



Hudson's Bay Company

*2015 corporate  
social*

RESPONSIBILITY  
**REPORT**







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## EXECUTIVE MESSAGE

**2015 was a truly remarkable year for Hudson's Bay Company. Most notably, 2015 marks the year that North America's oldest company emerged as a major force in the global retail market. Through the acquisition of GALERIA Kaufhof in Germany, and online retailer Gilt early in 2016, HBC has entered a new phase of global leadership, in both business and corporate social responsibility.**



Jerry Storch

Richard Baker

As we progress on this exciting journey, HBC's commitment to corporate social responsibility has never been more important. HBC is a proud member of the UN Global Compact and, as such, remains focused on aligning our operations with the UNGC's [Ten Principles](#) on human rights, labour, the environment and anti-corruption. Together, we are taking strategic action to make the world a better place, with an emphasis on collaboration and innovation.

While we drive our global expansion and adopt new programs worldwide, we continue to execute on socially responsible practices already integrated into our North American operations. 2015 saw HBC named one of Canada's Best Corporate Citizens by *Corporate Knights* magazine. Our iconic Red Mittens campaign raised an astonishing \$1.9 million for our Canadian athletes this year alone, while HBC and its various foundations donated more than \$8 million to over 1,000 charitable organizations in Canada and the United States.

HBC also took measures to improve our environmental impact, increasing our waste-diversion rate with enhanced

plastics and cardboard recycling programs. Our cardboard recycling initiative alone saved the equivalent of more than 132,000 trees and more than 2 million litres of water. Additionally, we are working aggressively toward achieving a 10% greenhouse gas reduction by 2020.

We're incredibly proud of our accomplishments in the past year. Through a culture that fosters trust, integrity and respect, we continue to follow a guiding principle of doing the right things for the right reasons. We look forward to fulfilling our role as a leading corporate citizen on the world stage, and making a meaningful impact as we move toward a brighter future.

Sincerely,

**Jerry Storch**  
Chief Executive Officer

**Richard Baker**  
Governor and  
Executive Chairman





## WHO WE ARE

**Hudson's Bay Company is one of the fastest-growing department store retailers in the world, based on our successful formula of driving the performance of high-quality stores and our all-channel offerings, unlocking the value of real estate holdings and growing through acquisitions. Founded in 1670, HBC is the oldest company in North America. HBC's portfolio today includes 10 banners, in formats ranging from luxury to premium department stores to off-price fashion shopping destinations, with more than 460 stores and 66,000 employees around the world.**

In North America, HBC's leading banners include Hudson's Bay, Lord & Taylor, Saks Fifth Avenue, Gilt, and Saks OFF 5TH, along with Find @ Lord & Taylor and Home Outfitters. In Europe, its banners include GALERIA Kaufhof, the largest department store group in Germany; Belgium's only department store group, Galeria Inno; as well as Sportarena.

HBC has significant investments in real estate joint ventures. It has partnered with Simon Property Group Inc. in the HBS Global Properties Joint Venture, which owns properties in the United States and Germany. In Canada, HBC has partnered with RioCan Real Estate Investment Trust in the RioCan-HBC Joint Venture.

HBC trades on the Toronto Stock Exchange under the symbol "HBC". The Company is led by Richard Baker, 39th Governor of Hudson's Bay Company, and Gerald (Jerry) Storch, Chief Executive Officer, Hudson's Bay Company.







## WHERE WE ARE

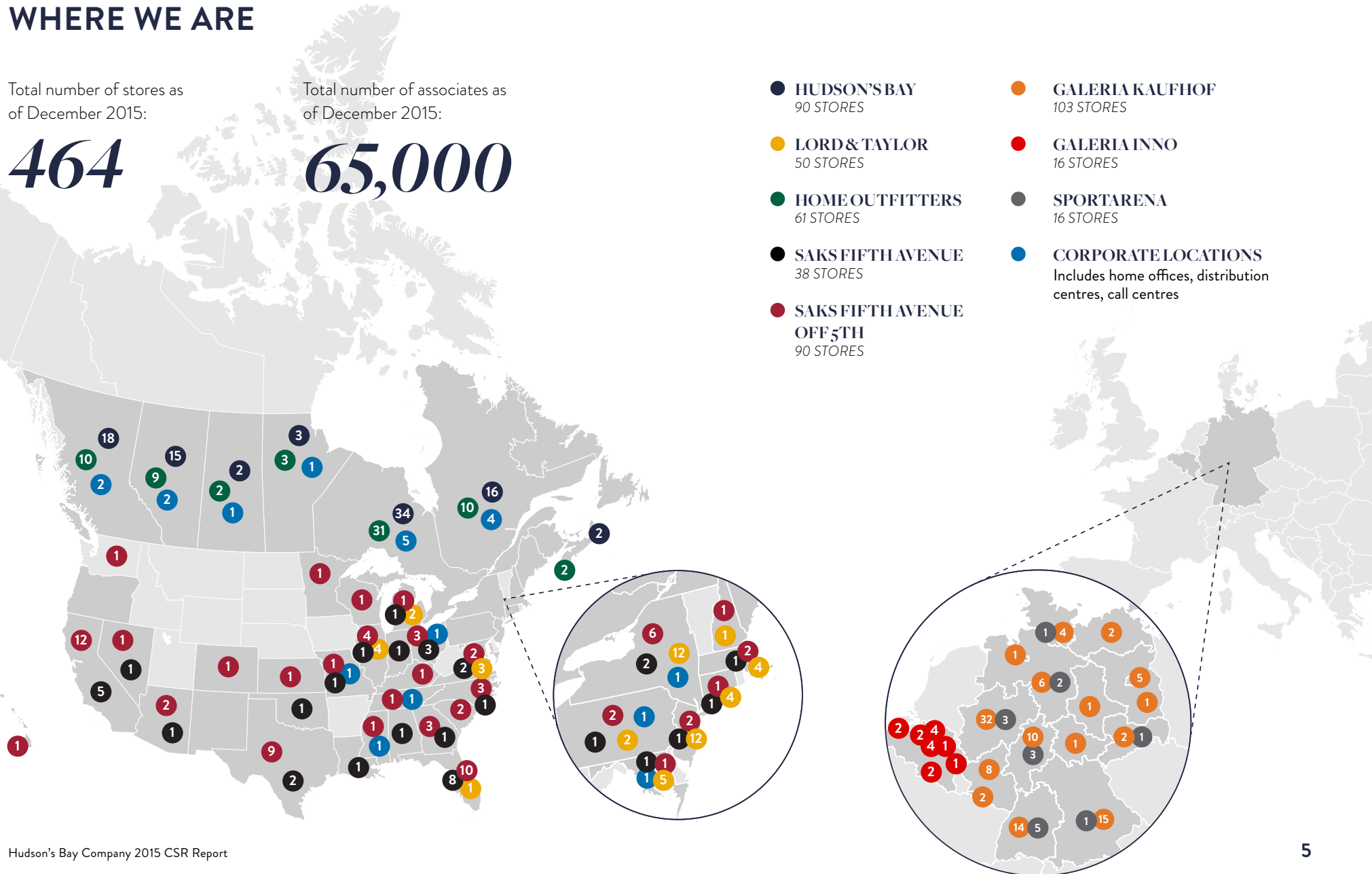
Total number of stores as  
of December 2015:

464

Total number of associates as  
of December 2015:

65,000

- HUDSON'S BAY  
90 STORES
- LORD & TAYLOR  
50 STORES
- HOME OUTFITTERS  
61 STORES
- SAKS FIFTH AVENUE  
38 STORES
- SAKS FIFTH AVENUE  
OFF 5TH  
90 STORES
- GALERIA KAUFHOF  
103 STORES
- GALERIA INNO  
16 STORES
- SPORTARENA  
16 STORES
- CORPORATE LOCATIONS  
Includes home offices, distribution  
centres, call centres





## TOP CSR NEWS – 2015



THE 7TH EDITION OF HUDSON'S BAY'S  
ICONIC RED MITTENS RAISES MORE THAN  
**\$1.9 MILLION**  
FOR CANADIAN ATHLETES THROUGH THE  
CANADIAN OLYMPIC COMMITTEE AND  
CANADIAN PARALYMPIC COMMITTEE

HBC AND ITS VARIOUS FOUNDATIONS  
DONATE MORE THAN

**\$8 MILLION**  
**TO OVER 1,000**

CHARITABLE ORGANIZATIONS IN NORTH AMERICA

HBC BECOMES  
**THE FIRST**  
NORTH AMERICAN RETAILER  
TO JOIN THE BUSINESS SOCIAL  
COMPLIANCE INITIATIVE (BSCI),  
TO BEGIN IN 2016

HBC RECOGNIZED AS  
ONE OF CANADA'S

**50 BEST  
CORPORATE  
CITIZENS**

BY CORPORATE KNIGHTS MAGAZINE



PLASTICS RECYCLING  
SAVES EQUIVALENT OF

**4,563 m<sup>3</sup> OF  
LANDFILL  
SPACE**

AS WELL AS 4,390,188 kWh  
OF ENERGY

CARDBOARD RECYCLING ACHIEVES  
EQUIVALENT OF SAVING

**132,737 TREES**  
**AND 2,061,323**  
**LITRES OF WATER**

THE HBC FOUNDATION FUNDS

**ONE YEAR OF  
RESEARCH**

BY BREAST CANCER RESEARCHER  
DR. PAMELA GOODWIN THROUGH BCRF

ALL FOUR DISTRIBUTION  
CENTRES IN CANADA ACHIEVE

**ZERO**

LOST-TIME INJURIES





Giving back is ingrained in the HBC culture, and we believe it is essential to do what we can to make a difference in the communities where our customers and associates live and work. HBC is dedicated to fostering strong and healthy communities and creating positive change through a dynamic range of charitable programs, both locally and around the globe.

## *INVESTING* IN OUR COMMUNITY



## 2015 HBC AWARD IN RETAIL MANAGEMENT

*“The strength of the Retail Management program is deeply connected to the generosity of retail industry partners, related associations and individuals. Students in the Retail Management program continue to establish new standards of excellence in academic performance, volunteerism, internships, international exchanges and retail industry work experience. HBC’s ongoing commitment to students in the Retail Management program positions our graduates to excel in their retail careers and serve as business leaders of tomorrow.”*

**– Dr. Steven Murphy, Dean, Ted Rogers School of Management and  
Dr. Hong Yu, Director, Ted Rogers School of Management**

HBC is proud to help aspiring retail professionals reach their career goals. In 2015, the HBC Award in Retail Management at the **Ted Rogers School of Management** at Toronto’s Ryerson University recognized six exemplary students who were actively involved in their school community, demonstrated

outstanding potential to succeed in the retail industry, excelled in leadership and contributed to the quality of student life. Our 2015 HBC Award recipients were Emily Richard, Erica Vezina, Jasmin Ebrahimi, Christine Clarkin, Pauline Iannello and Isabella Santen.







## THE HBC FOUNDATION

The Hudson's Bay Company (HBC) Foundation is a leading registered charitable organization dedicated to improving the lives of Canadians, through organizations and initiatives that contribute to healthy families, strong communities and sport excellence. Since 2005, the HBC Foundation has donated more than \$88 million in cash and in-kind donations to charitable organizations across the country.

In 2015, the HBC Foundation donated more than \$4.4 million in cash and in-kind to 300 charitable organizations across Canada.

### FOCUSING CANADIAN DONATIONS ON THREE KEY AREAS

KEY AREA	AMOUNT DONATED
Healthy families	\$ 1,158,428
Strong communities	\$ 2,578,282
Sport excellence	\$ 663,541
<b>Total</b>	<b>\$ 4,400,251</b>

### OFFICIAL CHARITABLE PARTNERS



Boys & Girls Clubs of Canada



## THE HBC FOUNDATION *continued*

*“It is an honour to join forces with Hudson’s Bay alongside Caroline and Shannon for the 7th edition of the Red Mittens. The funds raised from the Red Mittens go directly to Canada’s athletes and are crucial in ensuring that they have the resources they need to be the best they can be.”*

– Marie-Philip Poulin, two-time Olympian, two-time Olympic gold medallist

*“The 7th edition of the Red Mittens was a resounding success and we can thank Hudson’s Bay’s continued dedication to Canada’s athletes and Shannon’s, Marie-Philip’s and Caroline’s starring roles for that. The Canadian Olympic Foundation and Committee are proud to partner with Hudson’s Bay again and thank them for furthering the dreams of Canada’s athletes.”*

– Tricia Smith, President, Canadian Olympic Committee

THE RED MITTENS  
GENERATED MORE THAN  
**\$1.9 MILLION**  
FOR THE CANADIAN  
OLYMPIC FOUNDATION

## CANADIAN OLYMPIC FOUNDATION & CANADIAN PARALYMPIC COMMITTEE

Hudson’s Bay proudly launched the 7th Annual Red Mitten Campaign in September, with the Red Mitten ambassadors: Canadian Olympic athletes Shannon Szabados, Marie-Philip Poulin and Caroline Ouellette.

As the nation’s most iconic symbol of Canadian Olympic pride, the Red Mittens are the source of millions of dollars in direct athlete funding. Through the course of the year, the Red Mittens generated more than \$1.9 million for the Canadian Olympic Foundation, contributing to an ongoing donation value of more than \$28 million since forming the partnership in 2006.





**THE HBC FOUNDATION** *continued*

*“We are immensely grateful for the continued support and commitment from the HBC Foundation. As a dedicated partner in the fight against breast cancer, the HBC Foundation raises critically important contributions that allow BCRF-funded researchers like Dr. Goodwin to advance the development of effective new treatments for breast cancer.”*

– Myra Biblowit, President of the Breast Cancer Research Foundation

**THE BREAST CANCER  
RESEARCH FOUNDATION**

For the second consecutive year, the HBC Foundation supported the Breast Cancer Research Foundation (BCRF) with a \$250,000 donation to fund the work of Dr. Pamela Goodwin for one year. Dr. Goodwin is a world leader in breast cancer research and the Director of Mount Sinai Hospital’s Marvelle Koffler Breast Centre. Funds were raised through the sale of a limited-edition blanket wrap available at Hudson’s Bay stores and [thebay.com](http://thebay.com), along with in-store beauty events, “Donate Your Rewards Points” campaigns, and other engaging in-store and home office sales initiatives.

To date, the HBC Foundation has contributed more than \$706,000 to BCRF. Hudson’s Bay, Lord & Taylor and Saks Fifth Avenue were among 44 corporate organizations that were publicly recognized by BCRF, collectively funding over 500,000 hours of breast cancer research in 2015.



Through the generosity of HBC and others, BCRF will be awarding \$48.5 million in grants to 240 of the world’s leading scientists across the globe in 2015 and 2016.

TO DATE, THE HBC FOUNDATION  
HAS CONTRIBUTED MORE THAN  
**\$706,000**  
TO THE BREAST CANCER  
RESEARCH FOUNDATION

**THE HBC FOUNDATION** *continued*

*“We are grateful for the support of the HBC Foundation through this wonderful holiday initiative. The Winter Lounge has become a celebrated annual tradition at SickKids that’s appreciated not only by our patients and their families, but also our staff. It’s a cherished space that gives those who stay at the hospital over the holidays a lovely area to celebrate with their families and loved ones.”*

**– Seanna Millar, Vice President, Corporate Partnerships, SickKids Foundation**

*“As a grandparent of a child who has been at SickKids for more than three months, I just wanted to thank you for the absolutely beautiful Winter Lounge HBC has created. Our granddaughter is hospital bound and unable to get outdoors for the foreseeable future. The setting you have created provides a wonderful ‘getaway’.... Thank you so very much!”*

**– Mark Gryfe**

*“After recently returning from the region, I have seen first-hand how Canadian contributions are providing much-needed help and hope for refugees who are struggling to survive. Thanks to the generosity of HBC, the Red Cross is able to provide support, compassion and care for those who need it most.”*

**– Conrad Sauvé, president and CEO of the Canadian Red Cross**

**SICKKIDS FOUNDATION**

The HBC Foundation proudly partnered with The Hospital for Sick Children (SickKids Foundation) for the third year to create an enchanting Winter Lounge for children and families spending time at the hospital over the holiday season. In December, a section of the hospital’s atrium was transformed into a holiday haven, providing patients and their families with a dedicated space to feel at home during the holidays.

With the goal of spreading good cheer and putting smiles on the faces of patients during the holiday season, HBC home office associates rallied to purchase and donate enough 2015 Heritage Charity Bears for every child staying at the hospital throughout the month of December.

**CANADIAN RED CROSS**

HBC’s philanthropic efforts extend across the globe to support humanitarian relief work during times of crisis. When the devastating earthquake hit Nepal in April, HBC donated \$50,165 to the Canadian Red Cross (CRC) Nepal Region Earthquake Fund to support relief efforts. The donation helped provide essential items such as food, water, household items and life-saving health services to the many refugees and migrants affected by the crisis. Hudson’s Bay and Home Outfitters customers were encouraged to lend their support by donating their HBC Rewards points. HBC converted all collected points to cash and donated to the CRC.

With the troubling Syrian refugee crisis continuing to escalate, the HBC Foundation hosted a Donate Your Reward Points customer campaign. Approximately \$11,000 was raised by HBC customers through the online campaign, and the HBC Foundation donated an additional \$39,000 for a total of \$50,000 to the Canadian Red Cross Refugee Crisis Appeal.





## THE HBC FOUNDATION *continued*



### HBC ANNUAL CHARITY GOLF TOURNAMENT & SPA

HBC's signature Charity Golf Tournament & Spa event brings together hundreds of vendors, partners, associates, volunteers and celebratory guests each year for a great day of golf and pampering while raising much-needed funds for very worthy causes.

This year's event continued to be the single biggest fundraiser for the HBC Foundation, raising more than \$600,000 for the event's beneficiaries: Canadian athletes and Dress for Success New York. Since its inception in 2001, the HBC Charity Golf Tournament & Spa has raised \$9.5 million to support various charitable organizations.

### THANKS TO OUR ASSOCIATE SUPPORTERS

HBC associates embody the spirit of giving as some of our most loyal HBC Foundation supporters. In 2013, we launched an Associate Giving Program, enabling Canadian associates to donate directly to the Foundation through automatic payroll deductions. The generosity of HBC associates generated an impressive \$27,651 in 2015. Donors' names are listed on the back page of this report.

HBC FOUNDATION HAS  
RAISED MORE THAN  
**\$600,000**  
FOR CANADIAN ATHLETES  
AND DRESS FOR SUCCESS  
NEW YORK



## HUDSON'S BAY COMPANY HISTORY FOUNDATION

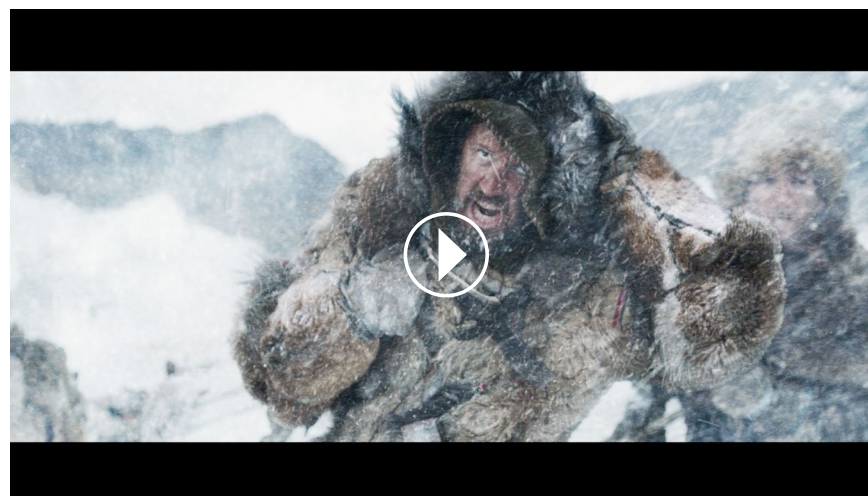
**The Company donated its corporate archives to the Manitoba Archives and the Hudson's Bay Company Museum Collection to The Manitoba Museum in 1994. Together, the two collections were valued at approximately \$68 million. The Hudson's Bay Company History Foundation (HBCHF), a private charitable foundation controlled by HBC, was established at that time to provide funds for the continued preservation, promotion and public access to both collections in perpetuity.**

HBCHF is also committed to advancing knowledge of, and interest in, the Company's role in Canadian history. This is accomplished through support of the HBC Education Program – in particular, the HBC Heritage website, [hbcheritage.ca](http://hbcheritage.ca). HBCHF also provides support to Canada's National History Society, a not-for-profit organization whose objective is the promotion of greater interest in Canadian history.

In 2015, HBCHF donated approximately \$2.6 million in financial support to these groups.

### COUNTRY OF ADVENTURERS

With a celebrated history that spans nearly four centuries, Hudson's Bay Company is proud to be recognized as Canada's oldest company. In 2015, the HBCHF launched an exciting series of historical television narratives paying homage to the company's past, when HBC was once known as "The Company of Adventurers of England Trading into Hudson's Bay". The History Foundation, whose mission is to advance people's knowledge of and interest in Canadian history, created the series to celebrate the remarkable achievements of some the nation's greatest adventurers and explorers.







## LORD & TAYLOR GIVING

At Lord & Taylor, we aim to make a positive impact by supporting local and national fundraising organizations and initiatives that share our vision of strengthening communities. Lord & Taylor donated more than \$2 million to over 300 charitable organizations across the U.S. in 2015. Our fundraising efforts are focused on three key areas: cultural events, wellness and education.

### FOCUSING DONATIONS ON THREE KEY AREAS

KEY AREA	AMOUNT DONATED
Civic & cultural events	\$ 496,957
Wellness	\$ 1,424,394
Education	\$ 160,316
<b>Total</b>	<b>\$ 2,081,667</b>

### CHARITY DAYS

In 2015, Lord & Taylor adopted Charity Days, a series of events held in all 50 Lord & Taylor stores and online at lordandtaylor.com. Customers were encouraged to make a \$5 donation to benefit non-profit partners. In exchange, they received a special savings pass and two single-use coupons to spend that day. In addition, stores offered refreshments,

special appearances, children's activities and other engaging event elements to ensure a memorable day of shopping while benefiting an important cause.

Two Charity Days were held in 2015: a May 2 event benefited local organizations supporting women's health and wellness, including WomenHeart: The National Coalition for Women with Heart Disease. A total of \$415,775 was raised from the single-day event. An October 3 Charity Day benefited organizations supporting cancer research, including the American Cancer Society. All Lord & Taylor stores hosted an inspiring fashion presentation featuring cancer survivors as models to celebrate their beauty and strength, raising \$504,575.





## LORD & TAYLOR GIVING *continued*

*“Lord & Taylor recognizes that affordable housing is a major concern in our city and this partnership demonstrates a commitment to the sustainability and health of local neighborhoods. It means that more New Yorkers will have access to the life-changing opportunity real affordable home ownership provides.”*

– Karen Haycox, Chief Executive Officer of Habitat for Humanity New York City

SHOP  
SMART  
DO  
GOOD  
A FUNDRAISING  
SHOPPING EVENT

### SHOP SMART DO GOOD

In 2015, Lord & Taylor continued to build on the success of our Shop Smart Do Good fundraising initiative, an event held in seven Lord & Taylor stores twice a year. Open to all local non-profit organizations that wish to sign up and sell \$5 tickets, the event allows the participating organizations to keep the full amount generated from ticket sales.

In return for their ticket purchase, donors receive a storewide savings pass along with two single-use coupons. In 2015, the total raised by participating organizations was \$510,990. The seven participating Lord & Taylor locations were Boca Raton, FL; Garden City, NY; Manhasset, NY; Fashion Center in Paramus, NJ; Scarsdale, NY; Stamford, CT; and Westfield, NJ.

Since 2006, this program has raised over \$9 million in support of local non-profit organizations.

### HABITAT FOR HUMANITY CHARITY DAY

On November 12, Lord & Taylor's New York City flagship store and Habitat for Humanity NYC joined forces to kick off the holiday season with a charity shopping day. Coinciding with the highly anticipated unveiling of Lord & Taylor's iconic holiday window display, the charity shopping day raised \$171,135 through \$5 ticket sales and donations from vendor partners. The funds were earmarked for building a house in 2016 from the ground up in Queens, NY, for a family in need.

SINCE 2006, THIS PROGRAM  
HAS RAISED OVER  
**\$9 MILLION**  
IN SUPPORT OF LOCAL  
NON-PROFIT ORGANIZATIONS



## SAKS GIVING

Saks Fifth Avenue is as dedicated to its communities as it is to its customers. In 2015, more than \$2 million was donated to over 400 charitable and non-profit organizations in the U.S. through both corporate and store donations.

Saks Fifth Avenue stores support charitable groups that are relevant and connected to their local markets, generally benefiting our key focus areas of arts and culture, civic organizations, education, health and wellness, minority groups and children's charities.

### FOCUSING DONATIONS ON SIX KEY AREAS

KEY AREA	AMOUNT DONATED
Arts & culture	\$ 353,793
Civic organizations	\$ 214,860
Education	\$ 138,445
Health and wellness	\$ 1,107,417
Minority groups	\$ 52,768
Children's charities	\$ 154,117
Miscellaneous	\$ 159,600
<b>Total</b>	<b>\$ 2,181,000</b>

### THE ENTERTAINMENT INDUSTRY FOUNDATION

Saks Fifth Avenue's Key To The Cure (KTTC) initiative is an annual nationwide charity shopping weekend featuring a much-coveted annual T-shirt design. A percentage of charity shopping weekend sales and 100% of KTTC T-shirt sales are donated to local and national women's cancer organizations through The Entertainment Industry Foundation (EIF). 2015 marked Saks Fifth Avenue's 17th annual KTTC campaign, which has raised more than \$37 million since 1999 for women's cancer research and treatment organizations throughout the U.S. The shopping weekend took place from October 15 to 18 at all Saks and Saks Fifth Avenue OFF 5TH stores, as well as on saks.com.

IN 2015, MORE THAN

**\$2 MILLION**

WAS DONATED TO OVER 400 CHARITABLE  
AND NON-PROFIT ORGANIZATIONS IN THE  
U.S. THROUGH BOTH CORPORATE AND  
STORE DONATIONS



## KEY *to the* CURE

*Get the shirt.  
Shop the weekend.  
Show your support.*

Join Saks Fifth Avenue in the fight against cancer. Get the shirt, designed by Jason Wu, available exclusively at Saks this October. Then shop *Thursday to Sunday, October 15 to 18*, when Saks will donate 2% of sales to local and national cancer charities.

Special thanks to Julianne Moore, the 2015 Ambassador for the Entertainment Industry Foundation, Stand Up To Cancer and Saks Fifth Avenue's Key To The Cure.



saks.com





## SAKS GIVING *continued*

### GIFTS *that* GIVE BACK



Saks will donate 5% of *Saks Fifth Avenue Collection* men's purchases to St. Jude Children's Research Hospital.®\*

NOW THROUGH SUNDAY, JUNE 21



\*SAKS FIFTH AVENUE WILL DONATE 5% OF SAKS FIFTH AVENUE COLLECTION MEN'S PURCHASES FROM 6/14/15 TO 6/21/15, UP TO \$25,000. EXCLUDES TAXES, RETURNS, SHIPPING AND HANDLING CHARGES.

151-1168A

### ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Saks Fifth Avenue has proudly supported St. Jude Children's Research Hospital through its annual Father's Day campaign since 2012. In 2015, Saks hosted a special promotion from June 14 to 21, donating 5% of all Saks Men's Collection purchases, up to \$25,000, to St. Jude's.

### NEW YORK STORE HOLIDAY PERCENTAGE BACK WEEKEND

From December 3 to 5, Saks Fifth Avenue's New York flagship store hosted a special event that gave a percentage of sales to the American Red Cross, The Society of Memorial Sloan Kettering and Autism Speaks. Each charity received \$25,000 for a total donation of \$75,000 over the weekend.

### BREAST CANCER RESEARCH FOUNDATION

Saks Fifth Avenue is a strong supporter of the Breast Cancer Research Foundation (BCRF), at both the corporate and local store level. At the corporate level, Saks Fifth Avenue supported spring and fall BCRF events for a total donation of \$20,000. The Saks Fifth Avenue Boston store also hosted BCRF's Boston Hot Pink Party to benefit the charity.

SAKS HOSTED A SPECIAL  
PROMOTION FOR A WEEK,  
**DONATING 5%**  
OF ALL SAKS MEN'S  
COLLECTION PURCHASES,  
**UP TO \$25,000,**  
TO ST. JUDE'S



## CORPORATE OFFICE INITIATIVES

*“Peel Children’s Aid Foundation is a very proud recipient of ongoing support from HBC. We have been supported over the past 10 years and value the HBC commitment. The Hudson’s Bay Company has shown that they are living their corporate social responsibility values by giving volunteer hours, financial investment and in-kind support to our communities’ most vulnerable children, youth and families in Peel Region.”*

– Renae Addis, Executive Director, Peel Children’s Aid Foundation

### PEEL CHILDREN’S AID ANGEL TREE

Throughout the holiday season, Brampton corporate office associates partnered with Peel Children’s Aid to share in the spirit of the holidays. An “Angel Tree” decorated with children’s wishes was on prominent display during the month of December, and associates were encouraged to grant a child’s wish by purchasing and donating gifts on their wish lists.

### TOYS FOR TOTS DRIVE

New York corporate office associates helped spread holiday cheer across the city by partnering with Toys for Tots to provide holiday gifts to disadvantaged children and youth in the local community. Associates in each U.S. corporate office location purchased new and unwrapped gifts for donation to the organization.

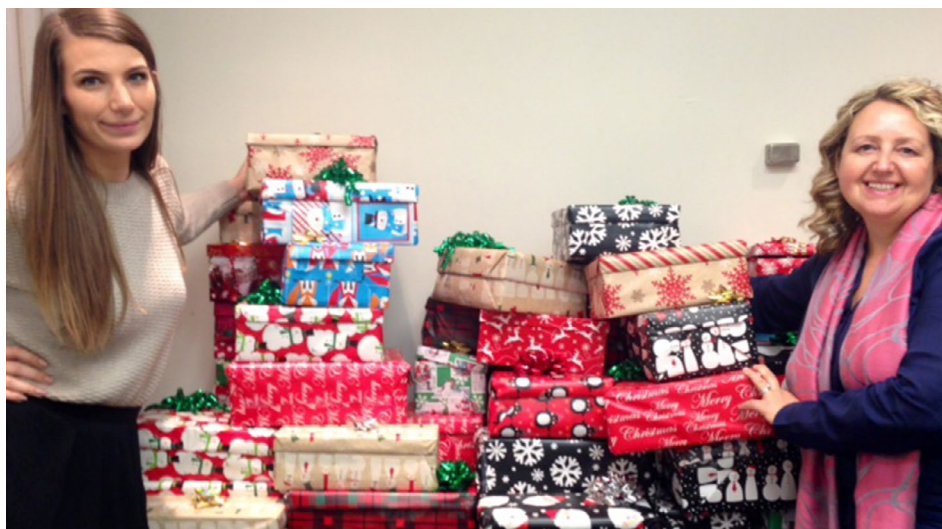




## CORPORATE OFFICE INITIATIVES *continued*

*“A gift from The Shoebox Project helps to boost self-confidence and reduce social isolation, and it’s an important reminder for a woman living in poverty that despite her circumstances, she remains a valued and respected member of her community. This year, because of the overwhelming generosity of countless Canadians, over 23,500 women across 123 communities received a unique and thoughtful gift for the holidays. For many women, this was the first gift they had ever received.”*

– Lesley Hendry, Executive Director,  
The Shoebox Project for Shelters, Supported by Dream



### NEW YORK CARES WINTER COAT DRIVE

Associates at the Saks corporate office in New York were excited to partner with New York Cares throughout the month of December to help some of the city’s most vulnerable residents stay warm. Donation boxes were placed at the doors of each floor of the building and associates were encouraged to donate new or gently used winter coats to benefit someone in need. Through the generous donations of associates at HBC and other organizations in the building, 100,000 coats were collected and distributed through New York Cares.

### THE SHOEBOX PROJECT

The Brampton corporate office rallied together to give back and support women in need through The Shoebox Project. Associates created special shoeboxes filled with small gifts for women at YWCA Women’s Shelter in Toronto. Fifty shoeboxes were created and delivered to a local women’s shelter.

**OVER 23,500**  
WOMEN ACROSS 123  
COMMUNITIES RECEIVED A  
UNIQUE AND THOUGHTFUL  
GIFT FOR THE HOLIDAYS





As part of the world's largest corporate sustainability initiative – the UN Global Compact – HBC and its banners work hard to integrate sustainable environmental processes into all aspects of our business, both at home and worldwide.

## *CONTRIBUTING* TO A SUSTAINABLE **ENVIRONMENT**



## WASTE DIVERSION

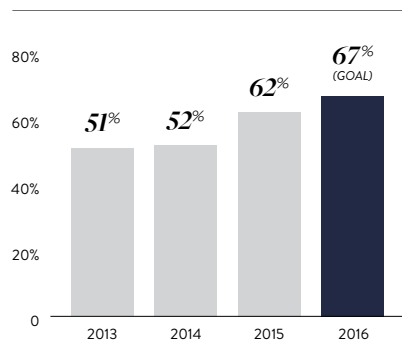
HBC believes in active environmental stewardship to sustain our planet for generations to come. Environmental initiatives are integrated into regular business processes and we support the three environmental principles articulated in the UN Global Compact: businesses should support a precautionary approach to environmental challenges (principle 7), undertake initiatives to promote greater environmental responsibility (principle 8), and encourage the development and diffusion of environmentally friendly technologies (principle 9). We are expanding our programs in the areas where we have the greatest impact – namely, waste, water consumption, energy efficiency and greenhouse gas (GHG) emissions. We set reduction targets for waste diversion and GHG emissions, and track performance against them.

Diverting waste from landfill is a priority at all stores, offices and distribution centres (DCs). HBC achieved a 62% diversion rate in 2015, which was 10% better than the previous year, thanks to the sustained

efforts of our people and a strong emphasis on education and communication.

As well, it was our first full year working with a single waste and recycling partner for all banners in Canada and the U.S. We believe that this helped us improve performance through better data analytics and new diversion practices that were introduced to staff at all levels. Our 2016 goal is to increase our diversion rate by 5%.

*\* HBC's diversion rate is based on combined data from Hudson's Bay, Lord & Taylor, Home Outfitters, Saks Fifth Avenue and Saks Fifth Avenue OFF 5TH, as reported by our third-party vendor GreenSpace Waste Solutions.*



In 2015, we created a uniform recycling program and invested in additional equipment to ensure that all DCs have the tools to be successful. We also increased the number of backhauls from stores – more trucks are hauling waste material (such as cardboard and plastic wrap) back to the DC for recycling.

HBC introduced organics recycling in Western Canada. We conducted an audit of store-generated waste, which led to changes in the pick-up frequencies for all waste and recycling streams.

### DIVERSION IMPROVEMENTS OVER 2014

Overall increase in recycling of 1,407 MT or 16.4%

Decrease in waste sent to landfill of 943 MT or 12.2%

Increase in amount of organic recycling by 142 MT or 1,047.7%

Increase in amount of plastic recycling (including hangers) by 215 MT or 33.7%

Increase in amount of cardboard recycling by 994 MT or 19.92%

HBC SAVED THE EQUIVALENT OF  
**4,562 m<sup>3</sup> OF  
LANDFILL  
SPACE**  
AND 4,390,188 kWh  
OF ENERGY THROUGH  
PLASTICS RECYCLING IN 2015

OUR CARDBOARD  
RECYCLING EFFORTS SAVED  
THE EQUIVALENT OF  
**132,737 TREES  
AND 2,061,323  
LITRES OF WATER**



## GREENHOUSE GAS EMISSIONS

**HBC is working toward a goal of reducing company-wide absolute GHG emissions by 10% by 2020, using a 2014 baseline. Our GHG emissions total for 2015 was 195,475 tonnes of CO<sub>2</sub>e, which was down 2% from the previous year. In 2016, we aim to lower our overall energy usage by 5 to 10%.**

Greenhouse gases are atmospheric gases that contribute to the greenhouse effect by absorbing infrared radiation produced by the solar warming of the earth's surface. These gases are produced during the use of energy in our day-to-day operations and include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (NO<sub>2</sub>) and water vapour. To understand and manage our environmental footprint, we track our greenhouse gas emissions, water consumption and fuel efficiency using 2014 as our baseline year to track year-over-year progress.

HBC reports its emissions from direct (Scope 1) energy use, indirect (Scope 2) energy use and biogenic carbon dioxide in accordance with the GHG Protocol and ISO14064. Direct emissions arise from sources owned or controlled by HBC, such as fuel-burning equipment (which uses natural gas or propane) in stores or our owned trucking fleet. Indirect emissions are associated with power that HBC has purchased and consumed, such as electricity, steam and chilled water.

Our third-party energy consultant, Schneider Electric, prepared our 2015 GHG Emissions Report, for water consumption and fuel efficiency. We use this report to ensure that we are continually evaluating opportunities to reduce the environmental footprint of our physical operations.

Our overall natural gas usage was down approximately 10% over the 2014 level, despite the doubling (109%) of Saks' consumption. Possible reasons for the Saks increase include a rise in the number of Saks sites and corresponding usage, and under-reporting in previous years. Additionally, natural gas data was provided for two DCs, which likely contributed to the increased usage.

Water consumption increased by 49%, based on the data received. Waste was not included in the 2015 inventory, but was included last year as an additional service in Carbon Disclosure Project reporting.

### GHG EMISSIONS (TONNES CO<sub>2</sub>e)

2013	2014	2015
136,872	200,241	195,475

*2013 values are taken from HBC's Greenhouse Gas (GHG) Emissions, Water Consumption and Fuel Efficiency report, published February 13, 2014, with the exception of steam and chilled water, whose emission factors were updated. HBC set 2014 as a new baseline year due to portfolio changes – namely, the closing of Zellers and integrating of Saks banners in 2013 as well as updates to reporting methodology.*

### SCOPES 1 AND 2 GHG EMISSIONS (TONNES CO<sub>2</sub>e)

SCOPE	SOURCE NAME	2013	2014	2015
	Inventory Total (Scopes 1 + 2)	136,872	200,241	195,475
1	Scope 1 total	36,117	31,057	28,620
2	Scope 2 total	115,125	169,184	166,855





## ASSOCIATE PROGRAMS



### CARPPOOLING

HBC encourages year-round commuting options to help reduce our collective impact on the environment while supporting our mission to become a greener company. We have been an enthusiastic member of Smart Commute since 2008, participating in annual events such as Carpool Week, Smart Commute Week and Bike to Work Day, and we have implemented reserved parking spaces for carpoolers. Smart Commute encourages people to try out smart travel options such as walking, cycling, public transit, carpooling and teleworking. We have conducted a number of surveys to track associate commuting and measure the impact of the Smart Commute program. In 2015, it helped HBC associates eliminate 10,321 trips, avoid approximately 106,400 kilograms of GHG emissions and save more than \$278,000 in commuting costs.

### TTC METROPASS DISCOUNT PROGRAM

We offer subsidized transit passes through the Toronto Transit Commission (TTC) at one of our distribution centres, two home offices and five store locations in the Greater Toronto Area (GTA) to encourage public transit use. Associates save the equivalent of one month of free travel for every 10 months. In 2015, nearly 800 associates purchased metropasses each month through the program.

IN 2015, SMART COMMUTE  
HELPED HBC ASSOCIATES  
ELIMINATE

**10,321 TRIPS,**  
AVOID APPROXIMATELY  
**106,400 kg**  
OF GHG EMISSIONS AND  
SAVE MORE THAN  
**\$278,000**  
IN COMMUTING COSTS





# SOURCING ETHICALLY

HBC sources products from around the world and we believe that our responsibility to the people making these goods extends beyond basic due diligence. In 2015, we shifted our focus toward capacity-building initiatives that can create substantial positive change for our partners throughout our supply chain.





## HBC SOCIAL COMPLIANCE PROGRAM SUMMARY



**In 2015, HBC conducted 1,089 audits in 51 countries, with the majority of factories being located in China, Italy, India, Vietnam and Portugal. Our social compliance program extends to all private label and branded import vendors.**

For factories in medium- to high-risk countries, as determined by a country's adherence to best labour and human-rights practices, we require the factory to participate in an audit, either through our nominated agency, Intertek Testing Services, or our overseas agent, Li & Fung Ltd. In addition, factories may submit a third-party audit report by one of the following accredited organizations or standards:

1. Social Accountability International (SA8000)
2. Fair Labor Association (FLA)
3. Worldwide Responsible Accredited Production (WRAP)
4. International Council of Toy Industries (ICTI)
5. Business Social Compliance Initiative (BSCI)
6. Supplier Ethical Data Exchange (SEDEX)
7. Initiative Clause Social (ICS)
8. ITS Workplace Compliance Assessment (WCA)
9. Better Work





## HBC SOCIAL COMPLIANCE PROGRAM SUMMARY *continued*



**A third-party report is accepted if the audit has been undertaken within the last 12 months and the factory has received a passable grade. In 2015, the number of acceptable alternate audit reports that were submitted to HBC increased. Additionally, branded vendors who have a strong internal social compliance program that adheres to the standards set out in HBC's Supplier Code of Conduct are allowed to submit substitute documentation. We have defined branded vendors as those vendors who produce goods or merchandise under their own brand name and not for an HBC private label or product line.**

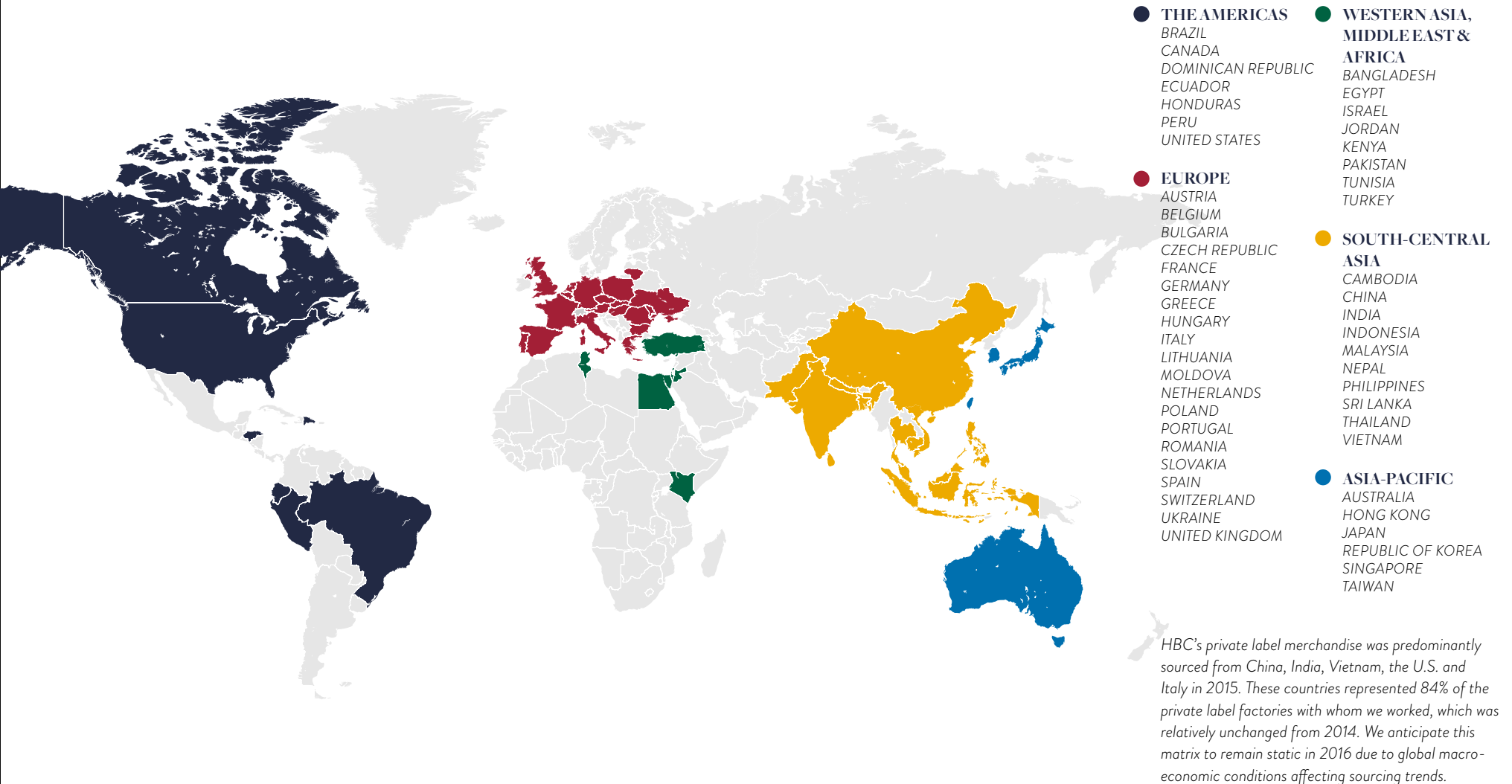
We strongly believe that factories that adhere to a standard set of best practices are able to allocate more resources toward building production capacities, investing in innovation and maximizing their operational efficiencies. These factories are better suited to meet HBC's needs and become long-term strategic partners.

As HBC continues to grow, our supply chain has become more complex. Our focus throughout 2015 and going forward is on building strong, collaborative, long-term relationships.

We measure the impact of our social compliance program against six of the United Nation's Sustainable Development goals: end poverty in all its forms everywhere; end hunger, achieve food security and improved nutrition and promote sustainable agriculture; ensure healthy lives and promote well-being for all at all ages; achieve gender equality and empower all women and girls; promote inclusive and sustainable economic growth, full and productive employment and decent work for all; and ensure sustainable consumption and production patterns. Each year, we review our impact in each of these areas and identify opportunities to improve.



## WHERE WE SOURCE





## 2015 FACTORY AUDIT RESULTS

**The number of factories audited increased from 433 in 2014 to 1,041 in 2015 due to a combination of factors, but primarily the following: (a) HBC started auditing branded import vendors; (b) the continued expansion of Saks OFF 5TH in the U.S.; and (c) the onboarding of Saks Fifth Avenue Canada and Saks OFF 5TH Canada vendors.**

Audits were conducted in 51 countries with over 200 vendors being setup and approved for Saks Canada alone.

The performance of our private label factories has remained relatively unchanged year over year. While we recognize that our supply chain has become more complex due to our growth, we firmly believe that it is our responsibility to maximize the positive impact of our global footprint and thus are committed to improving our private label factory performance. In 2016, we

want to move a significant majority of our factories from “subject to improvement” to “approved for production” status.

To achieve this goal, we will continue to work closely with our business partners (including our overseas agent Li & Fung, our vendors, NGOs and other key stakeholders) to make meaningful, positive contributions to the well-being and quality of life of factory workers. Through continued engagement, capacity building and training programs, we believe we will see marked improvements in factory performance over the next year.

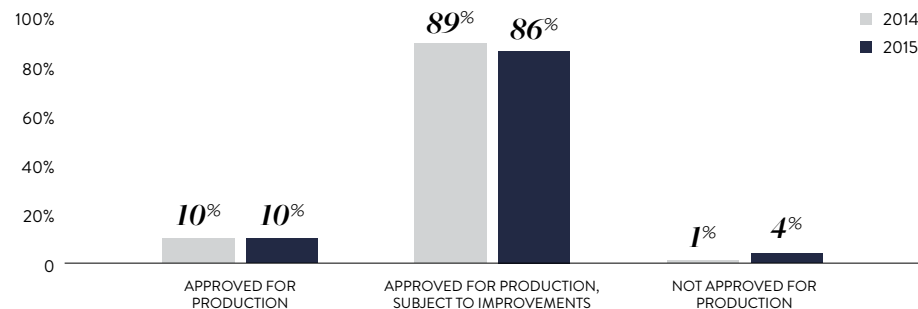
We also recognize the critical role we must play in raising awareness and educating our merchants and vendors around best practices. For example, we believe that raising our merchants’ awareness about the link between late purchase order placement and excessive overtime factory hours can help decrease this occurrence.

We believe our efforts on multiple fronts will enable us to meet our 2016 targets, which are to have at least 25% of factories “approved for production”, 75% of factories “subject to improvement” and zero factories not approved for production.

OVERALL, THE MAIN FACTORY  
ISSUES HAVE REMAINED  
**RELATIVELY  
UNCHANGED**  
OVER THE LAST THREE YEARS

*Note: Recent table content was incorporated into the 2015 factory audit results section. Because the number of audits conducted was so much higher in 2015 than in 2013, inclusion of 2013 results was not very helpful and was removed.*

### AUDIT GRADES



### TOP ISSUES

#### Hardlines (home)

- Social benefits below local law
- Inadequate or lack of fire and/or building construction certifications
- Inadequate or malfunctioning emergency exits
- Lack or misuse of personal protective equipment

#### Softlines (apparel)

- Inadequate or malfunctioning emergency exits
- Working over 60 hours per week
- Social benefits below local law
- Lack or misuse of personal protective equipment
- Employment terms





## CAPACITY BUILDING INITIATIVE



*“This type of training is exactly what we wanted. We are in the process of setting up an extension to our current operations and now we have a guidebook in place and a checklist ready with exact expectations from our customers.”*

– Manager, Training & Compliance, China

**Building on the impact of an earlier initiative, Li & Fung, our overseas agent, introduced a full-scale pilot program in 2015 aimed at helping factories achieve sustainable compliance and minimize audit fatigue.**

In 2014, 61 HBC factories participated in a series of training sessions, led by Li & Fung, aimed at helping improve the health and safety conditions in factories that were consistently missing expectations and were being repeatedly re-audited without any marked sign of improvement. As no universally accepted process for undertaking, measuring and issuing audit grades exists, factories can be audited numerous times within a short time span by different retailers without sufficient time to make meaningful remediation and progress. By building worker skills and identifying the underlying root causes of issues through the new pilot program, Li & Fung anticipates minimizing the number of required audits and helping factories focus their resources on long-term solutions built on internationally recognized standards, such as the International Labour Organization and the UN Convention on Human Rights.

Li & Fung’s four-tier capacity-building program enrolled three factories employed by HBC in China and India. One of our participating private label home factories, located in Gujarat, India, participated in a three-day program in December 2015. The first day of the program focused on identifying key champions for compliance within the 1,940-person facility and completing a pre-screening assessment. On the second day, champions were trained in the areas of labour (working age, benefits, wages and hours), health and safety (fire safety management, PPE and proper factory signage), and environmental protection.

While post-pilot impact assessments will be conducted in mid-2016, initial feedback from the factory has been encouraging and indicates that the training has given factory workers the tools and resources to meet increasing production demand.



## MERCHANT TRAINING ACROSS OUR BANNERS



**A key pillar in maintaining a strong vendor base is ensuring our buyers understand and support HBC's social compliance program. In 2015, through continued merchant training, we were able to help our merchants secure early social compliance buy-in from their vendors.**

For example, as we prepared for the expansion of Saks into Canada, we hosted merchant training sessions for Saks OFF 5TH buyers to ensure merchants understood the specific social compliance and quality assurance requirements for private label and branded offshore import vendors. The sessions stressed the importance of starting social compliance conversations early in order to secure vendor buy-in, provide adequate time for social compliance audits to be undertaken and minimize costly order delays.

Throughout 2016, we will hold more training sessions, one-on-one discussions and meetings to ensure our merchants keep best sourcing practices top of mind when engaging their vendors.

**A KEY PILLAR IN MAINTAINING  
A STRONG VENDOR BASE IS  
ENSURING OUR BUYERS  
UNDERSTAND  
AND SUPPORT  
HBC'S SOCIAL COMPLIANCE  
PROGRAM**



## STRENGTHENING SUPPLIER RELATIONSHIPS

**In 2015, we continued to strengthen our supply chain partnerships by strategically consolidating our vendor base. A cross-functional team, comprising Sourcing, Quality Assurance, Social Compliance, and Product Design and Development measured each vendor and factory against set performance criteria. Criteria included social compliance rating, capacity for on-time delivery, planned business growth, commitment to environmental performance and quality assurance.**

Our belief is that factories with strong social compliance are able to deliver on quality and cost and are better positioned to be long-term strategic partners for HBC. By consolidating our vendor base, not only are we helping factories plan their production cycles according to demand, but we are also better able to ensure these

factories remain socially compliant and competitive as our needs evolve to meet changing market trends.

We are happy to report that we are seeing an increase in sustainability and environmental mandates from our strategic vendors – from using bio-based, non-toxic materials in their production process to manufacturing energy-saving LED goods across their product lines and implementing wind energy turbines at their facilities. This shift is a clear indication to us of changing priorities and increased awareness within the industry.



### SPOTLIGHT: SHARADHA TERRY PRODUCTS

Sharadha Terry Products, which has produced luxury bath towels since 1992, has made a strong commitment to operating in a socially responsible manner and is a strategic partner to HBC. The vendor's ambitious commitment to employee and community development and environmental conservation has positioned it as an important exporter in India. For example, Sharadha has installed state-of-the-art waste water treatment plants that eliminate harmful discharges into the water supply and has made significant efforts in rethinking and redesigning its product material, production and packaging in order to produce less waste, save water and reduce energy consumption. In addition to its environmental efforts, Sharadha invests in its workers – the facility provides group medical insurance to each of its employees and free education for workers' children.





## EMPOWERED FEMALE FACTORY WORKERS

In April 2015, we received the final impact assessment from the 12-month female empowerment program that we sponsored with BSR HERHealth. The program aimed to improve the well-being of 245 female workers in a Guangdong, China, factory through a series of training sessions on reproductive health and hygiene.

The final impact assessment concluded that the program contributed to:

### **Increased awareness of pre-natal and**

**maternal health care:** 56% of female workers were able to correctly identify various pregnancy abnormalities, a 46% improvement from the baseline.

### **Increased attention to overall health:**

91% of female workers reported that they sought medical help from health care service providers during HERproject implementation, which was 74% higher than the baseline data.

### **Improved worker-management relations**

**and job satisfaction:** 93% of workers agreed that their relationships with their managers had improved.

**Empowered female workers:** 89% of female workers believed that they were equipped with better problem-solving skills and 96% felt more empowered to make decisions about their education.

In the six months following the program's end, the factory reported reduced absenteeism, increased attendance and decreased turnover when compared year over year. We firmly believe that empowering female workers is key to long-term, sustained success throughout our supply chain.

## 89% OF FEMALE WORKERS

BELIEVED THEY WERE MORE CAPABLE OF ACHIEVING THEIR PRODUCTION TARGETS ON TIME AFTER PARTICIPATING IN THE FEMALE EMPOWERMENT PROGRAM





## ALLIANCE FOR BANGLADESH WORKER SAFETY



**HBC has remained a committed and active member in the Alliance for Bangladesh Worker Safety. To date, 13 factories utilized by HBC have undergone initial inspections and are in the process of remediation.**

The Alliance is committed to providing training to workers and management in fire safety awareness and best practices so that everyone in the factory is equipped with basic fire safety knowledge and skills. The Alliance Basic Fire Safety Training program is implemented through a train-the-trainer approach. Factory training representatives are trained by nominated third-party trainers. An in-factory training action plan is developed and factories submit weekly progress reports to the Alliance. Spot checks occur to ensure that training is being completed as planned. Part of the training is focused on security guard training. In 2015, all but one of our factories underwent security guard training.

While progress has been made in fire safety and structural remediation, challenges remain. The lack of technical expertise available in Bangladesh, including structural and electrical engineers, and the high costs associated with remediating many of the outstanding issues have been major factors in delays.

Despite these setbacks, seven factories utilized by HBC advanced to the third of four training phases. We are looking forward to the possibility of having these factories undergo final inspections in 2016. Of the factories still in phase two, we have been working closely with our vendors to ensure that remediation activities are prioritized in the coming year.

**13 FACTORIES**  
UTILIZED BY HBC HAVE  
UNDERGONE INITIAL  
INSPECTIONS AND ARE IN THE  
PROCESS OF REMEDIATION



## BUSINESS SOCIAL COMPLIANCE INITIATIVE



**HBC became the first North American retailer to join the Business Social Compliance Initiative (BSCI), to begin in 2016. BSCI is a European-based initiative committed to improving working conditions in the global supply chain.**

By holding all participants to the same standards, BSCI helps create consistency across the social compliance process. Through its RSP (Responsibility) model, BSCI encourages cross-collaboration between retailers, vendors, factory workers and other key stakeholders. BSCI participants can share the responsibility of helping their factories move toward social compliance and best practices. Throughout 2016, we will work closely with our network to ensure we are providing the necessary tools to help our factories maximize their production potential and worker development.

### HBC CULTURAL VALUES

In 2015, HBC launched newly defined cultural values and behaviours. We continue to be dedicated to promoting a culture of collaboration and providing unique development opportunities that align with our values and beliefs. As the Company continues to grow, it is essential that everyone be aligned around a common cultural framework: a set of core beliefs that each HBC associate lives by and supports, regardless of role, responsibility or location.





## *ENGAGING* OUR PEOPLE

Throughout our history, our people have made HBC successful, which is why engaging our associates is a top priority for the Company. From leadership development courses to wellness programs, we motivate our associates to succeed by arming them with resources and tools to flourish in their careers.





## PROFESSIONAL DEVELOPMENT

**HBC offers its associates a variety of ways to develop their skills and grow in their careers. Through HBC University, associates participate in instructor-led in-class training sessions or virtual classroom tutorials. Online courses have the greatest reach, providing associates with access to courses and tutorials aimed at enhancing abilities in areas such as product knowledge, system training, personal development and business strategy.**

Internships are an integral part of HBC. Each banner offers an opportunity to learn more about different functions, such as Merchandising, Digital, Store Operations, Supply Chain & Logistics, Finance, Marketing, Human Resources and more. In 2015, more than 120 students participated in the internship program, with many returning for full-time opportunities upon graduation.

We have a number of high-quality leadership and executive development programs:

**Leadership Journey:** We launched this multi-tiered development program in 2015 to give associates the opportunity to network and develop their skill set. The program was built on the foundation of our values and “Winning Ways” behaviours.

### **Executive Development Programs:**

Structured executive development programs are offered at several banners in Canada and the U.S., enabling new graduates to start their careers at HBC. With a focus in merchandising or store operations, participants learn about the business while developing critical leadership skills and business acumen.

### **Saks Fifth Avenue Executive Excellence**

**Program:** This is a 12-week program designed to provide participants with a foundation in buying and planning. Participants are involved in classroom training focused on developing their leadership and business skills as well as learning on the job from a designated coach and mentor, and gaining exposure to senior leaders within the organization.

### **Hudson’s Bay and Lord & Taylor Executive Training Programs:**

This program has two tracks – the Store Operations Executive Training Program provides participants working toward the position of department store general manager the opportunity to learn the fundamentals of driving store profitability, and the Merchandising Executive Trainee Program is geared toward individuals interested in the position of buyer or planner. Each program is taught by instructors who ensure participants have a combination of classroom instruction and on-the-job experience.

### **Store Leadership Development Program:**

This is a tiered program aligned to our Winning Ways behaviours. Store participants are provided instructor-led training as well as developmental experiences to prepare them for the next level in their careers. Participants come from across the HBC enterprise, which provides them with insights and perspectives from outside their respective banners.

IN 2015, MORE THAN

**120 STUDENTS**

PARTICIPATED IN THE  
INTERNSHIP PROGRAM, WITH  
MANY RETURNING FOR FULL-  
TIME OPPORTUNITIES UPON  
GRADUATION



## HEALTH AND SAFETY

**We believe that all injuries are preventable. HBC strives to provide a safe working and shopping environment through hazard recognition, assessment and control; regular communication; active associate involvement; continuous improvement of systems, procedures and training; and immediate reaction to incidents. Our vision of zero injuries is based on the premise that safety in the workplace is the joint responsibility of the Company, management, associates and business partners.**

Our four defining objectives are as follows:

**Prevent all injuries:** We take care to prevent incidents and require all HBC associates to report any injuries, near misses or hazards while working.

**Promote the early and safe return to work program:** This program is intended to help injured associates by promoting recovery while allowing them to keep their work routine and income consistent. Early return to work reduces recovery time and helps maintain associate engagement.

**Keep up to date on health and safety acts, regulations and standards:** Through our yearly system review, we continually improve programs and practices to comply with regulatory requirements.

**Contribute to positive cash flow:** One of the many benefits of good safety performance is reduced costs related to workplace injuries. We strive to achieve the lower workers' compensation insurance premiums that come with fewer injuries. Furthermore, in Canada, we continue to pursue incentive programs, including The Workers' Compensation Board of Alberta's Partners in Injury Reduction and Ontario's Workplace Safety and Insurance Board's Safety Groups program.

In Canada, the number of safety incidents increased in 2015 compared to 2014. Despite our efforts to eliminate or control hazards, the total number of claims rose by 27%, lost-time claims increased by 40% and days lost grew by 62%.

In the U.S., we continue to focus on accident prevention and awareness. Our monthly safety newsletter provides

important information and helpful tips to associates in maintaining safe working and shopping environments. We have started to enjoy the benefits of a single third-party administrator, which allows us to analyze the root causes of accidents and make necessary recommendations across banners. The corporate and store-level Accident Prevention team has expanded its role to include store safety audits, active participation on health and safety committees, and proactive safety awareness with associates.

Two additional programs have been instituted in the U.S. to further improve associate awareness. A new associate awareness program, implemented by Asset Protection (#MakItPossible) has a risk/safety section that includes a smartphone application (app). The app provides links to helpful safety-related information and allows associates to report unsafe conditions, which can lead to associate awards points and monetary awards. The second program focuses accountability at the local level, by creating a profit and loss chargeback to a location for each accident claim incurred. The program makes local teams more directly invested in safety programs and accident prevention at their locations and has already seen success in many of our stores.

### HEALTH & SAFETY COMMITTEE

Each HBC location has a functioning Health & Safety Committee that meets regularly, completes a monthly inspection of its workplace and provides safety recommendations to the management team.

With support from the Human Resources team, the corporate Health & Safety Committee offers the following complimentary programs to associates: first-aid certification, fire safety training, workplace violence prevention and disaster prevention.

IN CANADA,  
OUR LOGISTICS NETWORK  
**ACHIEVED  
RECORD-SETTING  
SAFETY**  
PERFORMANCE IN 2015,  
AND ALL FOUR DISTRIBUTION  
CENTRES HAD NO LOST-TIME  
INJURIES





## WELLNESS PROGRAMS



### DOGS AT WORK

In 2015, HBC's Canadian corporate offices were selected to test pilot "D@WG" (Dogs at Work Group) programs. The launch day welcomed more than 100 furry friends to our offices. The pilot was a great success and we have since instituted a program that lets associates bring their dogs to work on the last Friday of every month.

### SECRET SANTA

While building strong local communities, we placed particular emphasis on our own HBC family this past holiday season. In December, we introduced a "Secret Santa" initiative to help Canadian associates who were facing difficulties. Associates were able to nominate themselves or their colleagues as candidates who could benefit from a helping hand. HBC was able to assist 143 associates with monetary donations, with a collective value of \$23,400.



## ABOUT THIS REPORT

In defining the content of this report, we referred to the principles of the Global Reporting Initiative (GRI) to ensure a focused and thoughtful approach.

We have limited the scope of this report to Hudson's Bay Company's five North American banners: Hudson's Bay, Home Outfitters, Lord & Taylor, Saks Fifth Avenue and Saks Fifth Avenue OFF 5TH. HBC's European banners, GALERIA Kaufhof, Galeria Inno and Sportarena, have been excluded from this report.

### REPORTING PERIOD: JANUARY 1 TO DECEMBER 31, 2015

**Date of last report:** June 2015 Reporting cycle – annual

**Contact for questions regarding corporate social responsibility:**  
hbc.communications@hbc.com

### SCOPE OF OPERATIONS:

#### NUMBER OF STORES

90

HUDSON'S BAY

50

LORD & TAYLOR

61

HOME OUTFITTERS

38

SAKS FIFTH AVENUE

90

SAKS FIFTH AVENUE OFF 5TH

In Canada, we operate banner stores in six provinces: Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan.

In the United States, we operate stores in 29 states.

### REPORT CONTENT

We report on the four areas of our operations that have a substantial impact on our internal and external stakeholders:

- I. Investing in Our Community
- II. Contributing to a Sustainable Environment
- III. Sourcing Ethically
- IV. Engaging Our People

No trees were harmed in the production of this report. In line with our commitment to the environment, the 2015 CSR Report is available exclusively online on our corporate website at [hbc.com](http://hbc.com).

SECTION	PAGE	MEASUREMENT
Corporate Overview	5	Number of HBC stores in each banner by province/state
	5	Number of HBC associates
Investing in Our Community	9	HBC Foundation donations
	15	Lord & Taylor donations
	17	Saks donations
Contributing to a Sustainable Environment	22	Waste-diversion rates
	23	GHG emissions
Sourcing Ethically	28	Countries where HBC sources
	29	Supplier audit results
	29	Top issues

**In 2015, HBC associates gave generously to the HBC Foundation, contributing \$27,651 through our Associate Giving Program for a variety of community causes. We applaud and thank them for their generosity.**

Brandon Ashcroft  
Cynthia Askeland  
Elizabeth Ayres  
Musarrat Bajwa  
Alexia Bakogiannis  
Bev Ballentine  
Samantha Banyard  
Tuula Baxter  
Chantal Beaumier  
Phyllis Beckford  
Carmen Bennett  
Karen Benzaquen  
Desiree Blackmore  
Susan Blanchard  
Emm-Jay Bofill  
Joanne Boland  
Laila Bolek  
Annette Bondy  
Veronike Bouchard  
Tiffany Bourré  
Guillaume Bousquet  
Rupinder Brar  
Sandra Brassington  
Jane Brown  
Kevin Brownrigg  
Theresa Bucci  
Tessa Campbell  
Monica Caringi  
Lyndsay Casey  
Seunghyun Cha  
Claude Chagnon  
Elizabeth Chambers  
Amy Chan  
Pauline Chan  
En Hua Chang

Amy Charette  
Hilda Charpentier  
Maurice Chelli  
Simone Chibani  
Marjorie Connor  
Raelene Coss  
Sarah Cotton-Boulais  
Lorraine Coupland  
Louise Cuillierier  
Eulalia Da Costa  
Maria Luisa Dacasin  
Noreta Daculan  
Meera Dail  
Maria Dasilva  
Nina David  
Kim Davison  
Maureen Davson  
Carol Dawes  
Tom De La Fosse  
Sanda Dekic  
Diane Delano  
Patti Dell  
Alhousseyni Diallo  
Julia Dilena  
Stefanie Ditommaso  
Genevieve Dominique  
Roch Dubreuil  
Michael Duplessis  
Sandrine Dupouts  
Sima Eghbal  
Colleen Ellarby  
Jessica Ellsworth  
Ossama Elmazini  
Yasmin Eltantawy  
Lisa Falkingham

Jayden Falola  
Melanie Fennema  
Crisostomo Fernandez  
David Figenshaw  
Joanne Figueroa  
Darren Fisher  
Kevin Flores Morales  
Ida Fontana  
Natalie Forgeron  
Lucie Forte  
Amine Fouari  
Diana French  
Victor Fu  
Shane Fukala  
Sonja Gallagher  
Meghan Gervais  
Karen Gill  
Tejinder Gill  
Felicia Gopi  
Johanne Gougeon  
Susan Grant  
Sheila Green  
Lily Wong Guenther  
Rita Gunn  
Michael Gustafson  
Tsewang Gyalpo  
Shakeeba Haidari  
Hala Halabiya  
Carol Hammond  
Hiranthi  
Hapuarachchilage  
Dana Hasbini  
Sabrina Hazel  
Georgina Hemmerling  
Jill Hendry

Julie Hluchaniuk  
Liane Howieson  
Melina Huang  
Christopher Humby  
Parmjit Hundal  
Asif Husain  
Sara Jankovic  
Laurie Jardine  
Zofia Jasniak  
Heather Jensen  
Jennifer Johnston  
Janice Jones-O'Neill  
Alice Joseph  
Jayshree Joshi  
Isabel Kalaycioglu  
Hemani Kamdar  
Pinto Kannampally  
Stephanie Karpowicz  
Sharon Kenefick  
Suzette Kervin  
Suleman Khan  
Khorshid Khatir  
Rahena Khatun  
Najoua Khemiri  
Gail King  
Jasett King  
Leslie Klett  
William Knight  
Galyna Konteft  
Kristina Koornneef  
Servonne Ku  
Swastika Kumar  
Nathalie Labbe  
David Labrecque  
Levis Daniel Labrie  
Abderrazak Lakhdar  
Marie Laporte  
Mai Chun Law  
Marie-Josée Leblond  
Stephane Ledoux  
Glen Lee  
Marie-Jeanne Leoni

Amanda Lepiane  
Gail Lesway  
Elsa Li  
Viviana Lourenco  
Janine Lovsin  
Yuchen Luo  
Simon Lysnes  
Dave Macneil  
Ana Maharaj  
Maaz Mahmood  
Jaspreet Mangat  
Asma Marsaoui  
Terry Mathews  
Carolyn Mayea  
Meredith Mcclurg  
Karyn Mcdowall  
Christopher Mejia  
Jasmine Miller  
Louis Mitchell  
Allison Molnar  
Marie Mome  
Paula Morelli  
Anwar Morrison  
Marilyn Mullin  
Amber Murphy  
Anna Ng  
Diamond Nguyen  
Mai Nguyen  
Minh Nguyen  
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