan female weavers who survived the country’s civil war and genocide. The products are available on macys.com and in selected Macy’s stores. Introduced in 2005, Path to Peace has dramatically changed the lives of many Rwandans. From public health initiatives and HIV/AIDS care to the spirit of hope and reconciliation fostered by the weavers, the tangible and intangible impact of the project is no longer measured by individual weavers but by whole communities. In 2015, Macy’s celebrated ten years of its Rwanda Path to Peace initiative with a collection of commemorative bowl designs to honor the long-standing partnership. More information is available at macys.com/rwanda.

02 Macy’s Heart of Haiti
Macy’s Heart of Haiti program includes decorative pieces (such as textiles, metalwork and housewares) made by artisans struggling to recover from the tragic earthquake of 2010. The products are available on macys.com and in selected Macy’s stores. Purchasing one of these handcrafted masterpieces directly benefits Haitian artisans by allowing them to support their families with dignity and purpose. With steady income comes better nutrition, improved education and access to healthcare. Heart of Haiti also offers new opportunities for artists to collaborate with U.S. designers, strengthening artisan associations and inspiring and energizing their communities. More information is available at macys.com/haiti.

03 GoodWeave™ Rugs
In spring 2011, Macy’s introduced a collection of decorative area rugs that have been certified by GoodWeave™, an international organization that works to ensure rugs made by hand in Nepal and India are free of child labor. The collection is carried in Macy’s stores nationwide and on macys.com. By buying a beautiful handcrafted rug at Macy’s with the GoodWeave label, shoppers are helping to support families and build sustainable communities in Nepal and India, nations where poverty is widespread. GoodWeave-certified rugs are woven by skilled adult artisans, permitting educational opportunities for children who otherwise might be required to work. Macy’s continues to work with GoodWeave to expand the availability of certified rugs in the United States. More information about GoodWeave is available at goodweave.org.
Community Support
Macy’s, Inc. supports thousands of nonprofit organizations annually because we believe giving back is the right thing to do. Collectively, contributions in 2015 from the company – as well as employee contributions through workplace giving campaigns and customer contributions through our signature giving programs – totaled nearly $71 million. In addition, our associates gave more than 168,000 hours of their time for community service.
Corporate Giving

Through our gifts from Macy’s and Bloomingdale’s, more than $27 million was contributed to approximately 5,200 nonprofit organizations in 2015. The majority of our gifts were directed to our core focus areas for funding: arts and culture, education, HIV/AIDS awareness and research, and women’s issues.

Our signature giving program, My Macy’s District Grants, completed its sixth year of operation in 2015 and provided nearly 1,200 grants in our local communities. The District Grants program features contributions committees in each of the Macy’s operating districts who make local funding decisions. Similar to our merchandise localization, the District Grants program aids our local teams in supporting the organizations and causes that are important in their respective local communities.

A major corporate gift in 2015 was a grant of more than $2 million to Make-A-Wish as part of our eighth annual Believe campaign during the holidays. Macy’s donated $1 for every letter to Santa dropped into our special in-store letterboxes, up to a maximum of $1 million, and added contributions of more than $1 million for letters posted on National Believe Day and from other in-store events.

Across the country, support from Macy’s (“The Magic of Giving”) and Bloomingdale’s contributions programs helped sponsor free admission to museums and exhibits, special musical performances, art exhibits, and art and theatre workshops for children. In the area of education, we funded scholarship programs, summer reading programs, mentoring and tutoring projects, and early childhood education initiatives. Grants in our HIV/AIDS focus area included sponsorship of awareness walks and runs, as well as funding for meals and nutrition programs, housing programs, and research and counseling initiatives.

In the women’s issues focus area, our grants supported early detection and screening programs for heart disease, breast cancer and ovarian cancer; provided a wide range of assistance to emergency shelters; sponsored programs to raise awareness about domestic and dating violence; and funded self-esteem and leadership programs for young girls and teens.
Cause-related Programs

Because Macy’s, Inc. believes in helping to create stronger, more vibrant communities, we invited our customers throughout the year to join us in making a difference and “giving back.” In 2015, customers contributed more than $30 million to nonprofit organizations nationwide through our signature programs. Here are just a few examples:

**Shop For A Cause**

Shop For A Cause is Macy’s annual charity shopping event held in every Macy’s store across the country, dedicated to supporting local nonprofit organizations’ fundraising efforts. Since 2006, Macy’s is proud to have raised millions of dollars for thousands of charities across the country through Shop For A Cause.

Customers are also invited to give to support March of Dimes, Macy’s national beneficiary of the in-store Shop For A Cause shopping pass. Last year, March of Dimes’ ambassadors organized flash mobs to show their thanks and support for Macy’s customers at stores across the country. Through the generosity of Macy’s customers and associates, we raised more than $2.9 million for the March of Dimes in 2015.

**Go Red For Women**

Macy’s is the founding national sponsor of Go Red For Women, the American Heart Association’s campaign for awareness and prevention of heart disease in women, launched in 2004. Approximately $5.9 million was contributed to the Go Red For Women movement in 2015 through our Wear Red promotion and from our Thanks For Sharing holiday rewards program. Over 12 years, Macy’s and our customers have contributed more than $55 million to Go Red For Women. This contribution has funded research and education efforts that are credited with saving 285 women’s lives every day.

**Pink Pony**

For the third year, Macy’s joined forces with the Pink Pony Fund, Ralph Lauren’s worldwide initiative in the fight against cancer during National Breast Cancer Awareness Month. Macy’s offered customers the opportunity to show support by purchasing a limited-edition Pink Pony pin or Pink Pony product to help benefit the Pink Pony Fund of the Polo Ralph Lauren Foundation. Thanks to the generosity of our customers and associates, Macy’s raised more than $1.6 million in 2015, and in total, the program has raised $5.6 million.
Cause-related Programs

Got Your 6
In summer 2015, Macy’s reprised its American Icons marketing campaign and its celebrated partnership with Got Your 6. This cause-related program raised more than $1.2 million for Got Your 6 and its mission to honor and empower American veterans through top veteran-focused nonprofit organizations. In total, Macy’s has raised more than $6.7 million for Got Your 6.

Thanks For Sharing
Now in its 13th year, Thanks For Sharing is Macy’s annual holiday rewards program. In 2015, $15 million was raised for charitable organizations nationwide. By enrolling in the rewards program during the holiday season, customers are contributing to designated nonprofit organizations located in communities across the country. Since 2003, Thanks For Sharing has raised more than $156 million.

Child Mind Institute
For six years Bloomingdale’s has been a proud partner of the Child Mind Institute (CMI) in its mission to transform mental healthcare for children everywhere. In 2015, Bloomingdale’s grew its support during the holiday season, inviting customers to purchase limited-edition gifts from Gund, Alex and Ani, and Michael Aram to raise much-needed funds. Bloomingdale’s also partnered with Disney/Lucasfilm in 2015 to auction one-of-a-kind designer pieces inspired by lead characters from the latest release of Star Wars. All auction proceeds benefitted CMI.

Macy’s Presents Fashion’s Front Row & Fashion Pass
New York Fashion Week got another dose of star power as Macy’s Presents Fashion’s Front Row brought the high-fashion runway to the mainstream. Macy’s Presents Fashion’s Front Row continued the company’s legacy of charitable giving as ticket proceeds from the star-studded event supported Broadway Cares/Equity Fights AIDS and the Council of Fashion Designers of America (CFDA) Foundation. Additionally, Macy’s partnered with several extraordinary charity organizations for its first-ever Fashion Pass in-store cause program. Macy’s offered customers the opportunity to purchase a savings pass which benefitted Children’s Cancer Research Fund, CFDA Foundation, The Elizabeth Taylor AIDS Foundation, Ronald McDonald House Charities of Chicagoland & Northwest Indiana, Ronald McDonald House New York, and The Fashion Incubators at Macy’s. In 2015, the event and cause program combined music, fashion and philanthropy to raise more than $1.6 million.

Bloomingdale’s Pink Campaign
Since 1995, Bloomingdale’s has supported The Breast Cancer Research Foundation (BCRF), contributing more than $10 million toward innovative research. In addition, Bloomingdale’s Pink Campaign began funding projects supported by The Carey Foundation and the Marisa Accocella Marchetto Foundation in 2014. Both organizations strive to eliminate the daily difficulties too often associated with receiving treatment and aiding recovery. Bloomingdale’s Pink Campaign takes place each October and includes everything from exclusive pink items designed by world-renowned fashion illustrator Donald Robertson and in-store events, to the Give Pink Get More program and Little Pink Card for gift-giving.
Associate Giving

Associates of Macy’s and Bloomingdale’s are extremely generous in their support of nonprofit organizations – with both monetary contributions and gifts of their time and leadership. They make our “give back” value come alive every day.

★ | Matching Gifts
Macy’s, Inc. Matching Gifts
In 2015, Macy’s, Inc. contributed more than $4 million to charities across the country as a dollar-for-dollar match of our associates’ personal charitable contributions to more than 3,400 individual nonprofit organizations.

★ | Earning for Learning
Earning for Learning
Earning for Learning (EFL) is the initiative that provides $250 grants per semester to schools where Macy’s, Inc. associates, their families or retirees volunteer their time for education activities such as tutoring and mentoring. In 2015, Macy’s, Inc. awarded 74 grants totaling more than $22,000 through the EFL program, and EFL volunteers gave more than 3,600 hours of service to their local schools.

★ | Mentoring USA
Mentoring USA
Since 1998, Bloomingdale’s has worked with Mentoring USA to provide supportive mentor relationships for children in need in its local communities. Bloomingdale’s provided the largest number of Mentoring USA corporate volunteers last year, with 120 employees each giving about four hours a month for their mentees. Mentors spend their time guiding students in developing better self-esteem, creating healthy relationships, making positive life choices and dreaming big for the future.
Associate Giving

United Way
More than 700 United Way chapters across the United States received contributions totaling more than $10.7 million from Macy’s, Inc. associates during 2015. Combined with nearly $2.4 million in contributions from Macy’s, Inc., our total contribution to the United Way was approximately $13 million for 2015.

Our associates across the country work diligently to support their local communities through projects for the United Way, volunteering for high-impact projects that foster change. Whether it’s through our Give Back Day projects held during the annual campaign – where associates tackle large-scale community projects – or by creating fun, interesting fundraising events in local communities, our associates work as a team to support the United Way.

Bag Hunger
Macy’s, Inc. and its associates contributed food, donations and volunteer time equivalent to $3.5 million in 2015 to our companywide Bag Hunger campaign to help reduce hunger in our local communities. The campaign focuses on alleviating summer hunger - a time when food pantry shelves are often bare and school meal programs are not offered.

In 2015, nearly 14 million pounds of food, equivalent monetary contributions and volunteer time were donated by our associates. Across the country, our associates volunteered to pack food at pantry warehouses, assemble box lunches for hunger-relief agencies, and serve meals at soup kitchens.

Since 1998, Partners in Time, Macy’s, Inc. volunteer program, has provided the equivalent of nearly 100 million pounds of food, including volunteer service to benefit families facing food insecurity throughout the country.

JRF
Led by Bloomingdale’s Chairman and Chief Executive Officer Tony Spring, Bloomingdale’s associates have raised millions of dollars for the Juvenile Diabetes Research Foundation through auctions, walks and other events.
Volunteerism

Since the Macy’s, Inc. Partners in Time employee volunteer program was founded in 1989, thousands of volunteers have given more than 2.5 million hours of community service. That’s valued at more than $47 million to thousands of charities we’ve impacted through the years.

Macy’s and Bloomingdale’s stand out as organizations committed to their communities. That belief is put into action through our award-winning employee volunteer program, Partners in Time.

In 2015, nearly 35,000 participants joined in more than 3,700 community projects, totaling more than 168,000 volunteer hours.

Since the program’s inception, associates have volunteered more than 2.5 million hours to make a difference in their communities. This service time is valued at more than $47 million to the thousands of charities which have benefitted in the past 26 years.

Founded in 1989, Partners in Time won the President’s Volunteer Action Award citation in its first year and began to roll out to every city Macy’s and Bloomingdale’s called home. Partners in Time celebrated its 25th anniversary in 2014 and its mission has been unwavering during those years: sharing our time, our magic, to make a difference. Throughout its 26 years, Partners in Time has continued to be recognized nationally - receiving the Points of Light/Hands On Network’s “Award for Excellence in Workplace Volunteerism,” among other honors.

In addition to benefitting our communities, Partners in Time also is a great benefit to our associates, who share pride in working for a company that cares. Partners in Time provides service opportunities that build teams, promote collaboration and develop leadership skills.

Today, Partners in Time is focused on the issue of hunger as well as on the company’s philanthropic focus areas – arts and culture, education, HIV/AIDS, and women’s issues.
Macy’s Celebrates 10th Annual Give Back Day

Held each year in August, Macy’s Give Back Day welcomes associate volunteers from multiple Macy’s groups in the company’s New York City and Cincinnati headquarters cities to impact the community. Macy’s Partners in Time volunteers from multiple facilities join together in huge hands-on service projects.

In New York City, chairman and CEO Terry Lundgren welcomed more than 500 volunteers to Macy’s 10th annual Give Back Day at the Martin Luther King Jr. educational complex which houses six public high schools. Volunteers worked together to beautify the rear terrace, paint 25 classrooms and create art murals that would later decorate the schools’ hallways.

Give Back Day began in Cincinnati as a part of the company’s annual United Way campaign. Hundreds of volunteers from the Central Office, stores and Macy’s Credit and Customer Services join together each year to benefit United Way agencies and partners, and the clients they serve. Volunteers have created murals and landscaped grounds at orphanages, and painted school gyms and playgrounds, among dozens of other impactful projects.

One of our volunteers summed the day up perfectly: “The reason I love Give Back Day is because on this one day, you have hundreds of Macy’s employees volunteering their time and energy for one common purpose. That’s exceptional MAGIC and that’s what makes working here so special.”
Stories of Giving

01 Share the Warmth
For the third year, Macy's partnered with Clothes4Souls to invite customers and associates to share the warmth with those in need in their communities. For every coat purchased in-store or at macy's.com during the promotion, Macy's donated one coat – in total 50,000 coats – to Clothes4Souls.

Clothes4Souls, a division of Soles4Souls, is a not-for-profit committed to fighting poverty through the collection and distribution of clothing. In December 2015, Macy's Partners in Time volunteers in New York City, Atlanta, San Francisco and St. Louis helped to distribute coats through men's and women's shelters in those cities. Macy's and Clothes4Souls were honored to receive a Cause Marketing Forum 2016 Silver Halo Award for this multi-faceted campaign.

Building on this success, in spring 2016, Macy's created the “Every Girl Deserves to Sparkle” prom program. For every prom dress purchased in-store and at macy's.com on a Saturday in March, Macy's donated a prom dress – more than 5,600 dresses in total – to Operation PROM, helping to make dreams come true for girls in need.

Established in 2005, Operation PROM provides resources, opportunity and mentoring to students in need. In April 2016, Macy's volunteers participated in four dress distributions in Hartford, CT, Memphis and New York City at events including music and makeup stations as well as shoe and accessory styling.

02 Macy's 2nd Mondays
On the second Monday of each month, toddlers aged five and under – along with their parents – received free admission to The Henry Ford Museum in Dearborn, MI. The youngsters enjoy programs and activities designed specifically for the preschool set in the Henry Ford Museum and adjacent Greenfield Village. This program is a way for moms to help their toddlers seed a deep appreciation for and continued interest in American history as they grow. There are more than 15,000 participants in the Macy's 2nd Monday program annually. Macy's has sponsored the program since 2005.
Stories of Giving

03 HIVE is a Force for HIV-Affected Families
Since 2010, Macy’s has provided funding to the HIVE Clinic, a healthcare program dedicated to the comprehensive reproductive and sexual health of people infected with HIV. Based at Zuckerberg San Francisco General Hospital, the HIVE Clinic was one of the nation’s first healthcare programs to provide coordinated care to HIV-positive pregnant women and their families.

Since the founding of HIVE in 1989 – then known as the Bay Area Perinatal AIDS Center – the Clinic has significantly impacted the transmission of HIV from mother to child through education and antiretroviral medication. Today, HIVE’s services have been expanded to include multidisciplinary preconception, prenatal, postnatal and gynecologic care to HIV-positive women and HIV-affected couples.

04 Citizens Committee for New York City
Since 2012, more than 250 Bloomingdale’s associates have volunteered to bring 23 community garden projects to life with Citizens Committee for New York City (CCNYC). From gardens to living classrooms and eco-farms, Bloomingdale’s-supported projects are teaching New Yorkers about organic gardening, healthy eating, and even chicken care.

By providing small grants to neighborhood groups in the city’s areas in most need, CCNYC is making communities safer, cleaner, greener and more inclusive. Bloomingdale’s is proud to partner with CCNYC in the shared goal of helping to make each corner of New York City a better place to live.

05 Bloomingdale’s Fashionable Fundraiser
The semi-annual Fashionable Fundraiser is a day of shopping and events where Bloomingdale’s brings fitness and fashion together for a cause. Each Fashionable Fundraiser supports one of two charities representing major focuses of Bloomingdale’s philanthropy – amfAR and Mentoring USA. amfAR has been at the forefront of HIV/AIDS research and treatment since the earliest days of the epidemic. In 2015, Bloomingdale’s summer Fashionable Fundraiser challenged customers to cycle in-store for 1-3 minutes in a nationwide virtual race in the fight against AIDS. The Mentoring USA Fashionable Fundraiser that year highlighted Bloomingdale’s belief that all children deserve an equal chance at success.
Stories of Giving

06 Make-A-Wish Foundation
Since 2008, Macy’s has invited customers of all ages to write a letter to Santa and help make wishes come true for children with life-threatening medical conditions. For every Santa letter received, Macy’s gives $1 to Make-A-Wish, up to $1 million.

In 2015, Macy’s and Make-A-Wish celebrated the seventh annual National Believe Day on Dec. 11 by granting more than 50 “Wishes Across America” for children with life-threatening medical conditions. Associates from Macy’s stores and support locations were invited to be part of the magic and join the wish celebrations in their cities. Among the children receiving their wishes were:

- Keaton, 9, cystic fibrosis, prepared to fulfill his wish to be Santa and distribute milk, cookies, candy and gifts to children in the hospital, and conferred with his elves at Macy’s West Acres (Fargo, ND).
- Associates at Macy’s St. Louis Galleria welcomed Ahna, 9, cancer, who wished to visit the beach and collect seashells.
- Jonovan “Angel,” 6, blood disorder, fulfilled his wish to become a skateboarder with instructor Paul Hurtado at Macy’s Aventura (Miami).

In addition, for every Santa letter received on National Believe Day, Macy’s gave $2 to Make-A-Wish. In total, Macy’s raised $2 million in 2015 to support Make-A-Wish.

07 Hawaii State Coalition Against Domestic Violence
The Hawaii State Coalition Against Domestic Violence is the recognized statewide coordinator of domestic violence intervention and prevention services. It is committed to strengthening the support systems serving survivors, and providing education, public policy advocacy, and technical assistance on domestic violence.

Macy’s is a longtime funder of a Coalition program called The Daysha Aiona Aka Fly to Freedom Fund. The Fund was established in 2006 after 21-year old victim of domestic violence, Daysha Aiona Aka, was murdered by her abuser. Like many domestic violence victims in Hawaii, it wasn’t possible for Aka to escape the islands in order to be safe from her abuser.

The Fly to Freedom Fund was established to remove this barrier by flying domestic violence victims and their children to safety on the American mainland. Macy’s has supported this and other Coalition programs since 2007 as part of the company’s philanthropic focus on women’s issues and domestic violence.
Diversity & Inclusion
Diversity and inclusion are at the core of Macy’s, Inc.’s approach to doing business. It touches all areas of our company. We expect our associates, our advertising and in-store presentations, and the companies with which we do business to mirror the diverse multicultural marketplace we serve.
Diversity and Inclusion

Our Associates
Macy’s believes that different perspectives are important to our company, and we benefit greatly from the individual strengths of each associate. To serve our diverse customers, we have to be a diverse company. Women represent about 75 percent of the workforce across Macy’s, Inc., and approximately 64 percent of management-level executives are women. Ethnic minorities represent about 59 percent of our associate team and approximately 36 percent of our management team.

Our Marketing and Advertising
A crucial part of our diversity strategy is our multicultural marketing. We use powerful and evocative images, symbols and words to communicate our brand messages, our special events and our merchandise selections to our diverse core customers. And we deliver those messages via targeted media channels to reach customers where and when they want to receive them. We also work with minority- and women-owned agencies to ensure our concept development and ad placements are in sync with our multicultural customer.

Our Suppliers
Having a supplier base that reflects our diverse customer marketplace gives us a tremendous competitive advantage, particularly because it enables us to source distinctive merchandise to present in our stores. It also helps us give meaningful support to businesses that contribute to the economic health of our local communities. Our Supplier Diversity Program helps us identify and support emerging minority- and women-owned businesses. In 2015, our company’s purchases from minority- and women-owned business enterprises totaled more

36%
The approximate percentage of our companywide management team comprised of ethnic minorities.
Diversity and Inclusion

than $1.1 billion. The Workshop at Macy’s, our company’s first business development program, was launched in 2011 to foster growth in the next generation of minority- and women-owned merchandise suppliers (see page 40). Macy’s is an active board-level member of the National Minority Supplier Development Council (NMSDC), the Women’s Business Enterprise National Council (WBENC) and the United States Hispanic Chamber of Commerce (USHCC). In 2015, Macy’s received recognition from multiple organizations including, Corporation of the Year by the Ohio River Valley Women’s Business Council (ORV-WBC), WBENC’s recognition as Top Corporation, a member of the USHCC “Million Dollar Club,” and recognition of Macy’s, Inc. Chairman and CEO Terry Lundgren and Macy’s executives by MBN USA magazine (Minority Business News) as Best of the Decade.

Community Partnerships
Our commitment to the communities where we live and work is a key component of our holistic diversity plan. Our mission is to develop solid, meaningful relationships with our communities, working with community leaders, elected officials and local organizations to understand the wants and needs of each community and to develop initiatives that have a positive impact on the lives of residents. By understanding and respecting the rich diversity of each community and our customers who reside there, we learn how to serve and appreciate its uniqueness. Macy’s, Inc. demonstrates its commitment through charitable contributions, leadership, board service, employment initiatives, volunteerism and the creation of economic partnerships. For example, Macy’s, Inc. representatives serve as local Urban League board members in New York City, Houston and St. Louis, as well as on the boards of organizations such as United Way, American Red Cross, Girl Scouts USA, and educational institutions and museums.
Diversity and Inclusion in Action

01 The Workshop at Macy’s

The Workshop at Macy’s is a week-long intensive training course developed by a consortium of experts from Macy’s Learning and Development; Macy’s Multicultural Business Development; and Babson College, the nation’s leading business school for entrepreneurship; along with select Macy’s merchants and vendors. The specially-designed business development curriculum is aimed at minority- and women-owned retail businesses that are poised to succeed on a larger scale, but need real-world business practice information and perspective on large-scale vendor relationships to move to the next level and sustain growth.

The Workshop at Macy’s allows selected participants to collaborate with fellow aspiring vendors, gain access to industry experts, and solicit one-on-one business coaching. The course work includes classes on merchandising and assortment planning, marketing, Electronic Data Interchange (EDI), financial management and access to capital.

The goal of this annual program is to help create a pipeline of viable enterprises that will grow to become successful partners within Macy’s own vendor community. First held in the spring of 2011, The Workshop enrolled 90 businesses in its first six years, ranging from makeup/skincare companies to confectioneries, home textiles and ready-to-wear designers. The Workshop team maintains contact with current and past participants as they progress through the opportunities outlined during the program for potential graduation to Macy’s vendor status.

To date, 10 graduates from The Workshop have been selected to sell products at select Macy’s locations and/or on macys.com.
Diversity and Inclusion in Action

02 Black History Month
In February, Macy’s celebrated Black History Month by hailing a host of rising stars from a variety of fields including art, music, film, television, literature, community empowerment, the culinary arts and journalism. Black culture has electrified the pulse of American life for generations, from music and fashion to film, television and activism - creating a wave of change that has helped propel the country to new heights. Young, up-and-coming artists and community leaders are the heart of this revolution, powered by creative self-expression and a strong connection to their heritage. As part of Macy’s Black History Month celebrations, film and television actress Jurnee Smollett-Bell led panel discussions with other emerging stars, focused on the influence and impact of Black culture on all facets of American life.

Joining Smollett-Bell in cities across the country were Grammy® Award-winning singer Monica in New York City, Philadelphia, San Francisco and Los Angeles; film and stage star and children’s book author Taye Diggs in Atlanta and Miami; actor Terrence J in New York City; Black Girls Rock! founder Beverly Bond and social activist Eunique Jones Gibson in Washington, D.C.; chef G. Garvin, and illustrator Shane Evans in Atlanta and Miami; and sports reporter Rosalyn Gold-Onwude in San Francisco.

“As a retailer with a rich history of providing A-list entertainment within the shopping experience, we were thrilled to give our customers a glimpse into the lives and careers of a diverse group of today’s undeniably talented leaders from a variety of industries as they discussed the contributions of Black Americans who came before them and how they are helping to inspire a new generation,” said Dineen Garcia, Macy’s VP/Diversity and Inclusion Strategies.

03 100 Black Men Convention
Education was the focus of Macy’s ninth year as a corporate sponsor of the 100 Black Men Convention in Atlanta. Presenting the event was 100 Black Men of America, Inc., with a mission to improve the quality of life within our communities and enhance educational and economic opportunities for all African-Americans.

“Our team always searches for opportunities to bring Macy’s commitment to diversity and inclusion to the community,” said Kristyn Page, VP/Diversity and Inclusion Strategies. “This convention, with 1,100 attendees, including male and female students, also reaches out to our important Millennial demographic, inspiring them to achieve in the classroom and in the business arena.”
Diversity and Inclusion in Action

Macy’s engaged attendees through two events designed to help them polish personal and professional style – a shopping excursion to Macy’s Lenox Square with a runway show of the season’s hottest trends, and a luncheon and fashion presentation at the Atlanta Civil Rights Museum.

04 Black Enterprise Women of Power
Members of Macy’s Diversity Strategies team work internally to integrate diversity and inclusion into five key business areas: our workforce, marketing, communications, supply chain and strategic community partnerships.

But they also take Macy’s commitment to diversity and inclusion into the community, playing a role in events across the country, including the Black Enterprise Women of Power Summit in March 2016 in Aventura, FL. This professional leadership conference is designed especially for executive women of color and Macy’s has been a sponsor for ten years.

Macy’s hosted a number of special events for the 1,000 businesswomen who attended, including an executive-style coaching session, a “Be Your Own Brand” panel discussion featuring Sheila Coates, a Macy’s fashion show with the hottest trends, and a Macy’s Beauty Pavilion, which offered attendees an opportunity to enjoy a makeover or try on styles showcased in the fashion show.

05 Celebrating Asian Pacific American Heritage Month
In May 2016, Macy’s celebrated Asian Pacific American Heritage Month with renowned chef, Katie Chin. Chin hosted in-store culinary events at six Macy’s stores across the country, highlighting the Asian food experience through cooking demos, tips for setting a table, and more. Chin also discussed the importance of her heritage and its specific influence on her culinary style. Of Chinese descent, Chin has been internationally celebrated for her presence in the culinary and entertainment industries.

“Macy’s was thrilled to partner with Katie Chin to celebrate Asian Pacific American Heritage Month and honor its rich culture and heritage. Chin offers a unique and celebrated take on Asian cuisine, and we were so pleased to share her story and expertise with Macy’s customers,” said Dineen Garcia, Macy’s VP/Diversity and Inclusion Strategies.
Diversity and Inclusion in Action

06 Support for Hispanic Communities
Macy’s and Bloomingdale’s are well known for their support of diverse Hispanic communities across the country – celebrating customers and associates with family roots throughout Latin America.

For example, Macy’s presence was hard to miss in New York where this year we again hosted the crowning of the Puerto Rican Day Parade Prince and Princess at our Bay Plaza store. Macy’s presented the ASPIRA of New York City’s Youth Conference at John Jay College. Named with the Spanish word for “to aspire,” the conference benefits Puerto Rican and Latino youth.

In our nation’s capital of Washington, D.C., we supported the 87th League of United Latin American Citizens (LULAC) National Convention and Exposition Women’s Legacy Awards. LULAC is the oldest Hispanic civil rights organization in the United States and Macy’s had the honor of hosting the awardees at our Metro Center store. We also took the opportunity to continue our support of the Macy’s Emergency Scholarship Fund for the LULAC National Education Service Centers.

Throughout the country, Macy’s continues to have a presence with national and local organizations, including the Congressional Hispanic Caucus Institute, the Hispanic Heritage Foundation, and the Hispanic Scholarship Fund, among others.

Macy’s exclusive Thalia Sodi collection of apparel, accessories and shoes launched in spring 2015. Thalia is an internationally-recognized Latina actress, recording artist, music producer, author and philanthropist. Her line focuses on the fit, color and style preferences of Hispanic women. The collection expanded in summer 2016 to include intimate apparel.
Pride + Joy
Macy’s is a proud sponsor and active participant in Pride Parades across America each year, including 19 cities in 2016. These festive celebrations and community initiatives showcase our company’s steadfast commitment to inclusiveness in all aspects of our business. From our welcoming Wedding & Gift Registry to our longstanding support of national and local LGBTQ community organizations, Macy’s remains dedicated to the fundamentals of diversity, inclusion and respect for all.

President Hosts Employee Forum
In July 2016, Macy’s President Jeff Gennette, hosted an employee forum to discuss how we as a company and a team can move forward productively in light of race-related violence in Baton Rouge, Minneapolis, Dallas and other cities. During the forum, senior management listened to employee ideas for what our company can do to contribute to the national dialogue and to make Macy’s a better, more comfortable and more welcoming workplace for everyone in the spirit of equality, opportunity and mutual respect.

Dr. John Fitzgerald Gates, former associate dean of Harvard College and a thought leader in diversity research and strategy, moderated the forum in New York City and we expect to continue the discussion elsewhere around the company.
Employment

Macy’s prides itself on being a good employer in every location where it does business, with competitive pay and benefits in a caring and service-oriented work environment.

Our company employs about 157,900 individuals (as of Jan. 30, 2016) – a number that has risen over the past several decades along with the company’s sales volume. In addition, more than 80,000 seasonal associates are hired by Macy’s and Bloomingdale’s each year to serve customers through the peak holiday shopping period.

Macy’s, Inc. provides good jobs at all levels. Included in the company’s workforce are more than 20,000 executive positions representing the highest quality talent in a wide range of fields – including merchandising, planning, marketing, human resources, finance/accounting, e-commerce, store management, product development, information technology, credit, logistics, law, communications, store planning, design and construction.

Retail directly provides 29 million full-time and part-time jobs, making it the largest private sector employer in the nation, significantly larger than the 19.9 million jobs in healthcare and social assistance, 12.6 million in manufacturing and 12.2 million in professional, scientific and technical services, according to the PwC report.

Retail employment is a key driver of the U.S. economy. According to research conducted by PricewaterhouseCoopers LLP (PwC) for the National Retail Federation, the retail industry (including food services and drinking establishments) directly and indirectly accounts for 42 million jobs and $1.6 trillion in labor income, and contributes $2.6 trillion annually to the Gross Domestic Product.
A Responsible Manager of Human Capital

**Employee Turnover**
Macy’s, Inc. employs a large workforce at all levels of the business. The bulk of our personnel consists of employees who work largely as sales associates in our stores. Store associate positions often are filled by students, those just entering the workforce and individuals supplementing other household income. As a result, retailing is an industry with a traditionally high turnover rate. That said, Macy’s is focused on internal talent development that provides opportunity for advancement within the organization. Historically, most of Macy’s management and support openings in store, district and regional positions have been filled internally.

**Length of Service**
Ours is a company well-regarded for being a good employer and that leads to stability in service – especially given the nature of a retail workforce and the number of new positions that have been added as a result of organic growth. It is not unusual for Macy’s associates to be celebrating 35 or 40 years of service. (In fact, one Macy’s associate in New York retired after 73 years of continuous service to the company!) Currently, the average length of service among hourly associates at Macy’s, Inc. is about five years. The average length of service among executives is about 10 years.

**Employee Absence**
Employees who average at least 15 hours of work each week are eligible for a paid time off (PTO) benefit that covers sick and personal days.
**Training and Development Programs**

Macy’s, Inc. is a retail industry pacesetter in talent development. The company’s training and development initiatives encompass a wide range of programs and include an in-house Leadership Institute for continuing education and leadership development, as well as an online Talent Center that is used as a resource across the company. The company invests tens of millions of dollars each year in training and development programs, and the number of hours that our associates spend in formal training and informal mentoring each year is substantial.

**Compensation/Remuneration**

In every case, we seek to pay competitive wages and benefits based on performance and experience, treat our people fairly, and cultivate an inclusive and respectful workplace. In cases where associates are paid hourly, we have increased wages every year and have avoided blanket wage freezes during tough economic times. Macy’s is a stable employer. At senior executive levels, compensation is largely tied to the company’s performance and is disclosed in the annual proxy statement. Macy’s, Inc. believes in equal pay for equal work across genders, ages, races, cultural backgrounds, physical abilities and lifestyle preferences.

**Employee Engagement**

Macy’s, Inc. conducts an employee engagement survey each year in every function of the company, and we have seen an improvement in engagement scores over time. The feedback from these surveys is used to develop action plans to address associates’ concerns and to encourage dialogue in how to create great workplaces.

**Labor Rights**

Macy’s, Inc. associates (non-management) have a right to collective bargaining, and approximately 10 percent of the company’s employees are unionized. We treat our people fairly, pay competitive wages and benefits, and cultivate an inclusive and respectful workplace. We believe in maintaining a direct and mutually productive relationship with our associates, and that third-party representation is unnecessary and frequently counterproductive.

**Working Practices – Hours**

At Macy’s, Inc., full-time employment currently is defined as 30 hours per week. Non-management employees are entitled to overtime when working additional hours, as defined by law (beyond 40 hours per week in most cases). Note that many of our associates in-store prefer to work part-time, and Macy’s, Inc. staffs its stores with an electronic scheduling system through which associates can choose their own schedules within certain guidelines. We work to assist associates who request certain schedules to accommodate schoolwork, family obligations and other factors.

**Working Practices – Health and Safety**

In 2015, the company experienced fewer than 1,300 lost-time, work-related accidents – representing a very small fraction of employees in our total workforce.
Scores of college graduates look to industry leaders like Macy’s and Bloomingdale’s to start their retailing careers after graduation. Through its college recruiting program, the company again hired about 1,100 students from America’s colleges and universities in 2016 for slots in the company’s Executive Development Program (EDP) and for summer internships nationwide.

These hires include 587 new college graduates for full-time EDP positions, which is an entry-level step in building a career as an executive with the company. In addition, 469 college students – primarily those between their junior and senior years – have joined Macy’s and Bloomingdale’s as interns in stores, merchandising, private brand development, e-commerce, information technology, logistics, finance, marketing, accounting and human resources functions.

The 2016 class of college hires was recruited from more than 200 American college and university campuses. To identify the highest potential talent, students were recruited via grassroots campus strategies as well as virtual recruiting methods and participated in a rigorous selection process.

For decades, Macy’s and Bloomingdale’s have been known as the training ground for the most impressive talent in the retailing industry. That legacy continues today, not only in recruiting outstanding college students with a wide range of backgrounds and perspectives, but in developing their talent and skills at every step along their career paths.

Many of the company’s executives started their careers after graduating from the highly regarded EDP, which has been an industry standard of excellence for decades.

The company’s training and development initiatives encompass a wide range of programs and include our signature Leadership Institute for deepening leadership skills.
Macy’s continues to provide executive career opportunities for military veterans.

In July 2012, the company launched the Military Executive Development Program (MEDP), which enables Macy’s to recruit seasoned veterans for a variety of leadership positions within our organization.

Since the inception of this program, a total of 79 veterans have joined the Macy’s team and have attended a rotational development program designed to prepare them for management positions.

Unlike some companies that hire veterans and provide abbreviated training, Macy’s strategy is to invest nine – 12 months, based on position, to develop each veteran and prime her or him for success. The company has learned that military veterans are wise, assertive, natural leaders, and our goal is to offer the training required to succeed in a department store retail environment.

The company recruits veterans from military base visits, veteran networking forums, and career fairs across the country. The company hired more than 4,000 individuals identified as military veterans in 2015. Honors presented to the company for our work in military hiring include the Employer Support of the Guard and Reserve’s (ESGR) Patriot Award to a Macy’s store executive in Atlanta and the annual ESGR Above and Beyond award to Macy’s store on Guam.
Corporate Governance
Corporate Governance

Macy’s, Inc. strongly believes in good corporate governance and transparency in financial reporting. The company’s Board of Directors and management are committed to the highest standards of corporate governance.

In spring 2016, the Macy’s, Inc. Board of Directors demonstrated its commitment to corporate governance best practices by adopting a proxy access bylaw that provides shareholders a means to nominate directors for election to the board and by shifting from a presiding director structure to a lead independent director concept to promote increased independent oversight of the board of directors.

Detailed information on the company’s Board of Directors and its principles and policies is available on the company’s corporate website using the following link: macysinc.com/corporategovernance.

A copy of the Code of Conduct for all employees of Macy’s, Inc. can be accessed at: macysinc.com/codeofconduct.pdf.