

Neiman Marcus | Group

# OUR JOURNEY TO REVOLUTIONIZE IMPACT

—  
2021 ESG REPORT



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## ABOUT THIS REPORT

We've developed this report in alignment with the Sustainability Accounting Standards Board (SASB) standards for Multiline and Specialty Retailers & Distributors and with reference to the Global Reporting Initiative (GRI) Standards: Core Option. The reporting period is FY21—August 2, 2020 to July 31, 2021—unless otherwise stated. NMG's Internal Audit team has reviewed the information in this report, our first, and has validated key data.

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# INTRODUCTION

# LETTER FROM OUR CEO



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*“NMG’s ability to impact pressing social and environmental issues is significant because we facilitate experiences and connections between two extraordinarily influential groups: the world’s finest brand partners and the luxury customers who are increasingly demanding transparency, responsibility, and action from their favorite retailers and brands.”*

Neiman Marcus Group (NMG) is a company built on relationships. We know that what we accomplish as an organization matters, but how we do it is what will be remembered. Because of this, every day we lead with love and are inspired to make life extraordinary for our customers, associates, brand partners, and communities. These relationships place us in an exceptional position to build on our growth strategy of Revolutionizing Luxury Experiences. We’re now embarking on our journey to **Revolutionize Impact** in the fashion industry, as well. For us, the question is: how?

I am proud to share our reflections on this question as we celebrate the release of NMG’s inaugural ESG Report, an initiative supported by our Board of Directors. In the following pages, you’ll read about the tremendous work our teams have done over the past year and a half to make ESG an essential part of our growth roadmap. Only by advancing sustainable products and services, cultivating a culture of Belonging, and leading with love in our communities can we achieve our business goals and fulfill our strategy of Revolutionizing Luxury Experiences.

Since our founding in 1907, the DNA of what makes us a leader in luxury retail has persisted. Our history shines through in the way we continue to champion social justice and give back in our communities today. Our NMG|Way culture has fueled this work, as it advances our values, guides our behaviors, and fosters a culture of Belonging for all of us. As a result, we are attracting and retaining exceptional talent, engaged in their work as they unleash their full individual and collective potential toward realizing our strategy.

We proudly step into a responsibility to influence positive change in our company and communities through fostering a culture of Belonging. NMG is actively standing up for diversity, equity, and inclusion by increasing the racial and ethnic diversity in leadership roles and attracting diverse talent. We are a female-majority organization, from our Board of Directors to our leadership team to our sales floor. Our workforce outpaces the U.S. population in racial diversity—particularly in Asian American and Pacific Islander (AAPI) representation. And for 2022, our first year of participating in the Human Rights Campaign Foundation’s Corporate Equality Index, we achieved a score of 100,

a demonstration of our commitment to advancing the equality and rights of those—like me—in the LGBTQ+ community. Though we are proud to have our work recognized, we will not rest: there is always more to do.

Environmental sustainability is equally important—one of the most pressing issues of our time. Over the past year, we have worked quickly to measure our carbon footprint, establish science-based targets, and procure our first renewable energy contracts. We have transitioned away from fur and toward sustainable and ethical products, establishing preferred product attributes that change the way our merchants and customers shop for alternatives. And, we have increased circular services related to alterations, restoration, and resale, extending the useful life of more than 350,000 luxury items in Fiscal Year 2021.

NMG’s ability to impact pressing social and environmental issues is significant because we facilitate experiences and connections between two extraordinarily influential groups: the world’s finest brand partners and the luxury customers who are increasingly demanding transparency, responsibility, and action from their favorite retailers and brands. We can and must lead our own business responsibly, and we recognize the positive ripple effects this will inspire throughout our industry.

This report demonstrates our considerable work in setting a strong foundation while articulating where we will seek to go from here. Under the vision and oversight of our Board of Directors, each of us in the NMG community has a role to play—contributing, inspiring, and holding us accountable on our journey to Revolutionize Impact. I’m eager to share our progress as we continue to learn and grow. This is merely the beginning.

A handwritten signature in black ink, appearing to read 'Geoffroy Van Raemdonck'. The signature is fluid and cursive, with a prominent initial 'G' and 'V'.

GEOFFROY VAN RAEMDONCK  
CHIEF EXECUTIVE OFFICER  
NEIMAN MARCUS GROUP

# LETTER FROM OUR BOARD



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*“These commitments enable us to hold Neiman Marcus Group to public company standards while moving with the speed and agility of a private company.”*

On behalf of the Board of Directors, it is my honor to share the progress and plans detailed in Neiman Marcus Group’s inaugural ESG report, “Our Journey To Revolutionize Impact.”

The impetus for this report came from this Board’s partnership with management following the company’s restructuring in 2020. Since then, our business and the communities in which we operate have seen environmental and social concerns compound. At NMG, we made the decision to do more: both our board and investor group prioritized comprehensive Environmental, Social, and Governance strategies and reporting as central to the transformation of the company.

We began by constituting a female-majority Board of Directors that brings a diverse set of experiences and backgrounds. When we engaged this new group, our vision was simple: the Board would oversee this critical development in the company’s social and environmental impact. Since then, we have formally incorporated ESG oversight into our Board’s Audit Committee Charter and our members participated in **ESG: Navigating the Board’s Role**, a training co-developed by the nonprofit organization Ceres and the University of California Berkeley School of Law.

In developing this first report, we committed to compiling and analyzing our ESG data with the same rigor and oversight that we employ for our operations and developing controls around ESG reporting that are consistent with those in place for our financials. This includes working with the Audit Committee to provide quarterly oversight of the company’s ESG strategy, as well as integrating ESG data into the company’s existing risk management and strategic planning processes with our growth office, finance, and legal teams. As we progress in this work, we are prepared to make investments that bolster our performance in areas like climate change and workplace equality.

Together, these commitments enable us to hold Neiman Marcus Group to public company standards while moving with the speed and agility of a private company.

We are proud that our first report aligns with external frameworks from the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-Related Financial Disclosures (TCFD) and provides investors with comparable and decision-useful information about the company’s ESG performance. It is our hope this will help investors share the Board’s confidence in the strength of this company and its future.

Now is the time to implement significant change for our planet and our society, and our commitment to making a difference is unwavering. While we recognize and applaud the progress of the past year, we acknowledge that we are merely scratching the surface of the potential impact we could create. We have strategically focused on the advancement of sustainable products and services, cultivating a culture of Belonging, and leading with love in our communities. With every year, we plan to increase the precision and ambition of our goals and expand the scope of our efforts.

Our progress in running a responsible business drives shareholder value. What is right for our communities and our environment is what is right for our business.

Thank you for coming along on Our Journey To Revolutionize Impact.

A handwritten signature in cursive script that reads "Pamela J. Edwards".

PAMELA EDWARDS  
CHAIR, AUDIT COMMITTEE  
BOARD OF DIRECTORS

# OUR HISTORY: 115 YEARS OF IMPACT

Our heritage—115 years of impact—is one of the largest differentiators between Neiman Marcus Group and other multi-brand luxury retailers.

In 1907, Carrie Marcus Neiman, her brother Herbert Marcus, Sr., and her husband A.L. Neiman founded the Neiman Marcus retail establishment in Dallas, Texas. Together, this enterprising Jewish family made an indelible mark on Southern and national culture.

At the time, Carrie was one of the only women to found a large American corporation—13 years before the 19th Amendment granted her the right to vote. In the 1950s, she became one of the first and only women to chair a company’s board of directors.

As a leader and role model at Neiman Marcus, Carrie created an environment that gave people—especially women—the freedom and power to reach their full potential. And as the original buyer for Neiman Marcus, Carrie played a prominent role in bringing fashions to the South that had not previously been readily available and creating the high-touch service model Neiman Marcus is famous for today.

In 1926, when Stanley Marcus, Herbert’s son, came to work for the family business, he not only grew the company and brand to a position of international influence; he also introduced the South to new people and ideas, championing social justice and supporting nonprofits that the Neiman Marcus Group has relationships with to this day.

Again and again within the circles of power in the South and in Dallas—and at considerable risk to the business—Stanley Marcus took a public stand for cultural pluralism and open discourse. He was particularly vocal against the rising tide of McCarthyism and xenophobia that began to overtake Dallas in the 1950s and early 1960s. He also championed modern art—bringing multiple

*“Stanley was very often standing alone on important issues. He was one of the few men who kept a well-lit torch to bring some light into racial issues and poverty issues.”*



—LIENER TEMERLIN, FOUNDER OF TEMERLIN MCCLAIN, IN *D MAGAZINE*

exhibits to the city, making art accessible to the community through his stores, and inviting leading minds to give lectures about the importance of critical and liberal thinking. At the same time, he attracted international customers and designers like Christian Dior, Coco Chanel, and Yves Saint Laurent to Texas for his famous Fortnight events and the Neiman Marcus Award for Distinguished Service in the Field of Fashion, which he created in 1938 to highlight emerging designers and help launch the careers of today’s most prominent fashion icons.

Together, Carrie Marcus Neiman and Stanley Marcus established an uncommon collaboration that helped to revolutionize Dallas, the South, and the luxury fashion retail industry around the world. Today, we honor their progressive vision and carry it forward as a female-founded, female-majority organization that outpaces the U.S. population in racial diversity and boasts one of corporate America’s few openly gay CEOs. And with our new commitment to advancing our impact in ESG, we’re striving toward even bolder leadership in the years to come.



*Our co-founder, Carrie Marcus Neiman.*

## A NEIMAN MARCUS ASSOCIATE BECOMES A CONGRESSIONAL ICON

In the early 1960s, before the Civil Rights Act was passed, businesses in Dallas were boycotted for prohibiting Black people from patronizing their stores (or, at best, giving them second-class treatment). Neiman Marcus was one of the first to publicly denounce segregationist practices and welcome Black patrons to its stores.

One of the leaders of the boycott was Eddie Bernice Johnson, then a nurse at the Department of Veterans Affairs. She was interested in running for office, but legally, she had to leave her government job to do so. When her allies provided a list of names of potential employers who might support her efforts, Stanley Marcus was at the top. He hired her immediately — on the condition that she run for office —

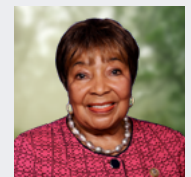
and she worked for Neiman Marcus for three years. This was a major turning point for Dallas, spearheaded by Mayor Cabell, Juanita Craft, Bob Cullum, and Stanley Marcus, and an early example of Neiman Marcus' longstanding leadership on social justice.

In 1972, Johnson ran for a seat in the Texas Legislature, winning in a landslide and becoming the first Black woman ever elected to public office from Dallas. Twenty years later, she ran for the United States House of Representatives (Texas's 30th congressional district) and won that election, too — and every one after that. Johnson has served in the United States House of Representatives since 1992 and will retire in 2022 after 30 years on the job.

## “A CHAMPION OF CIVIL RIGHTS..”

*“Despite the racism and hatred that defined our city at the time, Mr. Marcus had a reputation for being a champion of civil rights and social justice...Looking back on it, it is clear that without the generosity of Stanley Marcus, his brother Edward Marcus, and the entire Marcus family, I would not be where I am today.”*

—CONGRESSWOMAN  
EDDIE BERNICE JOHNSON,  
UNITED STATES REPRESENTATIVE, TEXAS



# OUR COMPANY

Today, Neiman Marcus Group is a relationship business that leads with love in everything we do—for our customers, our associates, our brand partners, and our communities. Our legacy of innovating and our culture of Belonging guide our roadmap for Revolutionizing Luxury Experiences.

**Our brands include Neiman Marcus, Bergdorf Goodman, Last Call by Neiman Marcus, and Horchow.**



**Neiman Marcus** is a Dallas-based luxury retailer, providing customers access to exclusive and emerging brands, anticipatory service, and unique experiences since 1907. Every day, Neiman Marcus digitally connects with customers worldwide and delights customers in person across a 37-store presence in the U.S., one of the largest U.S. eCommerce luxury platforms, and industry-leading remote selling and personalization technology.



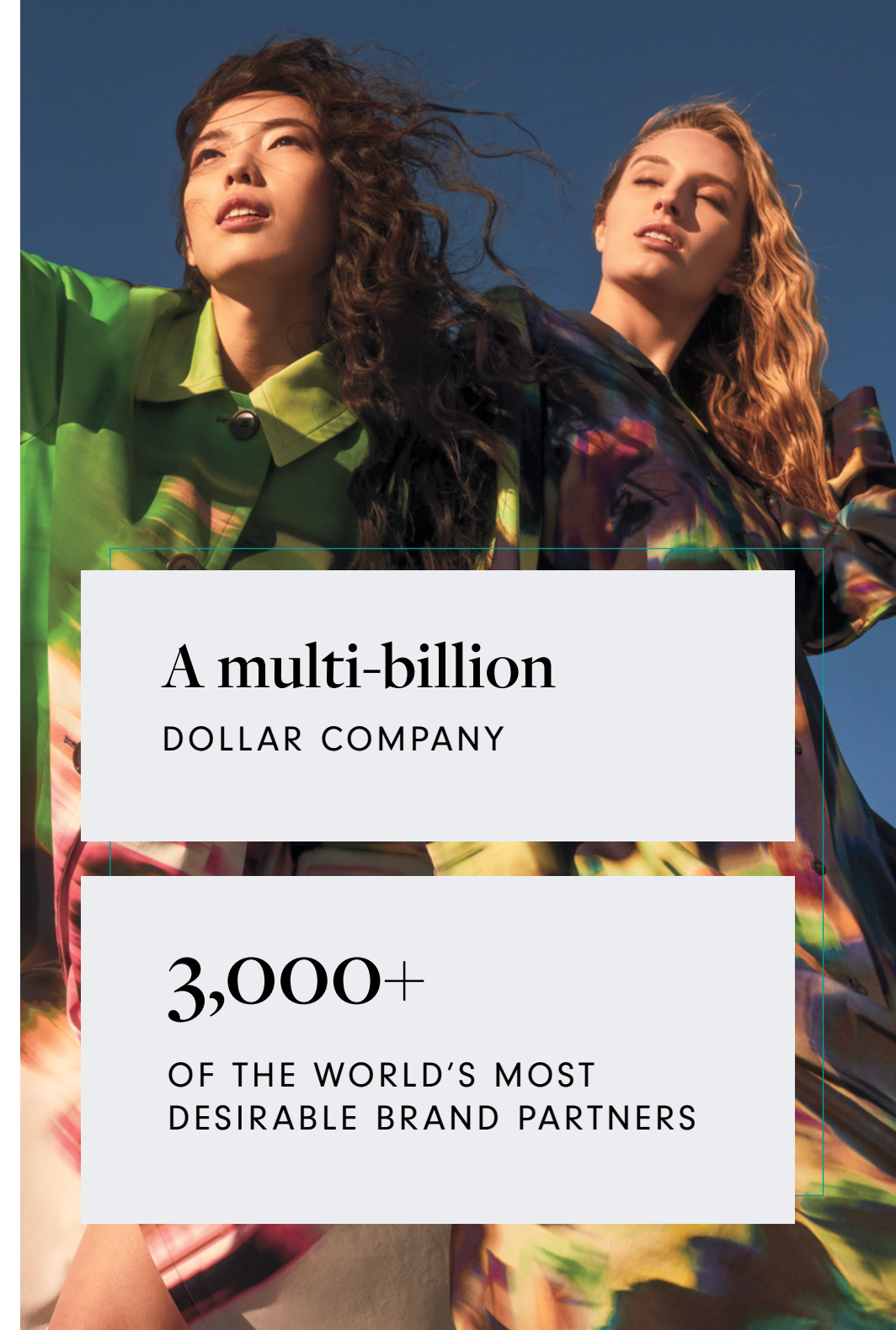
**Last Call by Neiman Marcus** is a value brand of The Neiman Marcus Group and is comprised of five store locations. Last Call stores are located in regional retail centers and offer residual and marked-down merchandise from Neiman Marcus and Bergdorf Goodman.



**Bergdorf Goodman**, a New York institution since 1901, represents the global pinnacle of style, service, and modern luxury. With its rich history of showcasing leading and emerging designers, the iconic store at 5th Avenue and 58th Street is a singular destination for discerning customers around the world. BG.com expands on Bergdorf Goodman's heritage, offering an unparalleled online shopping experience that combines expert curation with an editorial point of view.



**Horchow** has been selling exceptional home furnishings since 1973 with a dedication to bringing unique, high-quality choices to its customers. Acquired by the Neiman Marcus Group in 1988, and with a selection of pieces from both global luxury brands and outstanding just-discovered artisans, Horchow upholds an unwavering commitment to the highest standards of design and long-lasting value.



A multi-billion  
DOLLAR COMPANY

3,000+  
OF THE WORLD'S MOST  
DESIRABLE BRAND PARTNERS



# OUR OPERATIONS AND WORKFORCE

We serve luxury retail customers through 37 Neiman Marcus, two Bergdorf Goodman, and five Last Call by Neiman Marcus stores in the cities below, as well as through our eCommerce and remote selling channels worldwide.

We support our operations through multiple supply chain facilities that are strategically placed throughout the U.S. to increase our speed to the customer.

At the end of FY21, our operations were powered by a female majority workforce with nearly 9,000 associates – 80.5% full-time, 18% part-time, 0.75% temporary, and 0.75% union.

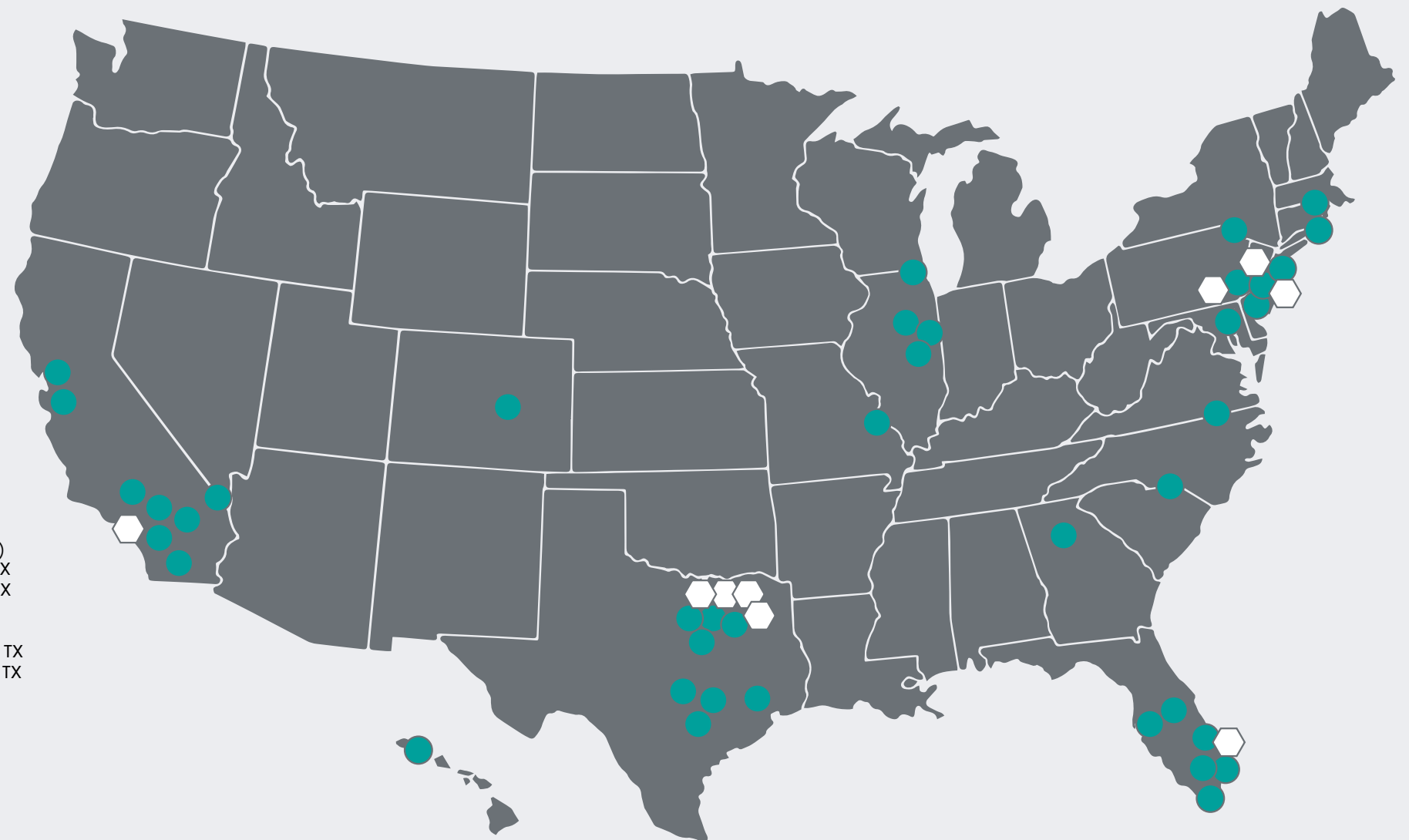
## ● U.S. Store Locations

- |                   |                  |                     |                 |
|-------------------|------------------|---------------------|-----------------|
| Scottsdale, AZ    | Boca Raton, FL   | Natick, MA          | Austin, TX      |
| Beverly Hills, CA | Coral Gables, FL | Troy, MI            | Dallas, TX (2)  |
| Cabazon, CA       | Orlando, FL      | St. Louis, MO       | Fort Worth, TX  |
| Canoga Park, CA   | Sunrise, FL      | Charlotte, NC       | Grapevine, TX   |
| Newport Beach, CA | Tampa, FL        | Paramus, NJ         | Houston, TX     |
| Orange, CA        | Atlanta, GA      | Short Hills, NJ     | Plano, TX       |
| Palo Alto, CA     | Honolulu, HI     | Las Vegas, NV       | San Antonio, TX |
| San Diego, CA     | Chicago, IL      | Garden City, NY     | San Marcos, TX  |
| San Francisco, CA | Northbrook, IL   | New York, NY (2)    | McLean, VA      |
| Denver, CO        | Oak Brook, IL    | White Plains, NY    |                 |
| Bal Harbour, FL   | Boston, MA       | King of Prussia, PA |                 |

## ⬡ U.S. Facilities and Supply Chain Locations\*

- |                          |                           |                            |
|--------------------------|---------------------------|----------------------------|
| Whittier, CA             | Long Island City, NY      | Dallas (Corporate Hub), TX |
| Miramar, FL              | Pittston, PA              |                            |
| Mountainside, NJ         | Irving, TX                |                            |
| Dallas (Alterations), TX | Dallas (Distribution), TX |                            |

\*Note: In Fall 2021, a new supporting location was incorporated in India.



# OUR CULTURE

The NMG | Way is our unique way of working that empowers associates to work whenever, wherever, and however to best get results and fulfill our purpose of making life extraordinary. Implementing it has dramatically improved our ability to retain and attract diverse top talent during COVID and The Great Resignation. Our retention rate has improved 20% and our time-to-hire rate has improved 32% since FY2019 – we are hiring people an average of 22 days faster than we did three years ago today. Prospective and current employees are attracted by our diverse, flexible, and remote culture open to all associates – not just corporate staff. During the pandemic, we rolled out an in-house selling tool called “Connect” that allows our sales associates to work with their customers from anywhere, too.

*“The NMG | Way is embedded in the company’s core purpose, which is to make life extraordinary for everybody in our ecosystem. When you foster an environment that does that, everything and everyone rises.”*

—ERIC SEVERSON, CHIEF PEOPLE AND BELONGING OFFICER



## NMG | WOW

Our unique remote and flexible way of working empowers associates with the autonomy to work wherever, whenever, and however to achieve the best results. Because these types of policies disproportionately impact women and people of color in positive ways, flexibility also supports our commitment to Belonging.

## Our Values

- Be Bold
- Be Memorable
- Be Trustworthy
- Be All Heart
- Be the Best

## Growth Mindset

A cultural transformation is underway as we move to a different way of thinking about our challenges and opportunities. With a focus on getting better, we embrace challenges and see effort as the path to mastery.

## Belonging

Diversity + Equity + Inclusion = Belonging. Our Belonging strategies encompass our efforts to increase workforce diversity, advance workplace equity, and champion marketplace inclusion to our customers and community through inclusive merchandise and operations.

## ESG | Environmental, Social, and Governance

We are revolutionizing luxury experiences by advancing sustainable products and services, cultivating a culture of Belonging, and leading with love in our communities. We commit to identifying, improving, and disclosing our performance on material ESG issues that enhance shareholder value and address key stakeholder concerns on an ongoing basis.

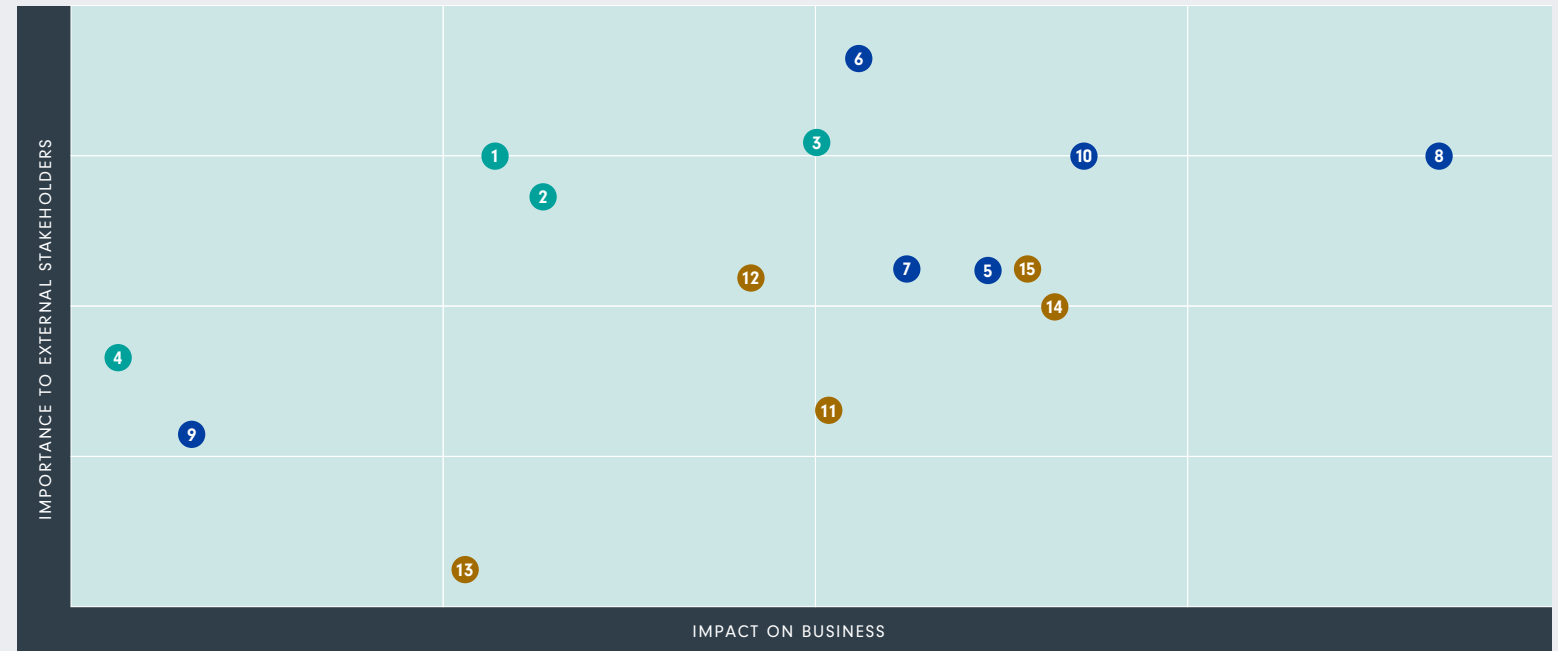
# MATERIALITY & STAKEHOLDER ENGAGEMENT

In the fall of 2020, our new owners—several of whom are signatories of the United Nations Principles for Responsible Investment (UNPRI)—brought a strong vision and commitment to investing in ESG, making it a central part of NMG’s transformation.

They began by constituting a new Parent Board with a diverse group of Directors representing different genders, races, sexual orientations, and skillsets, each of whom brings a unique point of view to our mission and operations.

In March 2021, management hired independent, third-party consultants to conduct a materiality assessment, which serves as the foundation for our ESG strategy. Our materiality process involved conducting desktop research and engaging key internal and external stakeholders to identify and prioritize the company’s most significant ESG-related risks and opportunities.

WE EVALUATED 100+ ESG ISSUES TO IDENTIFY THE TOP 15:



## ● Environmental Sustainability

- 1. Climate Change
- 2. Circular Economy
- 3. Sustainable & Ethical Products
- 4. Chemical Management

## ● Governance

- 11. Board Composition & Diversity
- 12. Transparency
- 13. Executive Pay Practice
- 14. Technology & Innovation
- 15. Data Security & Customer Privacy

## ● Social Impact and Human Capital

- 5. Workforce Investment & Training
- 6. Human Rights
- 7. Philanthropy & Corporate Citizenship
- 8. Belonging (Diversity, Equity, and Inclusion)
- 9. Political Advocacy & Activism
- 10. Labor Practices (Wages, Benefits, & Turnover)



**We analyzed data from the following sources to identify NMG’s top material issues:**

- ESG ratings and rankings from MSCI, Sustainalytics, Just Capital
- Research reports from industry media outlets and trade associations
- Disclosures from NMG’s best-in-class peers
- ESG reporting frameworks from the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP)
- Current and emerging legal and regulatory frameworks

**We then engaged the following internal and external stakeholders, asking them to force rank each of the topics based on importance to the business and the community:**

- NMG Parent Board of Directors
- Brand Partners/Suppliers
- Regulators/Trade Associations
- NMG Associates
- Media
- NMG Leadership
- Customers—new and existing
- Nonprofits
- Investors

In addition to providing the foundation for the Company’s nascent ESG strategy, the learnings from this assessment are incorporated into our corporate Enterprise Risk Management (ERM) process and strategic goals.

While these learnings represent feedback from a discrete point in time, our ESG team continues to engage with investors, customers, associates, nonprofits, suppliers, policymakers, and retail industry trade associations and peers on ESG issues and best practices on a perennial basis, including through the membership associations below:

**Membership Associations**

- Retail Industry Leaders Association
- National Retail Federation
- Human Rights Campaign
- American Red Cross
- Textile Exchange
- Prospanica
- U.S. EPA SmartWay
- RE100
- California Retailers Association
- CEO Action for Diversity & Inclusion

We’ll continue to perform periodic materiality assessments to inform and refresh our strategy, and we’ll leverage results from monthly ESG Steering Committee meetings and biannual Enterprise Risk Management reviews to keep the Board’s Audit Committee updated with shifts in stakeholder feedback.

For more details on our Governance structure, please see the [Governance](#) section of the report.

# OUR ESG STRATEGY & GOALS

Our Environmental, Social, and Governance (ESG) strategy demonstrates our commitment to helping people and planet while driving luxury retail toward a more sustainable and equitable future.

The results of our materiality assessment informed the creation of our 2025 ESG strategy. We've intentionally chosen to set near-term goals because we're deeply committed to making ESG an important part of our transformation—quickly. We're moving fast and holding ourselves accountable as we learn and continue to innovate. In the process, we're working with [credible partners](#) (including industry and nonprofits) to achieve our goals. Our progress against our 2025 ESG strategy and goals will be reviewed quarterly to manage risk and pursue opportunity.

In FY21, we established a dedicated ESG team to lead this work, as well as a cross-functional Steering Committee that is accountable for driving progress, and incorporated ESG oversight into our Board's Audit Committee Charter. See [Governance](#) section for more.

And all of this is just the beginning. In the coming years, we plan to increase the precision and ambition of our goals and expand the scope of our efforts.

NMG'S 2025 ESG STRATEGY WILL REVOLUTIONIZE LUXURY EXPERIENCES BY:



Advancing Sustainable Products & Services

- Reduce Scope 1 and 2 emissions 50% from a 2019 baseline.
- Increase revenue from sustainable and ethical products.
- Extend the useful life of 1,000,000 luxury items through circular services.
- Protect human rights by developing and implementing a new Supplier Code of Conduct.



Cultivating a Culture of Belonging

- Increase racial diversity in leadership roles at the Vice President level and above to 21%.
- Advance workplace equity in line with prominent external standards.
- Provide Belonging training for 100% of NMG associates.
- Champion inclusive marketplaces by increasing spend with diverse suppliers.



Leading with Love in our Communities

- Partner with customers to raise \$3,000,000 for charity through The Heart of Neiman Marcus Foundation.
- Increase associate giving and volunteerism in NMG's All Heart Program to support causes close to associates' hearts.
- Support disaster preparedness and relief to keep our store communities thriving.

## PARTNERSHIP: A KEY DIFFERENTIATOR IN OUR ESG STRATEGY

As a major retailer working in partnership with over 3,000 individual brands, Neiman Marcus Group is well-positioned to improve ESG well beyond the boundaries of our stores and corporate offices. Not only can we amplify the ESG messages of our brand partners; we can also influence their practices through tools like merchandise sustainability edits, supplier codes of conduct, and more. That's precisely what we've begun to do—and we'll expand our efforts in the years to come.

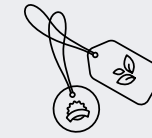
# ESG HIGHLIGHTS



REDUCED SCOPE  
1 & 2 EMISSIONS

**23%**

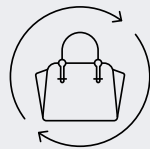
TO 58,612 MTCO<sub>2</sub>e BETWEEN  
2019 AND 2020



LAUNCHED

**two**

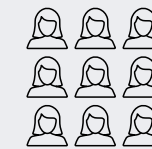
NEW EDITS FOR SUSTAINABLE AND  
ETHICAL PRODUCTS AT NEIMAN MARCUS  
AND BERGDORF GOODMAN



EXTENDED THE  
USEFUL LIFE OF OVER

**350,000**

LUXURY ITEMS THROUGH  
CIRCULAR SERVICES



CHAMPIONED A

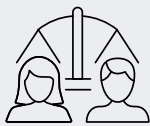
**57%**

FEMALE BOARD

**68%**

FEMALE WORKFORCE

AND ADDED PAID PARENTAL  
AND CAREGIVER LEAVE POLICIES



SCORED

**100/100**

ON THE HUMAN RIGHTS CAMPAIGN  
FOUNDATION'S CORPORATE  
EQUALITY INDEX



TRAINED

**100%**

OF AUDIT COMMITTEE  
DIRECTORS ON ESG OVERSIGHT



# ENVIRONMENT

# ENVIRONMENT

## 2025 GOALS:

REDUCE SCOPE 1 AND 2 EMISSIONS

**50%**

FROM A 2019 BASELINE

## Increase revenue

FROM SUSTAINABLE AND ETHICAL PRODUCTS

EXTEND THE USEFUL LIFE OF

**1,000,000**

LUXURY ITEMS THROUGH CIRCULAR SERVICES

From the footprint of our buildings to the length of time our customers treasure the products we sell, we intend to make an impact on environmental issues across our value chain. Our environmental approach focuses on the three issues where we have the greatest opportunity for impact:

**Climate Change**

**Sustainable & Ethical Products**

**Circular Economy**

Climate change is the most important issue of our time, which is why we're setting near- and medium-term goals to reduce emissions from our buildings in line with current science and international efforts, like RE100.

However, [fashion industry research](#) from McKinsey & Company and Global Fashion Agenda shows that the majority of emissions come from the sourcing, manufacture, and disposal of merchandise, so as a third-party retailer, we're also focused on collaborating with our brand partners to increase revenue from the sale of sustainable products and offering circular services such as alterations, restoration, and resale to our customers.





## CLIMATE CHANGE

### GOALS:

# 50% reduction

IN SCOPE 1 AND 2 EMISSIONS  
AGAINST THE 2019 BASELINE BY 2025

# 100%

RENEWABLE ENERGY BY 2030

*“By committing to 100% renewable electricity by 2030, Neiman Marcus Group is taking an important step forward on improving its sustainability.”*

—SAM KIMMINS, HEAD OF RE100  
AT CLIMATE GROUP



## OUR APPROACH

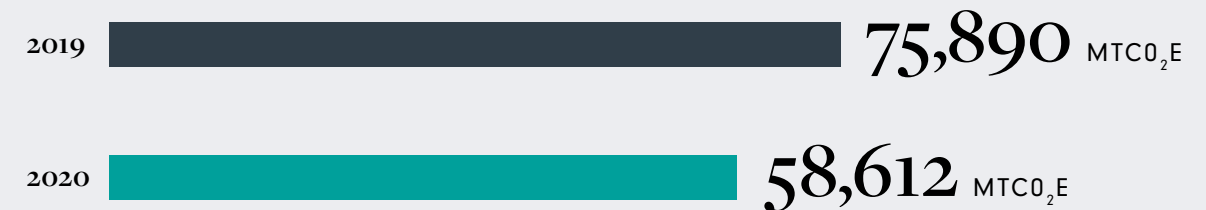
Climate change is the most important issue of our time, and we’re doing our part to help fight it with a series of new and ambitious goals. We’re beginning at home by working to reduce Scope 1 and 2 emissions across our real estate portfolio.

In FY21, our materiality assessment identified Climate Change as a priority issue to key stakeholders. We worked with third-party consultants Antea Group to measure our emissions baseline, map our decarbonization plans, and establish our short- and medium-term targets. We’re now working with Trane to operationalize our decarbonization plans through capital and operating investments in renewable energy, electrification, energy efficiency, and refrigerant management.

When setting our goals, we benchmarked our performance with peers through the Retail Industry Leaders Association and the

National Retail Federation and selected 2019 as our baseline year to capture the before and after effects of our supply chain transformation strategy. As we measured our performance, we found that emissions from purchased electricity contribute to almost 90% of NMG’s current greenhouse gas (GHG) footprint—offering a significant opportunity to decarbonize our operations through renewable energy. We also identified emissions hotspots across our real estate portfolio so we could make targeted investments in energy efficiency, electrification, and artificial intelligence at select locations. We’ve already reduced Scope 1 and 2 emissions by 23% from 75,890 MTCO<sub>2</sub>e to 58,612 MTCO<sub>2</sub>e between 2019 and 2020. While we’re proud of our progress, we know there is more work to be done and have set ambitious science-based targets that are designed to limit anthropogenic climate change to 1.5 degrees Celsius in the years ahead.

23%  
Reduction  
FROM 2019 TO 2020



## OUR ACTIONS

### ADDRESSING SCOPE 1 & 2 EMISSIONS

As we work to reduce Scope 1 and 2 emissions across our real estate portfolio, below is a list of stores and their improvements, implemented in partnership with Trane. The improvements are focused on addressing the four imperatives of our decarbonization plan: renewable energy, electrification, energy efficiency, and refrigerant management.



*Bergdorf Goodman Women's Store in NYC*

**Bergdorf Goodman Women's Store, NYC:** Upgraded this historic building's air-handling units and automation system and replaced a natural gas-powered absorption chiller with a high-efficiency air-cooled chiller, electrifying the site and eliminating the use of natural gas.

**Dallas, TX (Northpark):** Upgraded the building's automation systems and air handling units and introduced bipolar ionization to improve indoor air quality. Conducted a renewal on three existing chillers to improve performance and extend the life of the units.

**San Francisco, CA:** Upgraded four large rooftop units and the building's automation systems and added bipolar ionization to improve indoor air quality.

**Troy, MI:** Conducted a significant upgrade of the building's automation system.

**Austin, TX:** Upgraded lighting controls within the building's automation system.

**Pinnacle Point, TX:** Upgraded two rooftop units and the building's automation system, including LED lighting and energy conserving fixtures.

**Sunrise, FL:** Upgraded 12 rooftop units and the building's automation system.

**California & New Jersey:** Signed NMG's first three renewable energy contracts.



## ADDRESSING SCOPE 3 EMISSIONS

Recent research from McKinsey & Company and Global Fashion Agenda has shown that the majority of emissions in the fashion industry come from the sourcing, manufacture, and disposal of merchandise. Because we don't manufacture the majority of products we sell, we know our biggest opportunity to impact climate change will come from influencing brand partners and reducing our Scope 3 emissions from purchased goods and services. We plan to perform a Scope 3 assessment in 2022 to understand our Scope 3 emissions and chart our progress in the future.

### Our current Scope 3 reduction efforts include:

- **Purchased Goods & Services:** During FY21, we defined preferred product attributes with Neiman Marcus and Bergdorf Goodman merchants, building those attributes into our product management software and flagging the attributes for customers to increase revenue from sustainable and ethical products over time. For more information about this program, see the Sustainable & Ethical Products section.
- **Transportation & Distribution:** In January 2021, we announced our intention to invest \$90+ million in supply chain innovation over the succeeding two years. This includes transforming our Pinnacle Park facility in Dallas and expanding our Pittston, PA distribution facility in the Northeast, which moves us away from being Texas-centric and will better align our fulfillment needs for both digital demand and our stores. As a result, our supply chain will be closer to our customers – improving our speed to customer and speed of replenishment and reducing emissions from miles traveled during transportation and distribution.



# 30,906

UNITS OF PERSONAL CARE AND BEAUTY TESTERS AND SAMPLES RECYCLED

Our store associates lead the way in helping us identify ways to be more sustainable at a local level. Since 2012, Neiman Marcus Orlando has used Terracycle's free program to engage store associates in recycling personal care and beauty testers and samples, for a total of 30,906 units recycled.



- We also joined the U.S. EPA Smartway Program to measure our emissions from transportation, benchmark with industry peers, identify sustainable transportation and logistics vendors, and engage our current ones in improving their sustainability performance.
- To improve our packaging, Neiman Marcus and Bergdorf Goodman doubled the recycled post-consumer waste content of shopping bags from 40% to 80%; added FSC certification; and elevated gift packaging to sturdier, iconic boxes intended for customer re-use. At the same time, NMG began a long-term effort to review our shipping materials and implement the following strategies:
  - » Reduce and right-size corrugated packaging and dunnage
  - » Ensure that packaging and dunnage are made from recycled and/or FSC-certified materials
  - » Engage customers in reusing or recycling corrugated packaging with Give Back Box
  - » Audit packaging ecosystem to identify and eliminate single-use plastic (including polybags)
- **Waste:** In FY21, our facilities diverted 20% of waste from landfill, on average – ultimately recycling 714 tons of waste and avoiding 2,271 MTCO<sub>2</sub>e. In FY22 and beyond, we are looking to increase the percentage of waste diverted to recycling facilities and enroll additional locations in our recycling programs.
- **End-of-Life Treatment of Sold Products:** We marketed circular services including garment mending and alterations, shoe and handbag restoration, and resale to our customers to extend the useful life of luxury items and keep them out of landfill. For more information, see the Circular Economy section.



## DISASTER PREPAREDNESS & RELIEF

As climate change increasingly disrupts weather patterns, relief efforts are becoming more important to our enterprise risk management process. In 2021, severe weather conditions forced our stores to close for an aggregated total equivalent of 49 days, which we estimate reduced sales by between \$7 and \$9 million.

For nearly a decade, NMG has supported disaster preparedness and relief in the communities where we operate through a National Disaster Responder partnership with the American Red Cross to help minimize these disruptions and get store communities up and running more quickly after severe storms.

This work is overseen by NMG’s Chief Information Security Officer, who serves on the Board of the American Red Cross—which hired its first Chief Sustainability Officer in April 2021.

In FY19, NMG began complementing this work with the creation of a new Employee Hardship Assistance Fund that supports associates during severe storms and other unexpected personal hardships. Through these two efforts, Neiman Marcus Group has given nearly \$2 million to associates and store communities affected by climate change and other disasters.

### NEIMAN MARCUS GROUP DISASTER RELIEF FUND

Grants Awarded	FY13 - FY18	FY 2019	FY 2020	FY 2021	FY 2022	Total
American Red Cross	\$909,947	\$250,000	\$250,000	\$0 <sup>1</sup>	\$250,000	\$1,659,947
Employee Hardship Assistance Fund	—	\$151,534	\$55,242	\$101,833	\$14,846 <sup>2</sup>	\$323,455
<b>Total</b>	<b>\$909,947</b>	<b>\$401,534</b>	<b>\$305,242</b>	<b>\$101,833</b>	<b>\$264,846</b>	<b>\$1,983,402</b>

<sup>1</sup>Neiman Marcus Group did not engage associates in fundraising for American Red Cross partnership during the pandemic.

<sup>2</sup>This number represents grants administered during the first six months of FY22, which was in progress during the time of this report.

## SUSTAINABLE & ETHICAL PRODUCTS

### GOALS:

# Increase revenue

FROM SUSTAINABLE AND ETHICAL PRODUCTS

### OUR APPROACH

Today's consumers are seeking consciously sourced products, and we'll earn their loyalty by providing them with curated and credibly vetted options. In 2021, we made an important decision to further align our business with our values in two key ways: first, by committing to go **fur-free by 2023**, and second, by working with our brand partners to **increase revenue from the sale of sustainable and ethical products by 2025**. Throughout these processes, we're collaborating with nonprofit partners—including Textile Exchange, The Humane Society of the United States, and Responsible Business Coalition—as well as industry peers to make sure that our approach is credible and advances broader customer and industry knowledge.

### OUR ACTIONS

#### GOING FUR-FREE

In FY21, NMG released its first Animal Welfare Policy that committed to the elimination of all products containing animal fur by early 2023. This [Animal Welfare Policy](#), which was created in collaboration with The Humane Society of the United States and adheres to the Fur Free Alliance Guidelines, applies to all NMG brands. As we move away from products containing fur, we'll be highlighting ethical alternatives—including products made from bio-based faux fur alternatives like Koba Fur—in our Sustainability Edit (see more below).

#### LAUNCHING OUR SUSTAINABILITY EDIT

As the preeminent luxury customer platform, NMG delights in connecting customers with our sustainable brands and the products they produce. In 2021, we defined a list of preferred product attributes and acceptable third-party certifications and built them into our product management system. We believe that sustainability is a complex and dynamic topic, so our Sustainability Edit defines multiple categories within sustainable and ethical fashion and allows us to add more over time. Wherever possible, we'll rely on independently recognized materials, processes, and certifications to facilitate brand conversations, flag products, prevent greenwashing, and maintain credibility.

## “THE COMPANY'S FUR-FREE PLEDGE

*represents a transformational change in retail, and we applaud NMG for making progress on an issue that so many consumers care deeply about.”*

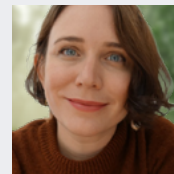
—PJ SMITH, DIRECTOR OF FASHION POLICY,  
HUMANE SOCIETY OF THE UNITED STATES





In 2021, NMG became a member of Textile Exchange to gain access to industry-leading insights on sustainable materials for our merchants and brand partners—and to enlist a nonprofit in advising brand partners on incorporating sustainable materials into the products they sell to NMG.

*“NMG is synonymous with luxury merchandise and has the power to change their directly controlled products and influence on a much larger scale. It takes leaders such as NMG being committed to scaling preferred fibers and materials to evoke the industry-wide change we need.”*



—CLAIRE BERGKAMP, CHIEF OPERATING OFFICER, TEXTILE EXCHANGE

To be featured in the Neiman Marcus and Bergdorf Goodman Edits – respectively titled “Fashioned For Change” and “Conscious Curation”—a brand’s product must meet at least one of the following preferred product attributes:

- **Sustainable materials:** Made with at least 40% sustainable, circular, or vegan materials, such as those certified by Global Organic Textile Standard (GOTS), Recycled Claim Standard (RCS), PETA Certified Vegan, and more.
- **Responsibly manufactured:** Made in factories that protect their employees and our planet by going above and beyond a standard supplier audit to implement a certification program that empowers workers, ensures fair wages, and prioritizes responsible chemicals and resource use, such as 100 by OEKO-TEX or Fair Trade Certified™.
- **Diverse:** Made by a Black, Latinx, Asian, or LGBTQ-owned brand partner that contributes to a more diverse society and helps forward NMG’s supplier diversity goals.
- **Gives back:** Gives back to people and the planet through various philanthropic models, such as donating an equal item or percentage of profit for every product sold or joining an impact network like B Corp or 1% For The Planet.
- **Transparent:** Made by brands that disclose their factory list on [Open Apparel Registry](#) or tag products with digital product passports from [Eon](#), [Avery Dennison](#), or other providers in the interest of protecting human rights, promoting radical transparency, and helping consumers understand where their products are made.

We will begin tracking revenue from these items as soon as the work to identify, classify, and verify products’ claims has been completed.

### SUPPLIER CODE OF CONDUCT AND RESPONSIBLE SOURCING PROGRAM

While we’ll flag products with extraordinary environmental and social attributes, we’re also partnering with Elevate to develop a Supplier Code of Conduct and Responsible Sourcing Program to ensure that all NMG suppliers know and implement the minimum requirements needed to promote the protection of human rights and the environment within our global supply chain. NMG requires suppliers to abide by all applicable laws and regulations concerning products supplied to the company, including those associated with hazardous chemicals in products.



## CIRCULAR ECONOMY

### GOAL:

EXTEND THE USEFUL LIFE OF

**1,000,000**

LUXURY ITEMS THROUGH CIRCULAR SERVICES BY 2025

### OUR APPROACH

Since our founding, the personal relationships we develop with our customers and their closets have included services like alterations and restoration, helping to extend the lives of customers' most loved luxury items. In recent years, we've expanded those services and substantiated our status as a first mover and consistent investor in circular economy initiatives—piloting partnerships with The RealReal (2015) and Rent The Runway (2017) and becoming the first luxury retailer to make a long-term equity investment in resale with FASHIONPHILE (2019), one of the world's top resellers of pre-owned luxury handbags and accessories. Today, led by a cross-functional Circularity Action Team, we're committed to tracking our impact and innovating our services to meet our goal of keeping 1,000,000 luxury items in circulation by 2025.



### OUR ACTIONS

In FY21, we extended the lives of over 350,000 luxury items through alterations, restoration, and resale.

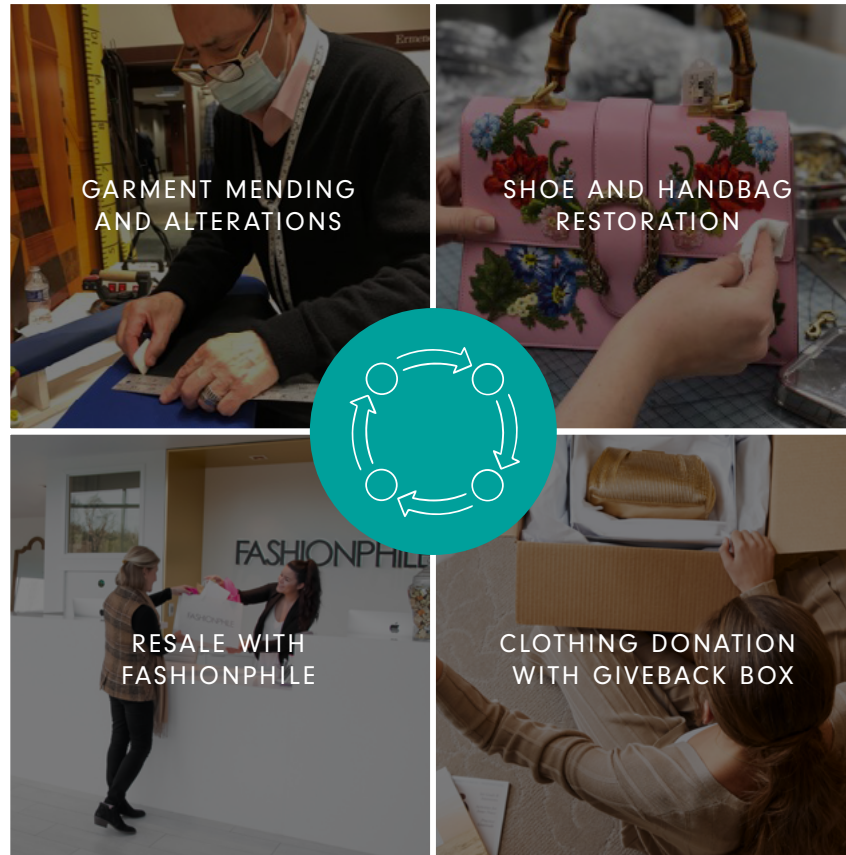
**172,304**  
ITEMS ALTERED

**155,258**  
ITEMS RESTORED/  
REPAIRED

**22,836**  
ITEMS RESOLD  
WITH FASHIONPHILE

## OUR ACTIONS

NMG has identified four initiatives to address Circularity: garment mending and alterations, shoe and handbag restoration, resale with Fashionphile, and clothing donation with Give Back Box.



### 1 GARMENT MENDING AND ALTERATIONS

NMG employs hundreds of the world’s best tailors in our stores and service centers. This service is not only sustainable, it’s a key driver of customer experience and loyalty with top-spend clients. At Neiman Marcus, customers who engage with alterations spend 13% more than those who don’t. To continue leveraging and showcasing our talented tailors and their craft, we’ve begun to open Alterations Bars in select Neiman Marcus stores and are offering services like “while you wait” and same-day delivery. At Bergdorf Goodman’s longtime on-site atelier, tailors are also known for their expert craftsmanship and, now, the expanded “on demand” service. In 2022, BG will begin to market the atelier as a service to access in the fitting room, in homes, or virtually.

### 2 SHOE AND HANDBAG RESTORATION

NMG’s Southeast Service Center can bring luxury shoes and handbags back to life through resoling and stretching, shortening straps, re-dyeing/re-finishing leather, cleaning/replacing linings, replacing hardware, and more. Our Southeast Service Center plays a critical role by repairing damaged merchandise and reconditioning customer returns. In FY21, the Center processed \$81M in merchandise, transferring \$59M (73%) back to selling locations.

These services aren’t currently promoted to Neiman Marcus customers; however, in 2022 and beyond, we intend to transition shoe and handbag restoration from one of our best-kept secrets to a formalized menu of services that all clients are encouraged to use and enjoy. Bergdorf Goodman will also continue its 2-year partnership with Santana Leather Care, the go-to luxury repair experts for the world’s top fashion houses. Clients may take advantage of the service during a scheduled private shopping appointment, by contacting their Bergdorf Goodman Sales Associate, or by visiting the shoe department in the women’s store.

### 3 RESALE WITH FASHIONPHILE

In 2019, NMG became the first luxury retailer to make a long-term investment in resale by acquiring a minority stake in FASHIONPHILE, a female-founded fashion technology company helping customers sustainably refresh their closets while introducing next-gen consumers to luxury goods. FASHIONPHILE is one of the world’s top resellers of pre-owned luxury handbags and accessories and provides the elevated customer experience, brand partnerships, authentication services, and volume of goods NMG customers expect—boasting the highest Net Promoter Score of online resale players.



# FASHIONPHILE



Customers can engage with FASHIONPHILE in several ways: at FASHIONPHILE Selling Studios; at Dropoff in all Neiman Marcus locations; through Neiman Marcus’s Stylist Network, where customers can interact with associates from any location; and buying online with FASHIONPHILE and then picking up in a Neiman Marcus store. Since 2019, this partnership has extended the life of over 40,000 items.

By 2025, we intend to have a FASHIONPHILE Selling Studio inside every Neiman Marcus store. We’ll also assist FASHIONPHILE in strengthening its own ESG performance by helping it quantify the environmental impact of each product it sells and pursue B Corp certification.

#### 4 CLOTHING DONATION WITH GIVE BACK BOX

In Fall 2021, NMG launched a new partnership with Give Back Box that makes Neiman Marcus the conduit between the customer’s closet and local charities. Neiman Marcus customers can print free, pre-paid shipping labels online and use them to fill any used shipping box with gently used goods. Soon, FASHIONPHILE Selling Studios will also partner with Give Back Box to offer clients the opportunity to donate their items to charity if they’re ineligible for resale. NMG will receive monthly reports about the number of items donated and the number of engaged customers.

Neiman Marcus

SOCIAL

# SOCIAL

## 2025 GOALS:

- Protect human rights by developing and implementing a new Supplier Code of Conduct
- Increase racial diversity in leadership roles at the Vice President level and above to 21%
- Advance workplace equity in line with prominent external standards
- Provide Belonging training for 100% NMG associates
- Champion inclusive marketplaces by increasing spend with diverse suppliers
- Partner with customers to raise \$3,000,000 for charity through The Heart of Neiman Marcus Foundation
- Increase associate giving and volunteerism in NMG's All Heart Program to support causes close to associates' hearts
- Support disaster preparedness and relief to keep our store communities thriving

NMG is a female-founded, female-majority organization that outpaces the U.S. population in racial and ethnic diversity and boasts one of corporate America's few openly gay CEOs. For decades, we've built upon our history of social responsibility with policies and practices that support our workforce, customers, and community. Today, we continue this legacy in every dimension of our business, including our values, our culture of Belonging, our NMG | Way, and our philanthropy.

From human rights in our supply chain to labor practices in our stores, offices, and facilities to our involvement in the communities where we work, our goals encompass the well-being of people across every aspect of our operations, including:

<b>Human Rights</b>	<b>Belonging</b>
<b>Labor Practices</b>	<b>Workforce Investment &amp; Training</b>
<b>Marketplace Inclusion</b>	<b>Philanthropy &amp; Corporate Citizenship</b>



## HUMAN RIGHTS

### GOAL:

PROTECT HUMAN RIGHTS BY DEVELOPING AND IMPLEMENTING A NEW

### Supplier Code of Conduct

### OUR APPROACH

In our supply chain, in our stores, and in our communities, we are focused on the well-being of people. As our customers increasingly express interest in sustainably and ethically sourced products, we'll help to advance our legacy of human-focused corporate citizenship by ensuring that our brand partners and suppliers adhere to international human rights standards.

This topic has historically been managed through Customs Trade Partnership Against Terrorism (CTPAT) security, inspection, information-collection processes, and questionnaires, working with buying agents in primary origins. We are currently hiring a Responsible Sourcing Manager, a role that will enable a much broader focus on Human Rights.

### OUR ACTIONS

We're working with Elevate to develop a Supplier Code of Conduct that aligns with International Labor Organization (ILO) and CTPAT standards and addresses Forced Labor, Child Labor, Working Hours, Paid Overtime, Minimum (Living) Wage, Anti-Discrimination, Freedom of Association, Health and Safety, and Corporal Punishment and Discipline. This Supplier Code of Conduct will be integrated into suppliers' legal contracts, and we'll require our suppliers to sign the Code to acknowledge receipt and their intention to comply.

In tandem, we're developing a Responsible Sourcing Program to ensure compliance with this new Code. We'll procure third-party audits of private-label manufacturing facilities and strategic, high-risk suppliers; issue corrective action plans to address any identified concerns; and publicly report program results.

In addition to the Supplier Code of Conduct and Responsible Sourcing Program, Elevate will also help us leverage their EiQ platform to identify and evaluate supply chain risks; track supplier, factory, and site performance; and improve the effectiveness of [our sourcing program](#).

Compared with other retailers, NMG sells an extremely small percentage of private-label goods—less than 2% of revenue—therefore, we know that the majority of our impact on Human Rights comes from our relationships with brand partners and the standards we set.



*Photo courtesy of BSR Her Project*

### WOMEN'S HISTORY MONTH 2021

We partnered with the industry-wide initiative Fashion Makes Change to support women's empowerment through a point-of-sale fundraising campaign. Together with our customers, we raised \$62,000 to expand factories' access to Empower@Work programming for women in fashion's global supply chain.

## BELONGING

### GOAL:

# Increase racial diversity

IN LEADERSHIP ROLES AT THE VICE PRESIDENT LEVEL AND ABOVE TO 21% BY 2025 AND TO 28% BY 2030

### OUR APPROACH

Belonging is an essential component of our NMG|Way culture. It's a belief in and a practice of leading with love as we create an environment where everyone can thrive. It includes our efforts to increase workforce diversity, advance workplace equity, and champion marketplace inclusion. In this section, we cover workforce diversity highlights related to gender, racial, and ethnic diversity; for information about workplace equity and marketplace inclusion, please see Labor Practices, Workforce Investment & Training, and Marketplace Inclusion.

*“With Belonging, I feel like we’ve been able to take what the world and other institutions have been trying to do around diversity, equity, and inclusion and frame it in a way that resonates so much more with people. I’ve been blown away by the appetite and the openness for change.”*

—CHRIS DEMUTH, SENIOR VICE PRESIDENT,  
PEOPLE SERVICES, ESG, BELONGING &  
CORPORATE PHILANTHROPY



D

DIVERSITY

+

E

EQUITY

+

I

INCLUSION

=



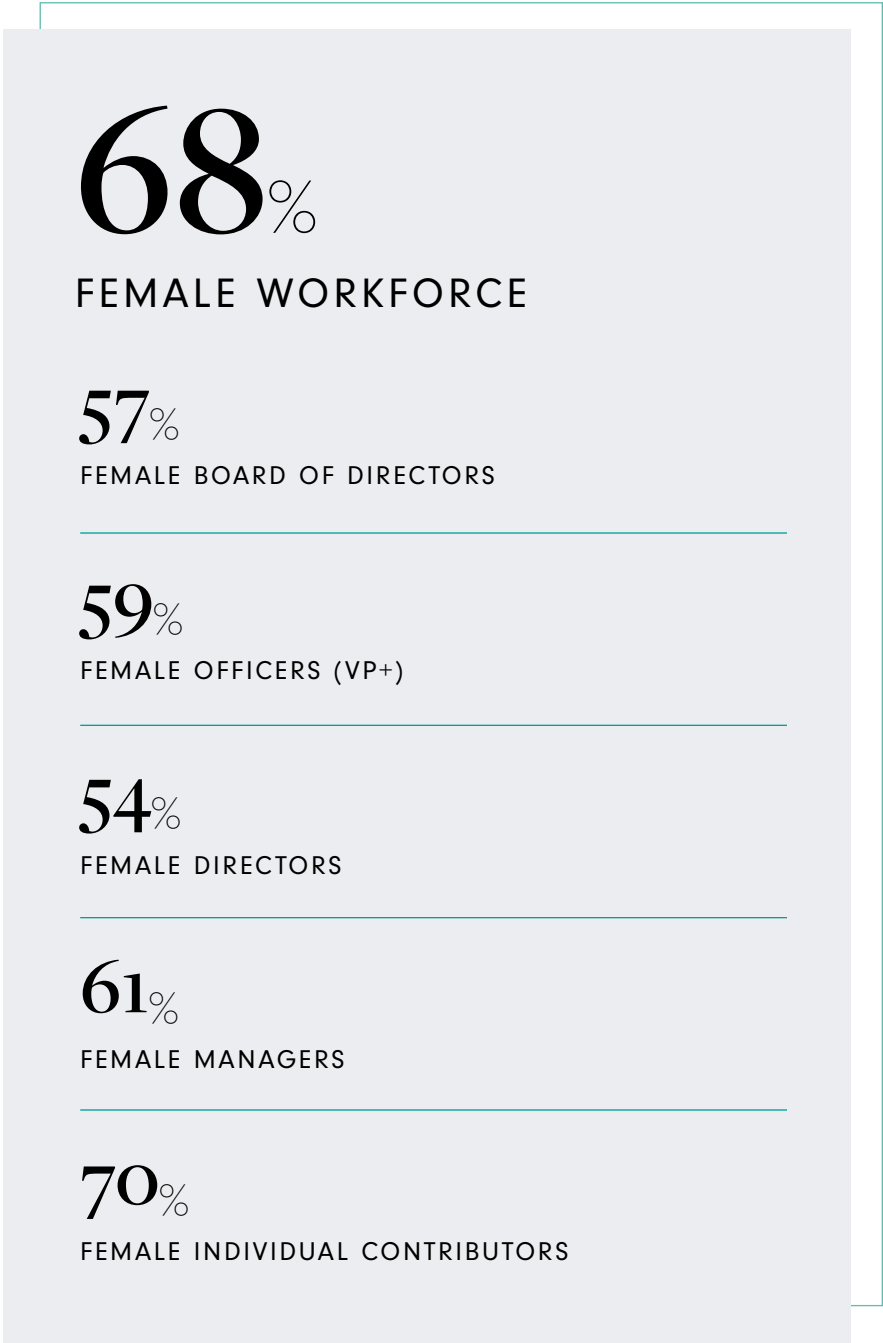
BELONGING



**GENDER DIVERSITY**

Neiman Marcus is a female-founded, female-majority company, from the sales floor to our boardroom. Women represent 57% of the Company’s Board of Directors—more than double the industry average of 26.7% at Russell 3000 companies in 2020, according to research from 50/50 Women On Boards. In addition, 59% of Officers VP and above are women, and 68% of all corporate and store associates are women.

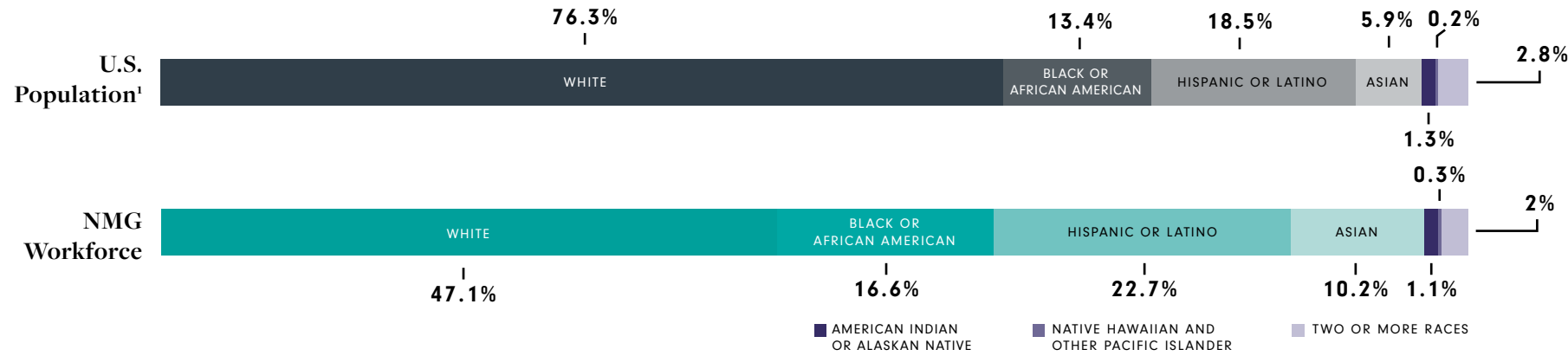
NMG|Way gives our associates the flexibility to choose their workplace and hours. Particularly during the pandemic, we’ve been able to better meet the needs of women and people of color—groups disproportionately affected by workplace flexibility policies—with this approach.



## RACIAL AND ETHNIC DIVERSITY

NMG's workforce is also generally more diverse than the U.S. population, according to 2020 U.S. Census data. Fifty-three percent of the Company's 9,000+ associates identify as non-white races and ethnicities.

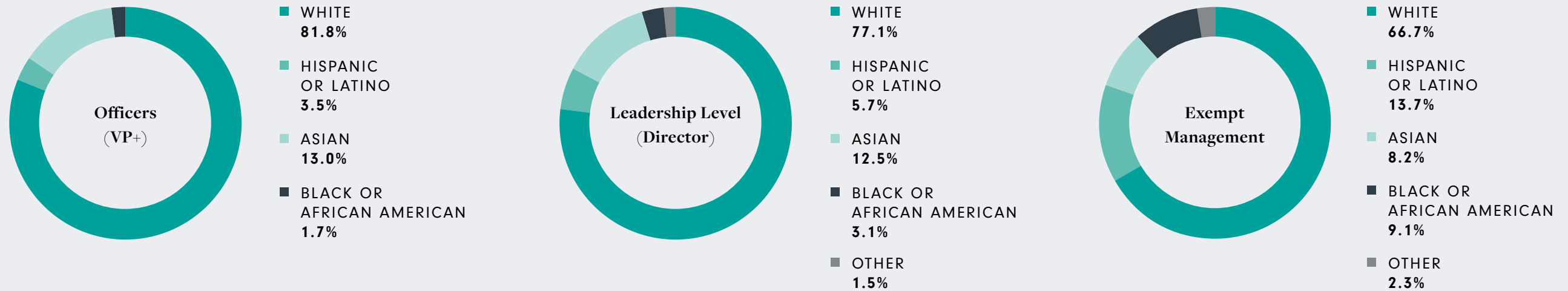
### NMG WORKFORCE VS. U.S. POPULATION BY ETHNICITY



We also over-index in Asian representation in leadership roles Director level and above, with double the U.S. average:

NMG Associate Level	Asian Demographic
Officers (VP+)	13.0%
Leadership (Director)	12.5%
Exempt Management	8.2%
All Other Employees	10.3%
<b>NMG Workforce Total</b>	<b>10.2%</b>
U.S. Population Total (2020) <sup>1</sup>	5.9%

### NMG WORKFORCE REPRESENTATION



Note: All figures refer to FY21 unless otherwise noted.

<sup>1</sup>U.S. Census Bureau QuickFacts: United States. <https://www.census.gov/quickfacts/fact/table/US/BZA110219>. Percentages for the various race categories add to 118.5% percent because the concept of race is separate from the concept of Hispanic origin in U.S. Census reporting.

## OUR ACTIONS

While NMG outpaces the U.S. population in terms of total workforce diversity, we have an opportunity to increase the racial diversity represented in our company’s leadership roles over time.

We aim to increase racial diversity in leadership roles Vice President and above to 21% by 2025 and to 28% by 2030. Meeting these goals will place Neiman Marcus Group in the top quartile of companies our size by revenue according to leading sources for DEI-related workforce measurements.

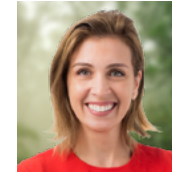
To achieve these goals, NMG implements a variety of evidence-based strategies to increase racial diversity, including the ones below, with an emphasis in roles Vice Presidents and above:



- **To attract diverse top talent**, we develop talent pipeline partnerships with groups like [Prospanica](#), the national association of Hispanic MBAs and business professionals, and networks for underrepresented students of color. Through these partnerships, NMG leverages the group’s job boards, resume banks, career fairs, and national network of chapters to promote our open leadership roles.
- **To hire diverse top talent**, we have established diverse interview panels and slate requirements to ensure candidates have more equitable access to open roles and see themselves reflected in our workforce.

*“NMG recognizes the significance of a diverse workforce and is showing its commitment to expanding this group of talent and developing its existing group. As a Latina woman and senior leader at NMG, I am extremely proud to represent our brand and my heritage by participating in this program that will help propel us forward.”*

–TATIANA FERREIRA, MCKINSEY ACADEMY NOMINEE AND SENIOR VICE PRESIDENT OF CUSTOMER SERVICE EXCELLENCE AND INTEGRATED RETAIL



- **To develop and promote diverse top talent from within**, we offer high-potential Hispanic, Black, and Asian leaders the opportunity to attend McKinsey’s Connected Leaders Academy, where they can network with diverse top talent from across the U.S. and strengthen the skills required to progress to leadership roles.
- **To retain diverse top talent**, we consistently engage diverse leaders, collect their feedback, and implement their ideas through listening surveys and associate community networks. In the NMG People Strategy Survey in September of FY21, our associates rated Belonging as the #1 component of our associate value proposition, an 11-point increase since we began our Belonging activities 18 months earlier.

*“It’s clear to me that I belong here. It’s not only in my experience as a Black woman, I see it for so many others: everyone brings their whole self to work. No one needs to withhold any part of who they are.”*

–MECCA HODGE, ASSISTANT BUYER, FORMER PARTICIPANT IN NMG’S EXECUTIVE DEVELOPMENT PROGRAM, AND WINNER OF THE VIRGIL ABLOH POST-MODERN SCHOLARSHIP FROM FASHION SCHOLARSHIP FUND



- **To prepare the next generation of diverse top talent within the luxury fashion and retail industry**, The Heart of Neiman Marcus Foundation makes strategic investments in impact programs and scholarships from groups like the National Retail Federation Foundation and the Fashion Scholarship Fund. Through these efforts, the number of racially and ethnically diverse participants in our industry-leading Executive Development Program has improved by 44% over the last 12 months.



## LABOR PRACTICES

### GOAL:

# Advance workplace equity

IN LINE WITH PROMINENT EXTERNAL STANDARDS

### OUR APPROACH

Our NMG|WOW gives our associates the flexibility to work whenever, wherever, and however they can be most successful. Particularly during the pandemic, we've been able to better meet the needs of women and people of color—groups disproportionately affected by workplace flexibility policies—with this approach. It's just one of the many reasons that 28% of our associates have been with the company for more than ten years.

And while we pride ourselves on our benefits, we also recognize that different associates have different needs. We monitor prominent external standards, like the Human Rights Campaign Foundation's Corporate Equality Index (CEI) for LGBTQ+ associates and Bloomberg's Gender Equality Index for women, to ensure we are consistently implementing new labor practices that position Neiman Marcus Group as a best place to work and meet the needs of everyone in our workforce.

### OUR ACTIONS

In 2021, NMG completed the Human Rights Campaign Foundation's CEI for the first time, receiving a score of 100/100 and securing a spot on HRC Foundation's list of Best Places to Work for LGBTQ Equality. CEI is the national benchmarking tool on corporate policies, practices, and benefits pertinent to lesbian, gay, bisexual, transgender, and queer employees. Completing the CEI highlighted several areas where NMG could take action to improve. As a result, NMG has:

- Updated the Code of Ethics' non-discrimination policy to include "gender identity and expression" so that associates are covered in states that still do not recognize LGBTQ+ rights, including gender identity and expression as a protected class.
- Ensured equivalency in medical and soft benefits for same- and different-sex spouses and domestic partners, including health, dental, and vision insurance; dependent coverage and relocation/travel assistance; FMLA-like benefits; and employee discounts.
- Included an insurance plan that explicitly affirms equal health coverage for transgender individuals without caps or exclusions for medically necessary care, including

transition-related treatment such as genital surgeries, hormone therapy, and mental health counseling.

- Adopted gender-transition guidelines with supportive restrooms, dress code, and documentation guidance for the workplace.
- Created additional associate trainings, featuring courses that help increase understanding of sexual orientation and gender identity in the workplace and provide access to resources like NMG's new gender-transition guidelines.
- Partnered with Reaching Out MBA to strengthen NMG's LGBTQ+ employee recruitment efforts, particularly for the Executive Development Program.

In 2022, we hope to disclose our performance against Bloomberg's Gender Equality Index as well. To support this effort, we'll examine our pay equity data for the first time; add 16 weeks paid parental leave to cover associates' child bonding, adoption, and surrogacy needs; and add two weeks paid family caregiver leave to support care for parents, spouse, children, and other direct family. These benefits are equitably designed to cover associates of all gender identities and sexual orientations and will increase the competitiveness of our Total Rewards as we seek to attract and retain the industry's top talent.

*"Visibility within the LGBTQ+ community is one of the best tools in the fight to advance equality and inclusion. Geoffroy van Raemdonck is one of the few openly gay CEOs, and this kind of visibility is important to LGBTQ+ workers not just in the U.S. but around the globe."*

—JAY BROWN, HUMAN RIGHTS CAMPAIGN  
SENIOR VICE PRESIDENT, HRC PROGRAMS,  
RESEARCH & TRAINING



## WORKFORCE INVESTMENT & TRAINING

### GOAL:

PROVIDE BELONGING TRAINING FOR

**100%**

OF NMG ASSOCIATES

### OUR APPROACH

NMG is committed to fostering the inclusive culture that continues to make us an employer of choice. As part of our endeavor to create a workplace of Belonging, we invest in the training and awareness of our associates through formal and informal opportunities.

NMG’s Talent Development team incorporates Belonging training into NMG Essentials—our associate onboarding course—as well as more targeted trainings throughout the year. Performance is tracked and monitored through NMG’s online learning management software Docebo.

In addition, NMG’s Belonging team provides continuous and informal opportunities for associates to engage with Belonging content throughout the year. This includes features in NMG

Connection – NMG’s weekly newsletter, regular Belonging updates from our CEO and Chief Belonging Officer, and a monthly speaker series that aligns with the Company’s annual Belonging calendar of holidays, including Black History Month, Women’s History Month, AAPI Month, Pride Month, Hispanic Heritage Month, and more.

### OUR ACTIONS

By May 2021, 95% of NMG’s officers had completed an Executive Development Leadership Series by Dr. Katrice Albert, a national diversity, equity, and inclusion leader. Going forward, NMG’s Talent Development team will develop a Belonging curriculum that will be required in onboarding and annual compliance training for all corporate and store associates to ensure that NMG provides office and store environments where everyone Belongs.

**95%**

OF NMG’S OFFICERS HAVE COMPLETED COMPREHENSIVE DE&I TRAINING

## MONTHLY BELONGING EVENTS

In FY21, Neiman Marcus Group celebrated Black History Month by hosting an all-associate event with Dr. Nikole Hannah-Jones, Pulitzer Prize-winning reporter for *The New York Times Magazine* and Founder of The 1619 Project. Hosted by NMG’s Chief Legal Counsel and Chief People & Belonging Officer, the event was a conversation around America’s history with slavery and how it can influence change today. Monthly events like these play a critical role in strengthening our workforce competencies around diversity, equity, and inclusion and bolstering our culture of Belonging.



## MARKETPLACE INCLUSION

### GOAL:

CHAMPION INCLUSIVE MARKETPLACES BY

## increasing spend with diverse suppliers

### OUR APPROACH

Belonging is a vital component of the NMG|Way and our workplace culture. It's also essential in our approach to marketplace inclusion. We know that our influence and our responsibility stretch beyond our own associates, and we're taking steps to ensure that our supplier policies reflect that understanding. In FY21, we completed a customer insights survey with Boston Consulting Group that showed NMG's customer is more racially diverse than the average luxury customer. Going forward, we are prioritizing supplier diversity across our retail and non-retail spend categories to help customers see themselves reflected in the diverse brands and merchandise we sell.

### OUR ACTIONS

We are actively working to track and improve the diversity of our suppliers. In FY21, we developed systems for managing supplier diversity across our retail and non-retail spend. Retail spend is managed through our [Sustainable and Ethical products](#) initiative and tracked in our Sustainable and Ethical products edit. Through those efforts, we are working to promote and advance Black, Hispanic, Asian, and LGBTQ-owned brands, including brands such as Keith and James, CD Greene (CDGNY), PRPS, and RENOWNED, among others.

Non-retail spend is managed by our Spend Management and Procurement team, which leverages the Supplier.io platform to identify certified existing vendors and find new ones they can recommend to business leads as contracting needs arise.

The Supplier.io supplier diversity platform tracks all diversity certifications, including the following:

- Woman-owned business enterprises, certified by Women's Business Enterprise National Council (WBENC)
- Minority-owned business enterprises, certified by the National Minority Supplier Development Council (NMSDC)
- LGBTQ-owned business enterprises, certified by the National LGBT Chamber of Commerce (NGLCC)
- Disability-owned business enterprises, certified by Disability:IN

- Veteran-owned small businesses, verified by Veteran Affairs, certified by the National Veteran Business Development Council (NVBDC) or the National Veteran Business Development Association (NaVOBA)

Currently, 4.4% of our non-retail suppliers are considered certified diverse based on the criteria above. Now that we have systems in place to track our diverse spend, we're developing category strategies focused on improving the diversity of our supplier network to better reflect the diversity of the U.S population and the clients we serve.

*“One of my biggest goals is to help the continuous celebration of underrepresented communities, especially in fashion. For me, this is not a trend or just a moment — this is a forever thing! I'd love for my life's work to be a part of shifting the narrative on what Black and Brown people can be.”*

—JOHN DEAN, CREATIVE DIRECTOR  
& FOUNDER OF RENOWNED,  
A NEIMAN MARCUS BRAND PARTNER



# PHILANTHROPY & CORPORATE CITIZENSHIP

## GOALS

PARTNER WITH CUSTOMERS TO RAISE

**\$3,000,000**

FOR CHARITY THROUGH THE HEART OF NEIMAN MARCUS FOUNDATION

## Increase

ASSOCIATE GIVING AND VOLUNTEERISM IN NMG'S ALL HEART PROGRAM TO SUPPORT CAUSES CLOSE TO ASSOCIATES' HEARTS

## OUR APPROACH

Our philanthropic efforts allow NMG's associates and customers to support causes close to their hearts, strengthening brand loyalty while giving back to our communities and the world. These efforts include corporate grantmaking through The Heart of Neiman Marcus Foundation, associate giving and volunteerism through our internal All Heart program, and customer engagement through point-of-sale fundraising and other marketing efforts.

## OUR ACTIONS

### • Corporate Grantmaking

In FY21, The Heart of Neiman Marcus Foundation issued nearly \$1,200,000 in grants to nonprofit organizations supporting bright futures, including Thurgood Marshall College Fund; Booker T. Washington High School; the University of North Texas Foundation; Dallas Holocaust and Human Rights Museum; North Texas Food Bank; Vogel Alcove; Girls, Inc.; Dallas Black Dance Theater; The Trevor Project; True Colors United; The Family Place, and more.

### • Associate Giving and Volunteerism

Our All Heart associate engagement program bolsters NMG's talent attraction and retention efforts and empowers associates to support causes close to their hearts by offering competitive philanthropic benefits, including three days of paid volunteer time off, up to \$2,000 in matching gifts per year, and payroll giving options.

We also offer nonprofit Board placement and executive honorariums for company officers to help them lead with love and model our All Heart value for their teams. Additionally, NMG's Employee Hardship Assistance Fund supports our workforce by providing up to \$7,500 in financial assistance for unforeseen personal hardships such as disaster relief, the death of a loved one, deployment of military spouse, and more.

*"I serve on the boards of Fashion Scholarship Fund and Runway of Dreams because I am passionate about championing more inclusion and opportunity in the fashion industry, and supporting new generations of talent. These causes represent an important part of how we lead with love at NMG – we believe in our responsibility to cultivate a culture of Belonging for the bright and diverse future of our industry."*



—LANA TODOROVICH, NEIMAN MARCUS PRESIDENT & CHIEF MERCHANDISING OFFICER

**53%**

OF EMPLOYEES PARTICIPATED

**1,160**

HOURS VOLUNTEERED

**\$418,767**

DONATED

• **Point-of-Sale (POS) Fundraising**

In FY20, Neiman Marcus Group began conducting point-of-sale (POS) fundraising for Boys & Girls Clubs of America (BGCA) to amplify The Heart of Neiman Marcus Foundation’s budget and strengthen customer loyalty through philanthropy. Since then, the company has raised over \$1,000,000 for BGCA—the equivalent of 1,000,000 healthy after-school snacks or 100,000 hours of homework help—in Neiman Marcus communities across the country.

In FY21, the company expanded POS fundraising to include other nonprofits—like Fashion Makes Change and the Human Rights Campaign—and Bergdorf Goodman stores. These new efforts brought the initiative’s lifetime total to \$1,173,812 through January 2022.

Moving forward, NMG’s retail brands will continue to leverage philanthropy as a key differentiator and driver of customer loyalty, with a goal to raise \$3,000,000 for The Heart of Neiman Marcus Foundation grantees by 2025.

MORE THAN

**\$1,000,000**

GIVEN TO BOYS & GIRLS CLUB OF AMERICA  
SINCE FY20

**\$443,167**

TOTAL POINT-OF-SALE DONATIONS  
IN FY21



**OVERSIGHT**

NMG’s Philanthropy and Corporate Citizenship is managed by NMG’s ESG team, with oversight from the company’s Chief People and Belonging Officer. We administer our corporate grantmaking for The Heart of Neiman Marcus Foundation through a donor-advised fund at Communities Foundation of Texas to ensure that the non-profit partnerships we invest in are credible, solvent, and adhere to NMG’s Anti-Discrimination Policy. Similarly, our Employee Hardship Assistance Fund is administered through the Emergency Assistance Fund to ensure grants to employees are made by a third party who ensures compliance with objective grantmaking guidelines and IRS standards. Finally, we use Blackbaud’s YourCause platform to facilitate associate giving and volunteerism.

*“Boys & Girls Clubs of America believes that every young person deserves a safe place where they feel like they belong. We are honored to celebrate this \$1 million milestone in our partnership with Neiman Marcus and look forward to continued success in helping youth to achieve great futures.”*

—JIM CLARK, PRESIDENT & CEO OF BOYS & GIRLS CLUBS OF AMERICA





# GOVERNANCE

# GOVERNANCE

At Neiman Marcus Group, we aim to treat our ESG data with the same rigor and control we use for our financials. That includes having teams and processes in place to review progress against goals every quarter and identify new risks and opportunities as they arise. To execute successfully on our goals, we created a governance framework with clearly defined roles and responsibilities for every team member. Our newly developed ESG Steering Committee will drive results through our ESG action teams. As we make progress and achieve milestones, we'll increase disclosure against relevant ESG reporting frameworks.



## CODE OF ETHICS

We are committed to ensuring that we operate ethically and responsibly throughout all of our operations. Our efforts are guided by the NMG [Code of Ethics & Business Conduct](#), which reflects the principles, practices, and behaviors that support our commitment to the highest standard of conduct.



# ESG OVERSIGHT

ESG is overseen by our highest governing entity – our Parent Board of Directors. Our Parent Board is chaired by Paul Brown, CEO of Inspire Brands. Paul oversees Geoffroy van Raemdonck, NMG’s CEO, who in turn manages our Group Leadership Team (GLT). The GLT sets NMG’s purpose, values, and strategy, working with the Communications team to update and cascade it to all associates as needed. Within the GLT, NMG’s Chief People and Belonging Officer is the highest-level executive responsible for ESG, reporting directly to NMG’s Chief Executive Officer and the Parent Board’s Audit Committee.





## BOARD COMPOSITION & DIVERSITY

NMG’s Parent Board of Directors is a diverse and majority-female group made of seven members. This diversity composition was an intentional focus of our new owners as we emerged from bankruptcy. Directors are 86% independent, 57% female, 14% Black, 14% LGBTQ, and span diverse religions and nationalities. Women chair 100% of the Board’s Committees, which include the Audit and Compensation Committees.

## BOARD AUDIT COMMITTEE

In FY21, we formally incorporated ESG oversight into our Parent Board’s Audit Committee Charter, and 100% of the members participated in ESG: Navigating the Board’s Role, a training co-developed by the nonprofit organization Ceres and the UC Berkeley School of Law. The Audit Committee oversees the effectiveness of NMG’s Enterprise Risk Management process, reviewing ESG impacts, risks, and opportunities on a quarterly basis. Parent Board Directors are nominated by select investors, who consider a broad array of qualifications, including director independence, diversity, and ESG expertise.

Policies and details concerning ethical considerations are available in our [Code of Ethics](#).



In 2021, NMG Audit Committee Chair Pamela Edwards was honored by Savoy Magazine as one of the Most Influential Black Corporate Directors in the United States.

*“I’ve been impressed with NMG’s openness to learning more about board governance of ESG topics, and eagerness to adopt leading practices. We applaud the company’s progress on embedding ESG oversight into the Audit Committee charter, providing ESG governance education to current directors, and adding ESG expertise as a consideration in director recruitment.”*



—MELISSA PASCHALL, DIRECTOR, GOVERNANCE, CERES ACCELERATOR FOR SUSTAINABLE CAPITAL MARKETS

	Pronouns	Independent Director	Committees	Expertise
Paul Brown	He / Him / His	X	Compensation Committee	
Pauline Brown	She / Her / Hers	X	Audit Committee	ESG
Pamela Edwards	She / Her / Hers	X	Audit Committee (Chair)	ESG, Finance & Risk Management
Kris Miller	She / Her / Hers	X	Compensation Committee (Chair)	
Meka Millstone-Shroff	She / Her / Hers	X	Audit Committee, Compensation Committee	ESG
Geoffroy van Raemdonck	He / Him / His			
Ed Woiteshek	He / Him / His	X		

# FASHIONPHILE



## TECH & INNOVATION

Technology and innovation play a critical role in advancing NMG’s strategy to Revolutionize Luxury Experiences. In addition to leveraging artificial intelligence and advancing building controls within our decarbonization efforts, we also leverage technology to recommend products and services and elevate the luxury customer experience. As part of this strategy, NMG acquired the female-founded machine learning SaaS platform, Stylyze, that offers product attribution data and curated content to power relevant shopping experiences across the customer journey. Through our development of essential digital capabilities, we are able to deepen relationships with our customers through the use of technology that provides the NMG luxury experience in digital format.

The acquisition of Stylyze and our minority stake in FASHIONPHILE – founded by Sarah Davis – are a continuation of our commitment to elevate women’s voices and contributions. The evolution of our company, beginning with our founder and up to the present day, with our female-majority leadership team, has included the voice and participation of women. We aim to continue this commitment with the investment in women-founded and women-led platforms as we look to the future. We see Stylyze and FASHIONPHILE as critical steps along this journey.

NMG will continue to explore ways to leverage technology and innovation to bolster the company’s ESG performance.

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*“Re-commerce is a key part of the future of luxury. NMG is taking action and driving change while we continue to revolutionize the ultimate luxury experience.”*

– GEOFFROY VAN RAEMDONCK,  
CHIEF EXECUTIVE OFFICER



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*“We could not be more thrilled for the opportunity to join forces with such an esteemed industry leader that brings together the best customers, brands, and selling channels.”*

–KRISTEN MILLER, VICE PRESIDENT,  
PRODUCT MANAGEMENT – STYLE &  
INNOVATION AT NMG, AND FORMER CEO AND  
CO-FOUNDER, STYLYZE



# DATA SECURITY & CONSUMER PRIVACY

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## OUR APPROACH

NMG seeks to protect the security and privacy of consumer data, whether collected online or offline. Accordingly, the [NMG Privacy Policy](#) governs both online and in-store operations. The company trains its associates on security and privacy policies and standards on an annual basis.

The Audit Committee of NMG's Parent Board of Directors oversees data privacy and security. Our Chief Information Security Officer is responsible for cybersecurity within the company and reports to the Audit Committee on at least a quarterly basis and to the full Parent Board annually or more frequently as needed.

The Company's Cybersecurity and Risk Management program is assessed, at least annually, by independent third parties against industry standards including, but not limited to, the PCI Data Security Standard (PCI-DSS), the NIST Cybersecurity Framework (CSF), and a set of SOX IT General Controls (ITGC). Internally, multiple aspects of the cybersecurity program are tested routinely, including conducting incident response table top and business continuity/disaster recovery exercises. Additionally, the program covers ongoing security testing of in-house developed applications and systems, monthly vulnerability scanning, bi-annual penetration testing by third parties, monthly termination reviews, and quarterly access reviews of sensitive access.





# APPENDIX

# SASB INDEX

The Sustainability Accounting Standards Board (SASB) is an independent nonprofit organization that sets industry-specific standards to guide corporate disclosure of environmental, social, and governance (ESG) information to investors.

Neiman Marcus Group (NMG) reports ESG information in accordance with SASB standards to ensure our disclosures are comparable, financially material, and decision-useful.

NMG references disclosure topics and accounting metrics from the SASB Standards for Multiline and Specialty Retailers & Distributors below. NMG does not reference SASB Standards for Apparel, Accessories & Footwear because less than 2% of the company’s total annual revenue is derived from private-label goods.

All NMG responses reflect the Fiscal Year 2021 unless otherwise noted and have been reviewed by NMG’s internal auditing team.

Code	Disclosure Topic	Accounting Metric	NMG FY2021 Response
CG-MR-130a.1	Energy Management in Retail & Distribution	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	NMG has consistently reduced its total energy consumption since FY18 as we implement automation upgrades, HVAC retrofits, and other efficiency initiatives. As a result: 1. Total energy consumption from stores, distribution centers, and offices was 486,269 GJ. 2. Of this, 100% was grid electricity. 3. Zero percent was renewable electricity.
CG-MR-230a.1	Data Security	Description of approach to identifying and addressing data security risks	NMG’s Chief Information Security Officer (CISO) regularly reports information security performance to NMG’s leadership team and to the Board of Directors’ Audit Committee. NMG offers training to permanent employees to help them identify and address data security risks. NMG’s information assets—including but not limited to network devices, servers, databases, middleware components, and applications—are routinely patched and updated to address vulnerabilities.

Code	Disclosure Topic	Accounting Metric	NMG FY2021 Response
CG-MR-310a.1	Labor Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	<p>NMG’s workforce is one of our most valuable assets. We believe the strong pay averages presented below help attract diverse top talent and reduce the impact to NMG’s balance sheet from proposed changes to federal minimum wage:</p> <p><b>1. Average hourly wage for Neiman Marcus in-store commissioned associates:</b>  Central: \$39.04  East: \$37.84  West: \$39.10</p> <p><b>Average hourly wage for Neiman Marcus in-store non-commissionable associates:</b>  Central: \$21.39  East: \$22.26  West: \$23.32</p> <p><b>Average hourly wage for Bergdorf Goodman in-store commissioned associates:</b> \$49.02.  Average hourly wage for Bergdorf Goodman in-store non-commissionable associates: \$22.19.</p> <p><b>2. Percentage of non-exempt, in-store employees earning minimum wage, by region:</b>  Central: 20.2%  East: 2.7%  West: 10.5%  Bergdorf Goodman: 26.5%</p> <p>The percentage of non-exempt employees earning minimum wage represents all in-store associates whose base pay is set to minimum wage and would be expected to be affected by legislative efforts to increase the applicable minimum wage. However, the majority of these associates’ actual W-2 earnings exceed minimum wage because of supplemental pay structures, such as commissions, tipping, etc.</p> <p>NMG also offers a variety of resources to support associates’ financial health—from short-term cash loans through the credit union that offers longer payback periods and better terms than traditional payday loans to payroll advances from PayActiv and more substantial hardship grants through the NMG Employee Hardship Assistance Fund. We prioritize our associates’ financial well-being.</p>
CG-MR-310a.2	Labor Practices	(1) Voluntary and (2) involuntary turnover rate for in-store employees	<p>1. Our voluntary turnover rate for in-store associates was 16.9%.</p> <p>2. Our involuntary turnover rate for in-store associates was 29.8%.</p>

Code	Disclosure Topic	Accounting Metric	NMG FY2021 Response
CG-MR-330a.1	Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	<p>NMG is proud to be a female co-founded, female-majority company whose total workforce outpaces the U.S. population in racial and ethnic diversity according to <a href="#">2019 U.S. Census data</a>:</p> <p><b>Total Workforce Diversity (FY21)</b></p> <ul style="list-style-type: none"> <li>• 68% Female</li> <li>• 32% Male</li> <li>• 47% White</li> <li>• 17% Black or African American</li> <li>• 23% Hispanic or Latino</li> <li>• 10% Asian</li> <li>• 1% American Indian or Alaska Native</li> <li>• 2% Two or more races</li> </ul> <p>We are currently working to improve racial/ethnic diversity among management:</p> <p><b>1. Officers (VP+)</b></p> <ul style="list-style-type: none"> <li>• 59% Female</li> <li>• 41% Male</li> <li>• 82% White</li> <li>• 2% Black or African American</li> <li>• 3% Hispanic or Latino</li> <li>• 13% Asian</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• 54% Female</li> <li>• 46% Male</li> <li>• 77% White</li> <li>• 3% Black or African American</li> <li>• 6% Hispanic or Latino</li> <li>• 12% Asian</li> <li>• 1% American Indian or Alaska Native</li> <li>• 1% Two or more races</li> </ul> <p><b>Manager</b></p> <ul style="list-style-type: none"> <li>• 61% Female</li> <li>• 39% Male</li> <li>• 67% White</li> <li>• 9% Black or African American</li> <li>• 14% Hispanic or Latino</li> <li>• 8% Asian</li> <li>• 1% American Indian or Alaska Native</li> <li>• 1% Two or more races</li> </ul> <p><b>2. Individual Contributors</b></p> <ul style="list-style-type: none"> <li>• 70% Female</li> <li>• 30% Male</li> <li>• 44% White</li> <li>• 18% Black or African American</li> <li>• 24% Hispanic or Latino</li> <li>• 10% Asian</li> <li>• 1% American Indian or Alaska Native</li> <li>• 2% Two or more races</li> </ul>

Code	Disclosure Topic	Accounting Metric	NMG FY2021 Response
CG-MR-410a.1	Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	<p>In FY21, Neiman Marcus Group issued its first Animal Welfare Policy and committed to becoming a fur-free retailer by early 2023.</p> <p>To increase revenue from sustainable and ethical products following this commitment, the company defined a list of preferred product attributes and third-party certifications it will accept and built them into the product management system. NMG aims to begin tracking revenue from these items in late FY22.</p>
CG-MR-410a.3	Product Sourcing, Packaging & Marketing	Discussion of strategies to reduce the environmental impact of packaging	<p>Neiman Marcus and Bergdorf Goodman doubled the recycled post-consumer waste content of shopping bags from 40% to 80% and added FSC certification. They also elevated gift packaging to sturdier, iconic boxes intended for customer re-use.</p> <p>NMG also began a long-term effort to review its shipping materials and implement the following strategies as part of its supply chain transformation:</p> <ul style="list-style-type: none"> <li>• Reduce and right-size corrugated packaging and dunnage</li> <li>• Ensure it's made from recycled and/or FSC-certified materials</li> <li>• Engage customers in reusing or recycling corrugated packaging with Give Back Box</li> <li>• Audit packaging ecosystem to identify and eliminate single-use plastic (including polybags)</li> </ul>
CG-MR-000.Aa	Activity Metrics	Number of retail locations	44
CG-MR-000.Ab	Activity Metrics	Number of distribution centers	6
CG-MR-000.Ba	Activity Metrics	Total area of retail space	519,048
CG-MR-000.Bb	Activity Metrics	Total area of distribution centers	201,673



# GRI INDEX

Our reporting has also been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The table below links to where the relevant information can be found in our 2021 ESG Report and on our corporate website.

Indicator	Description	NMG FY21 Response
<b>GENERAL DISCLOSURES</b>		
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	NMG Holding Company, Inc., and, prior to the Emergence Date, to Neiman Marcus Group LTD LLC. The Company's operations are conducted through its direct wholly owned subsidiary, The Neiman Marcus Group LLC ("NMG").
102-2	Activities, brands, products, and services	<a href="#">Our Company</a>
102-3	Location of headquarters	<a href="#">Our Operations and Workforce</a>
102-4	Location of operations	<a href="#">Our Operations and Workforce</a>
102-5	Ownership and legal form	<a href="#">Our Company</a>
102-6	Markets served	<a href="#">Our Operations and Workforce</a>
102-7	Scale of the organization	<a href="#">Our Company</a> <a href="#">Our Operations and Workforce</a>
102-8	Information on employees and other workers	At the end of FY21, NMG employed a majority female (68%) workforce with: <ul style="list-style-type: none"> <li>• 8,911 Associates</li> <li>• 80.5% Full-Time</li> <li>• 18% Part-Time</li> <li>• 0.75% Temporary</li> <li>• 0.75% Union/Collective Agreements</li> </ul> For more information about our racial and gender diversity, see <a href="#">Belonging</a>
102-9	Supply chain	<a href="#">Our Operations and Workforce</a> <a href="#">Climate Change</a> <a href="#">Sustainable &amp; Ethical Products</a> <a href="#">Human Rights</a>

Indicator	Description	NMG FY21 Response
102-10	Significant changes to the organization and its supply chain	<p>In January 2021, we announced our intention to invest \$90 million+ in supply chain innovation over the next two years, specifically in our systems and our fulfillment centers. We have closed deals to sell our Longview (open through 2021 holiday) and Las Colinas (open into Fall 2022) distribution facilities and are reinvesting the proceeds from these sales to improve our speed to customer and speed of replenishment, add additional capacity in key markets, and invest in technology that increases efficiency.</p> <p>We are also investing in our Pinnacle Park facility in Dallas, TX to expand and transform the building. We also intend to move to a larger 500,000 sq. ft. distribution facility within the same industrial park as the current East Coast Distribution Facility in Pittston, PA in 2022. These facility expansions move us from being Texas-centric and will better align our fulfillment needs for both digital demand and our stores, moving our supply chain closer to our customers.</p> <p>For more information, see <a href="#">Climate Change</a></p>
102-11	Precautionary Principal or Approach	NMG applies the precautionary principle when considering material ESG issues within its Enterprise Risk Management process.
102-12	External initiatives	<p>In early 2022, we signed on to the following voluntary initiatives to strengthen our social and environmental performance:</p> <ul style="list-style-type: none"> <li>• CEO Action for Diversity &amp; Inclusion™</li> <li>• RE100</li> </ul>
102-13	Membership of associations	<a href="#">Materiality &amp; Stakeholder Engagement</a>
STRATEGY		
102-14	Statement from senior decision-maker	<p><a href="#">Letter from Our CEO</a></p> <p><a href="#">Letter from Our Board</a></p>
102-15	Key Impacts, risks and opportunities	<p><a href="#">Materiality &amp; Stakeholder Engagement</a></p> <p><a href="#">ESG Strategy &amp; Goals</a></p>
ETHICS & INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	<p><a href="#">Our Culture</a></p> <p><a href="#">Code of Ethics</a></p>
102-17	Mechanisms for advice and concerns about ethics	<p>Details and advice about ethics are available in our <a href="#">Code of Ethics</a>.</p> <p>Concerns can be reported confidentially or anonymously at our <a href="#">EthicsPoint.com</a> hotline or by calling 1.866.384.4277.</p>
GOVERNANCE		
102-18	Governance structure	<p><a href="#">ESG Oversight</a></p> <p>The Board of Directors is NMG's highest governance body and includes committees for Audit and Compensation. The Board's Audit Committee maintains oversight of ESG risk management and disclosures, as outlined in its <a href="#">Committee Charter</a>.</p>
102-19	Delegating authority	<a href="#">ESG Oversight</a>

Indicator	Description	NMG FY21 Response
102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">ESG Oversight</a>
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Materiality &amp; Stakeholder Engagement</a>
102-22	Composition of the highest governance body and its committees	<a href="#">Board Composition &amp; Diversity</a>
102-23	Chair of the highest governance body	Paul Brown, CEO Inspire Brands
102-24	Nominating and selecting the highest governance body	Parent Board Directors are nominated by select investors, who consider a broad array of qualifications, including director independence, diversity, and ESG expertise.
102-25	Conflicts of interest	<a href="#">Code of Ethics</a>
102-26	Role of highest governance body in setting purpose, values and strategy	NMG's Global Leadership Team sets the organization's purpose, values, and strategy and works with the Communications team to update and cascade it to all associates, as needed.
102-27	Collective knowledge of highest governance body	One hundred percent of Audit Committee members have successfully completed ESG training for Board Directors from Ceres and UC Berkeley School of Law.
102-28	Evaluating the highest governance body's performance	NMG's new, primary Board of Directors will conduct annual self-assessments as part of its standard governance process and take actions to address concerns, including changes in membership and organizational practice, subject to and consistent with NMG's limited liability company agreement.
102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">Materiality &amp; Stakeholder Engagement</a> <a href="#">Board Audit Committee Charter</a>
102-30	Effectiveness of risk management processes	<a href="#">Board Audit Committee</a>
102-31	Review of economic, environmental, and social topics	<a href="#">Board Audit Committee</a>
102-32	Highest governance body's role in sustainability reporting	<a href="#">ESG Oversight</a>
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	<a href="#">Materiality &amp; Stakeholder Engagement</a>
102-41	Collective bargaining agreements	Approximately 0.75% of our total workforce is covered by a collective bargaining agreement.
102-42	Identifying and selecting stakeholders	<a href="#">Materiality &amp; Stakeholder Engagement</a>
102-43	Approach to stakeholder engagement	<a href="#">Materiality &amp; Stakeholder Engagement</a>

Indicator	Description	NMG FY21 Response
102-44	Key topics and concerns raised	<p><u>Materiality &amp; Stakeholder Engagement</u></p> <p>During NMG’s Materiality Assessment and other engagements throughout the year, external stakeholders asked the company to eliminate the sale of fur, protect human rights in our supply chain, and establish a commitment to curb climate change. As a result, Neiman Marcus Group:</p> <ul style="list-style-type: none"> <li>• Collaborated with Humane Society of the U.S. to publish the company’s first <u>Animal Welfare Policy</u> and <u>2023 fur-free commitment</u></li> <li>• Partnered with Elevate to develop our first <u>Supplier Code of Conduct</u> and <u>Responsible Sourcing Program</u></li> <li>• Worked with consultants from Antea Group to establish a new science-based <u>GHG reduction target</u></li> </ul>
REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statements	All Neiman Marcus Group retail brands, including Neiman Marcus, Bergdorf Goodman, Last Call by Neiman Marcus, and Horchow.
102-46	Defining report content and topic boundaries	Report content is defined by NMG’s ESG Materiality Assessment results and 2025 ESG strategy. Topic boundaries are defined by operational control.
102-47	List of material topics	<u>Materiality &amp; Stakeholder Engagement</u>
102-48	Restatements of information	None. This is NMG’s first ESG Report.
102-49	Changes in reporting	None. This is NMG’s first ESG Report.
102-50	Reporting period	<u>About This Report</u>
102-51	Date of most recent previous report	This is NMG's first ESG Report.
102-52	Reporting cycle	NMG will refresh this report on an annual basis.
102-53	Contact point for questions regarding the report	<u>ali_mize@neimanmarcus.com</u>
102-54	Claims of reporting in accordance with GRI standards	This report has been prepared with reference to the GRI Standards: Core Option.
102-55	GRI content index	<u>GRI Content Index</u>
102-56	External assurance	NMG’s Internal Audit team has reviewed the information in this report, our first, and has validated key data. It is our hope to pursue external assurance for select categories next year.

Indicator	Description	NMG FY21 Response
<b>ENVIRONMENTAL</b>		
<b>MATERIALS 2016</b>		
103-1, 103-2, 101-3	Management Approach	<a href="#">Sustainable &amp; Ethical Products</a> <a href="#">Circular Economy</a>
301-3	Reclaimed products and their packaging materials	<a href="#">Sustainable &amp; Ethical Products</a> <a href="#">Circular Economy</a>
<b>EMISSIONS 2016</b>		
103-1, 103-2, 101-3	Management Approach	<a href="#">Climate Change</a>
305-1	Direct (Scope 1) GHG emissions	<a href="#">Climate Change</a> 2019: 5,438 MTCO <sub>2</sub> e 2020: 1,954 MTCO <sub>2</sub> e
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Climate Change</a> 2019: 69,926 MTCO <sub>2</sub> e 2020: 56,658 MTCO <sub>2</sub> e
<b>WASTE</b>		
306-3	Waste generated	2830 Tons
306-4	Waste diverted from disposal	714 Tons
306-5	Waste directed to disposal	2116 Tons
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>		
103-1, 103-2, 101-3	Management Approach	<a href="#">Sustainable &amp; Ethical Products</a>
308-1	New suppliers that were screened using environmental criteria	<a href="#">Sustainable &amp; Ethical Products</a>

Indicator	Description	NMG FY21 Response																								
<b>SOCIAL</b>																										
TRAINING AND EDUCATION 2016																										
103-1, 103-2, 101-3	Management Approach	<a href="#">Workforce Investment &amp; Training</a>																								
DIVERSITY AND EQUAL OPPORTUNITY 2016																										
103-1, 103-2, 101-3	Management Approach	<a href="#">Belonging</a> <a href="#">Code of Ethics</a>																								
405-1	Diversity of governance bodies and employees	<a href="#">Belonging</a> <a href="#">Board Composition &amp; Diversity</a>																								
HUMAN RIGHTS ASSESSMENT 2016																										
103-1, 103-2, 101-3	Management Approach	<a href="#">Human Rights</a>																								
412-3	Significant Investment Agreements & Contracts That Include Human Rights Clauses or That Underwent Human Rights Screening	<a href="#">Human Rights</a>																								
LOCAL COMMUNITIES 2016																										
103-1, 103-2, 101-3	Management Approach	<a href="#">Philanthropy &amp; Corporate Citizenship</a>																								
413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Disaster Preparedness &amp; Relief</a> <a href="#">Philanthropy &amp; Corporate Citizenship</a>																								
		<table border="1"> <thead> <tr> <th>Engagement Metrics</th> <th>FY 2020 - BGCA</th> <th>FY 2021 - BGCA</th> <th>FY 2021 - FMC</th> <th>FY 2021 - HRC</th> <th>FY 2022 - BGCA</th> <th>Total BGCA</th> <th>Total Lifetime</th> </tr> </thead> <tbody> <tr> <td>Transactions</td> <td>58,135</td> <td>34,005</td> <td>9,100</td> <td>15,152</td> <td>41,414</td> <td>133,554</td> <td>157,806</td> </tr> <tr> <td>Donations</td> <td>\$404,595</td> <td>\$273,912</td> <td>\$62,090</td> <td>\$107,165</td> <td>\$326,050</td> <td>\$1,004,557</td> <td>\$1,173,812</td> </tr> </tbody> </table>	Engagement Metrics	FY 2020 - BGCA	FY 2021 - BGCA	FY 2021 - FMC	FY 2021 - HRC	FY 2022 - BGCA	Total BGCA	Total Lifetime	Transactions	58,135	34,005	9,100	15,152	41,414	133,554	157,806	Donations	\$404,595	\$273,912	\$62,090	\$107,165	\$326,050	\$1,004,557	\$1,173,812
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CUSTOMER PRIVACY 2016																										
103-1, 103-2, 101-3	Management Approach	<a href="#">Data Security &amp; Consumer Privacy</a>																								
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy & Losses of Customer Data	<a href="#">Data Security &amp; Consumer Privacy</a> <a href="#">SASB</a>																								

# TCFD INDEX

Given the immense effects climate change poses for business, now and in the future, the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) was established to help identify the information needed by investors, lenders, and insurance underwriters to appropriately assess and price climate-related risks and opportunities. In alignment with the TCFD recommendations, the following index provides links to Neiman Marcus Group’s key disclosures on climate change.

TCFD Metrics		NMG FY21 Response
Governance	Describe the board’s oversight of climate-related risks and opportunities.	<a href="#">Our ESG Strategy and Goals</a> <a href="#">ESG Oversight</a>
	Describe management’s role in assessing and managing climate-related risks and opportunities.	<a href="#">Materiality &amp; Stakeholder Engagement</a> <a href="#">Our ESG Strategy and Goals</a> <a href="#">Climate Change</a>
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<a href="#">Our ESG Strategy and Goals</a> <a href="#">Environment</a>
	Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning.	Climate-related risks and opportunities influence public perception of our business and affect our ability to operate our stores, digital platform, supply chain, and administrative functions in profitable and predictable ways. As a result, we are making strategic investments to decarbonize our real estate portfolio, advance sustainable products and services, and reduce Scope 3 emissions sources from waste, transportation and logistics, and purchased goods and services.
	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Company’s strategy enables resiliency under a variety of different climate-related scenarios. In a 2°C or lower scenario, there would be limited stress on our current strategy. While the company may face some of the same physical risks we see from severe weather patterns today, our commitments to advance sustainable products and services and source 100% renewable energy by 2030 would align with consumer expectations and government commitments - allowing us to avoid reputational risk and large expenses from carbon taxes and regulatory penalties. In a 2°C or higher scenario, our corporate strategy remains fairly resilient, but faces added pressure to adopt a Net Zero goal. We’d expect to see increased physical risks from severe weather patterns, but our strong omni-channel platform differentiates us from peers and allows associates to stay connected to clients through eCommerce and remote selling tools. Our efforts to advance sustainable products and services, which attract conscious consumers in a 2°C or lower scenario, become critical to operate in this one as traditional material inputs become more scarce, competition for products with renewable materials increases, and circular services that decouple revenue growth from the sale of new product become essential. Since our commitment to source 100% renewable energy is built into our business strategy, we would not expect pressure for unplanned capital or operating investments to address Scope 1 & 2 emissions due to the extreme reputational or regulatory risks that would be present in this scenario. However, we would need to hasten our work to measure Scope 3 emissions and adopt a Net Zero goal that requires targeted investments to eliminate Scope 3 emissions from categories such as Purchased Goods & Services and Transportation & Distribution.

TCFD Metrics	NMG FY21 Response	
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	<a href="#">Materiality &amp; Stakeholder Engagement</a> <a href="#">Our ESG Strategy and Goals</a> <a href="#">Environment</a> <a href="#">ESG Oversight</a>
	Describe the organization's processes for managing climate-related risks.	<a href="#">Our ESG Strategy and Goals</a> <a href="#">Environment</a>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>Processes for identifying, assessing, and managing climate-related risks are incorporated directly into the Company's existing Enterprise Risk Management (ERM) process, which identifies risks to the Company's objectives, assesses those risks in terms of likelihood and impact, and monitors the status of initiatives to address those risks. Throughout the year, the Company's Internal Audit department oversees this process and works with the risk owners, like the Facilities Management and ESG teams, to monitor the risks and their initiatives. Twice per year, the department reviews the progress and effectiveness of the ERM process with the Parent Company's Audit Committee, which also oversees:</p> <ul style="list-style-type: none"> <li>A. the integrity of the Company's financial statements,</li> <li>B. the Company's compliance with legal and regulatory requirements,</li> <li>C. any independent registered public accounting firm engaged by the Company (including its qualifications and independence),</li> <li>D. the performance of the Company's internal audit function and independent auditor,</li> <li>E. risk management and the Company's policies with respect to risk assessment and risk management, including the Company's Environmental, Social, Governance (ESG) performance and disclosures.</li> </ul> <p>All Directors on the Parent Board's Audit Committee have completed an ESG training course with Ceres and UC Berkeley Law and are considered climate-competent to review climate-related risks within the Company's overall risk management efforts above.</p>
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	MTCO <sub>2</sub> e Scope 1 and 2 emissions GJ renewable and nonrenewable electricity \$USD revenue from sustainable and ethical products \$USD penalties from climate-related litigation and/or regulation Total equivalent days of store closures from severe weather patterns
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<a href="#">Climate Change</a>
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<a href="#">Our ESG Strategy and Goals</a> <a href="#">Climate Change</a>



# Neiman Marcus | Group

Statements contained in this document are aspirational and relate to the manner in which the Company currently intends to conduct certain of its activities, based on management's current plans and expectations. These statements are not promises, guarantees, or statements on which you should rely with respect to the Company's conduct or policies, and are subject to a variety of risks and uncertainties, some of which may be material and/or beyond the Company's control. In addition, certain statements contained in this document constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the Company expects or anticipates may occur in the future. In some cases forward-looking statements can be identified because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. Any forward-looking statements are and will be based upon the Company's then-current expectations, estimates and assumptions regarding future events and are applicable only as of the dates of such statements. Readers are cautioned not to put undue reliance on such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected in this press release for numerous reasons, including factors outside the Company's control. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.