

*The Agreement below, titled “Sell More Make More: Nordstrom Commission Agreement,” will take effect starting on March 1, 2020.*

# SELL MORE MAKE MORE

## NORDSTROM COMMISSION AGREEMENT

It's important to us that you understand how your pay is calculated.

As a commission-eligible employee, you are paid an hourly wage or salary for all hours you work. Additionally, you may also be advanced commissions depending on how much you sell. As a result, the more you sell, the more you make. Hourly or salary pay and commissions compensate you for all time you work, including time spent selling and performing activities that support the selling process, regardless of whether or not customers are present.

Commissions are calculated under the Commission with Hourly Guarantee Pay Plan, the Hourly Plus Commission Pay Plan, or the Salary Plus Commission Pay Plan. Your manager or Human Resources will let you know which pay plan applies to your role. Please ask your manager or Human Resources if you have questions about your pay.

For purposes of this Agreement and the pay statement that accompanies your pay, the terms:

- “Commissions” refers to commission advances. Commissions are considered earned, and no longer advanced, when the customer has kept merchandise for a year after the date of the original sale or exchange.
- “Sell Hours” refers to time spent selling and performing activities that support the selling process, regardless of whether customers are present. The majority of your worked time will be Sell Hours.

## CALCULATING COMMISSIONS

In order to determine the amount of commissions you will be advanced, Nordstrom performs the following four-step calculation each pay period, including the last pay period of employment.

- **Step One: Net Sales are determined.** Net Sales are the difference between your total sales and total returns at each applicable commission percentage that have been recorded to your employee number and audited and received by Payroll by the close of each pay period. Returns are included in the net sales calculation when merchandise is returned by the customer for any reason within one year after the date of the original sale or exchange. Returns are included in the net sales calculation at the same commission percentage that was in effect on the date of the original sale or exchange. Your Net Sales calculations are shown in the Net Sales Summary on your pay statement.
- **Step Two: Gross Commissions are calculated.** Gross Commissions are determined by multiplying each net sales amount by the applicable commission percentage and then adding those commission amounts together. The result is displayed as “Sub-Total” in the Net Sales Summary on your pay statement.
- **Step Three: Premium Commissions (if any) are calculated.** You may be advanced premium commissions if you are in an eligible role and achieve the performance criteria specified in the plan document. If you are eligible, premium commissions are calculated by multiplying net sales by the applicable premium commission percentage. Total premium commissions are displayed as “Premium Commissionable Sub-Total” on your pay statement. Please talk to your manager or Human Resources if you have questions about your eligibility for premium commission programs.
- **Step Four: Held Net Balances (if any) are applied.** A Held Net Balance occurs when Gross Commissions are negative because returns exceed sales during the pay period. Held Net Balances are tracked and applied against Gross Commissions for four pay periods including the last pay period of employment. The amount that remains after these three steps have been completed is displayed in the held net balance summary on your pay statement.

# NORDSTROM

## DETERMINING COMMISSION ADVANCES

After the Commissionable Sub-Total and Premium Commissionable Sub-Total are calculated, the amount of commissions advanced to you each pay period will depend on which pay plan applies to you—the Hourly Plus Commission Pay Plan, the Salary Plus Commission Pay Plan or the Commissions With Hourly Guarantee Pay Plan.

- **Hourly Plus Commission Pay Plan or the Salary Plus Commission Pay Plan.** If you are on either the Hourly Plus Commission Pay Plan or the Salary Plus Commission Pay Plan, you will be paid an hourly wage or a salary for all the hours you work and will also be advanced commissions equal to the sum of your Commissionable Sub-Total and Premium Commissionable Sub-Total.
- **Commission With Hourly Guarantee Pay Plan.** If you are on the Commission With Hourly Guarantee Pay Plan, the sum of your Commissionable Sub-Total and Premium Commissionable Sub-Total will be compared to the hourly wages paid to you for all Sell Hours worked under this pay plan during the current pay period.
  - You will always receive your hourly rate for all hours worked. If the sum of your Commissionable Sub-Total and Premium Commissionable Sub-Total is more than the hourly wages paid for Sell Hours, you will also receive the difference as advanced commissions. You will also receive your hourly wage for all hours worked.
  - If the sum is equal to or less than the hourly wages paid for Sell Hours, you will receive your hourly wage for all hours worked but will not be eligible for any advanced commissions.

Under both Plans, advanced commissions are displayed as “Commissions” on your pay statement. In addition, you can find more information about the net sales calculation and any Held Net Balances on your pay statement.

## OVERTIME FOR SALESPeOPLE

### U.S. Employees Only

Nordstrom pays overtime to all eligible employees. However, the way overtime is calculated varies depending on the jurisdiction in which the employee works. In all cases, Nordstrom pays all overtime amounts owed by law

If you are a commission-eligible employee in Alaska, Hawaii, Massachusetts, Puerto Rico or Rhode Island, your overtime is paid at one and one-half times your Regular Rate. “Regular Rate” refers to the legally calculated rate on which overtime payments are based, unless an exemption applies.

If you are a commission-eligible employee in any other state, your overtime is paid at one and one-half times your Regular Rate for the first three pay periods you work in a commission eligible role. Following this initial period of time, Nordstrom determines whether you are eligible for overtime each pay period. Specifically, Nordstrom pays overtime at the rate of one and one-half times the Regular Rate unless (1) your Regular Rate exceeds one and one-half times the applicable minimum wage; and (2) more than half your compensation for a six-month representative period consists of advanced commissions.

Nordstrom uses a six-month representative period to determine if more than half your compensation consists of advanced commissions because that period takes into account seasonal fluctuations and sale periods. The only exception to this practice is in Colorado, where Nordstrom also determines if a commission-eligible employee's advanced commissions for the prior pay period are more than half their total compensation for the prior pay period.

### Canada Employees Only

Nordstrom pays overtime to all eligible employees. The overtime rate for commission-eligible employees is calculated in accordance with the applicable employment standards legislation.

## ADDITIONAL TERMS

The following additional terms apply to all commissions advanced by Nordstrom.

- **Non-Commissionable Sales.** Transactions not eligible for commission advances include:
  - sales to other employees or eligible family members placed online where the merchandise discount is applied;
  - international sales sent through a Nordstrom third-party shipper;

- sales on non-commissionable merchandise departments, such as Restaurant retail products, gift with purchase promotions, HauteLook, Rack, or NQC (Nordstrom Quality Center) merchandise, and deposits on special orders;
- sales of gift cards;
- sales rung by a salesperson in a country other than the country in which they are employed, including those placed by phone with a store in another country (e.g., charge sends).
- **Special Commission Programs or Pilots.** From time to time, you may participate in special programs or pilots. In such cases, you will be given documents that specify the impact these programs or pilots will have on this Agreement.
- **When Employment With Nordstrom Ends.** If your employment with Nordstrom ends prior to the last day of the pay period, Nordstrom will pay your hourly wage or salary and any other known, calculable amounts in accordance with the law in the jurisdiction where you work. Your commission advances for the pay period and any adjustments to your premium pay, including overtime, affected by commissions will be paid on the next regularly scheduled pay day. Nordstrom will continue to advance commissions as specified in this Agreement for 90 days following your last day of employment.
- **Company Discretion.** This Agreement is subject to change at any time.
- **U.S. Only - At-Will Employment.** In addition, nothing in this Agreement constitutes an employment contract. Your employment with Nordstrom remains at-will which means that both you and Nordstrom reserve the right to end the employment relationship at any time, with or without notice, with or without reason.

Nordstrom and I both agree and acknowledge that Nordstrom will calculate, pay and report my commissions as described above.

EMPLOYEE

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EMPLOYEE NAME

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SIGNATURE

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DATE

NORDSTROM



JAMIE NORDSTROM  
PRESIDENT, FULL-LINE STORES  
NORDSTROM, INC.