

## **MACY'S, INC.**

### **METHOD TO FACILITATE THE RECEIPT, RETENTION AND TREATMENT OF COMMUNICATIONS TO THE BOARD AND THE AUDIT COMMITTEE**

The Company provides reporting facilities called ComplianceConnections that employees of the Company may use for asking questions or raising issues. ComplianceConnections is a toll-free anonymous reporting hotline and a web-based reporting tool that is administered by a third party under the management of the Company's compliance and ethics organization. The Company's compliance and ethics organization consists of (i) the Compliance and Ethics Executive Committee, whose members are the Chief Legal Officer, the SVP and Controller, VP of Internal Audit, VP Colleague Support, VP Business Operations, VP Operations and the VP Enterprise Security and CISO, and (ii) the Office of Compliance and Ethics, which is managed by the VP Business Operations who reports to the Chief Legal Officer. ComplianceConnections may be accessed to raise questions and concerns relating not only to accounting, internal controls and auditing matters related to the Company (referred to collectively as "Financial Reports"), but also to any Company policy or legal compliance issues. The Company's Office of Compliance and Ethics maintains a database of all reports made through ComplianceConnections.

In addition to communicating through ComplianceConnections, any interested party may communicate directly with non-management Directors either by mail or email (collectively referred to herein as the "Interested Party Facilities"). The mailing address and email address can be found on the Macy's corporate governance website and is disclosed in the Company's proxy statements. The Office of Compliance and Ethics and the Internal Audit Department compile and communicate all reports made by interested parties through the Interested Party Facilities to non-management directors.

Even though SOA §301 and the NYSE rules require only that the Company provide a means whereby employee communications can be raised anonymously, ComplianceConnections and the Interested Party Facilities include certain security measures designed to provide anonymity to all parties sending communications through these facilities by ensuring that management will not be able to trace the identity of the interested party.

The following are the elements regarding the day-to-day administration of all reports received through the Interested Party Facilities and Financial Reports received through ComplianceConnections (collectively referred to herein as "Reports"):

1. The Receipt of Reports

(a) Each business day, the Office of Compliance and Ethics will review Reports received that day.

2. Handling Reports After Receipt

(a) Upon receipt of a Report, the Office of Compliance and Ethics will delete any reference to the reporting party's name if requested and route it to the appropriate party.

(b) Investigations involving financial impropriety, falsification of records or integrity and ethics issues, such as (financial fraud, conflicts of interest, gifts, bribes or kickbacks, (including bribes governed by the Foreign Corrupt Practices Act), that involves a Senior Director or above will be reported to the Audit Committee by the Chief Legal Officer, and/or the VP of Internal Audit

- If the allegation involves an Executive Vice President or above –the Audit Chair is immediately notified at the commencement of the investigation and updated with the investigation results. The full audit committee will receive a report at the next regularly scheduled meeting.
- If the allegation involves a Senior Director or above, then a summary report shall be included in an Appendix to the Audit Committee materials for the next regularly scheduled meeting.
- If the allegation involves an Executive Committee member, Senior Vice President/Controller, or the Vice President Internal Audit, then the Audit Committee Chair and the Audit Committee shall be immediately notified at the commencement of the investigation and updated with the investigation results.

(c) All Reports other than Financial Reports shall be directed to the Board, its members or any committee of the Board, by the Office of Compliance and Ethics as appropriate.

(i) The Office of Compliance and Ethics and/or the Internal Audit Department will follow up with the recipient of the Report to discuss the appropriate response to the Report, and such recipient, the Office of Compliance and Ethics and/or the Internal Audit Department will take whatever responsive action (including an investigation) is determined to be taken in response to the Report.

### 3. Retention and Distribution of Reports

(a) The Office of Compliance and Ethics will maintain a database containing all Reports received, whether telephonic, electronic or in writing. The database will track the receipt of the Reports and their investigation, resolution and any response to the reporting party.

(b) The Office of Compliance and Ethics will provide periodic summary reports to the Audit Committee of all outstanding Financial Reports and to the Board of Directors for all Reports other than Financial Reports. The reports shall include the status of the Report and any investigation related thereto.

(c) The Office of Compliance and Ethics will retain all Reports and all records relating to such Reports for seven (7) years.