

Macy's, Inc.
2019 Recruitment and Forced Labor Proposal

WHEREAS, recent global estimates found that 16 million people are trapped in conditions of forced labor in extended private sector supply chains, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages. Of these workers, over 70% are in debt bondage and forced to work in industries such as manufacturing. Migrant workers globally are prime targets for exploitation, including discrimination, retaliation, debt bondage, illegal deductions from wages and confiscated or restricted access to personal documents, limiting workers' freedom of movement leading to forced labor and human trafficking.

Corporations have a responsibility to respect human rights within company-owned operations and through business relationships. This expectation is delineated in the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. Societal expectations have increased requiring companies to conduct human rights due diligence, informed by the core international human rights instruments, to assess, identify, prevent, and mitigate adverse human rights impacts. Regulatory requirements in the State of California, the United Kingdom, Australia and France require companies to report on their actions to eradicate human trafficking and slavery. Any company directly or indirectly employing migrant workers must have a policy that assesses if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

The 2018 Corporate Human Rights Benchmark gives Macy's, Inc. (Macy's) an overall score of 4.1 out of 100. This compares poorly with scores from peer companies Marks & Spencer (70), Gap (52), and Hennes & Mauritz (50). Macy's Vendor & Supplier Code of Conduct does prohibit the use of forced labor, slavery and human trafficking in the company's supply chains and the company has posted a report on its website in accordance with the California Transparency Supply Chains Act (SB 657). However, Macy's has no formal commitment to respect human rights or remedy adverse impacts; no clear evidence of Board commitment, management incentives, or engagement with stakeholders; does not disclose whether it embeds respect for human rights in company culture and management systems, conducts human rights risks assessments, or implements processes to ensure no child or forced labor, freedom of association and collective bargaining, and payment of a living wage.

Given the company's lack of risk mitigation and disclosure, investors have insufficient information to gauge how well the company is addressing this serious risk to the company and to workers.

RESOLVED, that shareholders request the Board of Directors of Macy's to report, at reasonable cost and omitting proprietary information, on the Company's process for identifying and analyzing potential and actual human rights risks of operations and its supply chain by December 2019.

SUPPORTING STATEMENT: In developing the report, the Company could consider:

- Human rights principles used to frame the assessment;

- Frequency of assessment;
- Methodology used to track and measure performance on forced labor risks; and
- How the results of the assessment are incorporated into company policies and decision-making.