



HUDSON'S BAY  
2020 Sustainability Report





2020 was a year like no other. From the unprecedented challenges and hardships of the global COVID-19 pandemic, to the civil unrest resulting from social injustice in our society and the increasing spotlight on climate change, the past year has had a profound impact on our business, our country and the world.

The year began with the privatization of HBC in March, and its retail businesses – Hudson's Bay, Saks Fifth Avenue, Saks OFF 5TH – became distinct operating companies under the corporate banner. Hudson's Bay started the year with a new vision: to help bring style and quality to life's moments, big and small.

2020 became a reset year for sustainability at Hudson's Bay. This report will serve as a new starting point – distinctly Hudson's Bay – and a benchmark as we think differently about how we go forward.

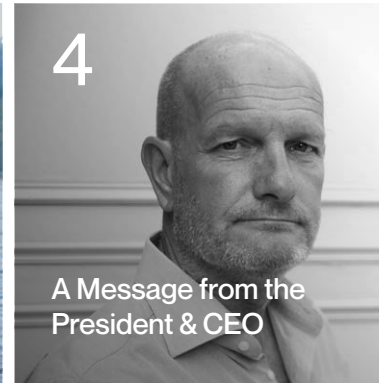
## About This Report

In this report, we present the 2020 sustainability approaches, initiatives and highlights of Hudson's Bay, Canada's iconic multi-category retailer. This is our first stand-alone sustainability report, as we previously reported as part of HBC, our holding company. All financial values are in Canadian dollars, and all performance data refers to the 2020 calendar year, unless otherwise stated. The Hudson's Bay 2020 Sustainability Report is available online on our corporate website at [hbc.com](https://hbc.com) or on [thebay.com](https://thebay.com).



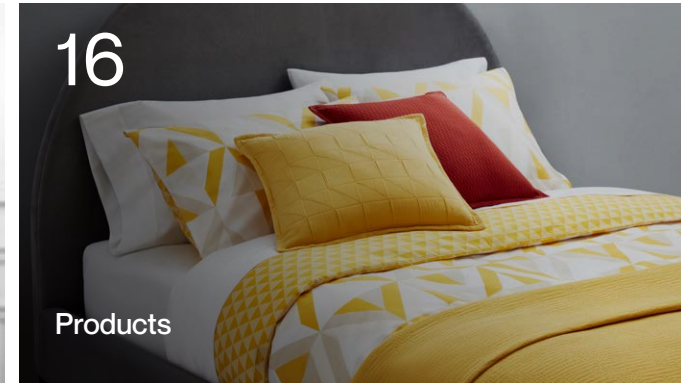
3

About Hudson's Bay



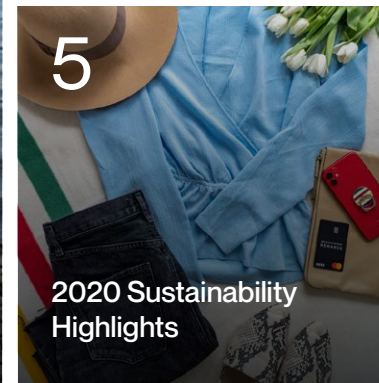
4

A Message from the President & CEO



16

Products



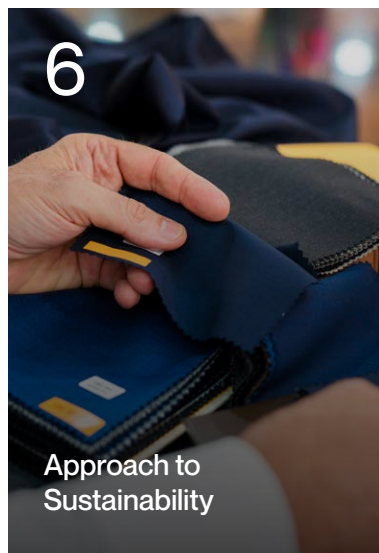
5

2020 Sustainability Highlights



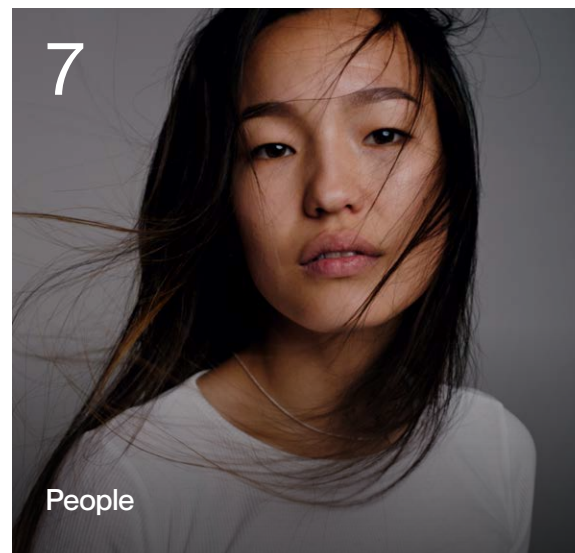
21

Planet



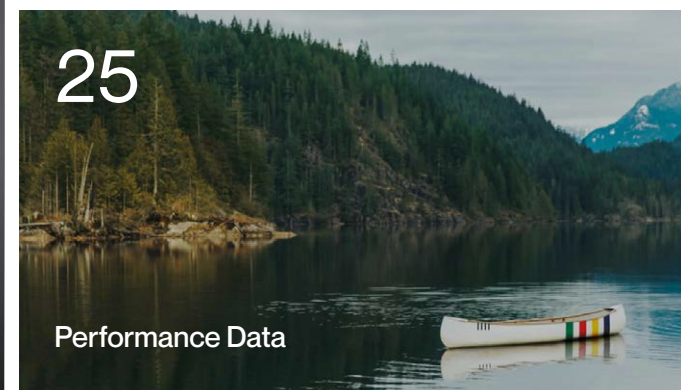
6

Approach to Sustainability



7

People



25

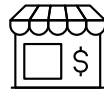
Performance Data



# About Hudson's Bay

Hudson's Bay is a leading digital-first, purpose-driven retailer helping Canadians live their best style of life through a carefully curated assortment of quality products that customers have come to know, love and trust. With [thebay.com](https://thebay.com) at the core of our trading community, we have a coast-to-coast store network where we inspire and delight Canadians with exceptional services and experiences.

Hudson's Bay operates under the HBC brand portfolio, which includes four distinct operating companies: Saks Fifth Avenue, Hudson's Bay, Saks OFF 5TH, and a dedicated real estate and investments business, HBC Properties and Investments. Founded in 1670, HBC is North America's oldest company.



## 88

stores in 7 provinces and territories

4 corporate offices

4 distribution centres



## ~13,000

associates in our stores, distribution centres and corporate offices



## 220M+

visits annually to [thebay.com](https://thebay.com)



## 5.6M

Hudson's Bay Rewards members



## 5th

largest e-commerce business in Canada

## Celebrating and Supporting Canadians' Best Style of Life

Hudson's Bay is a showcase of Canada's true colours. The colours that exist beyond the red and white. The hues of our style, food, homes and communities are what make us so colourful. We are the past, present and future of Canadian retail, featuring an ever-evolving assortment of thoughtful, stylish, exciting and contemporary brands, across categories and price points – all for the purpose of helping Canadians live their best style of life.

Our Canadian-ness shapes our culture and approach to social and environmental responsibility, with an emphasis on togetherness, community, diversity and kindness.





# A Message from the President & CEO

I joined Hudson's Bay in January of 2020 during an incredibly exciting time when the company was gearing up to celebrate its 350th anniversary. From the moment I started visiting stores, speaking to our customers and working with our associates, it was clear that Hudson's Bay holds an indelible connection to Canadians.

While we had big plans for this milestone year – an achievement no other company in North America has attained – things quickly shifted as we, and the rest of the world, faced overwhelming challenges brought on by the unforeseen circumstances of the COVID-19 pandemic. The year also brought the catalytic events that rose from blatant and willful acts of hate against Black, Indigenous and People of Colour (BIPOC) communities, which too have changed the world and how we do business at Hudson's Bay.

As Canada's oldest company, we work to represent, serve and support all Canadians. In 2020, we had to be more nimble than ever before, and evolve our strategies to best support our associates, customers and communities – all facing hardship. On March 17, our entire fleet of stores closed temporarily.

We accelerated our digital business strategy to provide Canadians with the products and services they needed most during this time. And we advocated for retailers, both big and small, to protect the livelihoods of thousands of retail workers and businesses who continued to feel the devastating impacts the year had on the sector. I am proud to say that Hudson's Bay Foundation and our business worked quickly to provide more than \$1 million in monetary and in-kind support to organizations facing an increase in need for services across Canadian communities, from rapid response housing support, to food banks and Kids Help Phone.

In 2020, a spotlight on social injustice and systemic racism that permeates our society changed the way we do business. We are rebuilding our Diversity, Equity and Inclusion (DE&I) roadmap to set the goals, commitments and actions we will take to advance equity, diversity and inclusion within our organization, from our leadership and recruitment, to the products we sell, the vendors we work with, the charities we support and the content we create. This critical work will continue into 2021 and beyond.

We also took meaningful steps to strengthen our supply chain and reduce our environmental footprint, from our mandatory Social Compliance Program, to more sustainable products and packaging in our assortment, limiting environmental impact through waste diversion, GHG emissions initiatives, and more.

While 2020 was a year of challenge, I am extremely proud of the resiliency of our team and the work they accomplished. As a purpose-led retailer, we remain steadfast in our commitment to uphold the highest degree of corporate citizenship. We are more focused than ever on taking meaningful action to support our associates and customers, protect our planet, and build a stronger and more equitable future together.

**Iain Nairn**  
President & CEO, Hudson's Bay



As Canada's oldest company, we work to represent, serve and support all Canadians. In 2020, we had to be more nimble than ever before, and evolve our strategies to best support our associates, customers and communities – all facing hardship.



# 2020 Sustainability Highlights



## 66,650 hrs

Associates completed 66,650 hours of e-learning



## 4

new employee resource groups created



## 82

government agency inspections of our stores and distribution centres with no shutdowns, stop work orders or orders to modify our practices



## INLAND

New INLAND partnership showcasing Canadian and BIPOC designers and brands



## 166

Carried 166 brands that had at least one of six sustainable attributes defined in Hudson's Bay's brand sustainability criteria



## \$1.5M

Hudson's Bay Foundation committed \$1.5 million over three years to *womenmind*, the Centre for Addiction and Mental Health (CAMH) program focused on closing the gender gap in mental health for women



## 255

factories audited under our Social Compliance Program



## 18%

reduction in greenhouse gas (GHG) emissions from previous year



## \$2.6M

granted to charities by Hudson's Bay Foundation, Hudson's Bay's registered charitable arm, including \$500,000 donations to Kids Help Phone and Food Banks Canada to support COVID-19 relief





# Approach to Sustainability

We are putting DE&I at the heart of the way we do business. This includes working to reconcile our past and taking meaningful steps to create a more equitable future for all. We're also focused on coming together with Canadians for a more sustainable future, supporting one another, protecting our planet, and promoting ethical and sustainable standards and practices around the world.

## Our Sustainability Pillars

We approach sustainability through the pillars of people, products and planet, with our commitment to DE&I underpinning strategies and activities within each.



### People

Working to represent, serve and support all Canadians

**Focus areas:**

- Customer experience
- Associate experience

Community support is an integral part of how we deliver exceptional associate and customer experiences and is addressed within these sections of our report.



### Products

Promoting social and environmental responsibility in our products and supply chain

**Focus areas:**

- Ethical sourcing
- Sustainable brands



### Planet

Taking meaningful action to protect our planet

**Focus areas:**

- Operational footprint
- Plastics and packaging





# People

We want all Canadians to Live a Colourful Life. This means creating a shopping experience for our customers, and an internal culture for our associates, that represents and celebrates the diverse people and perspectives across the country.





# Our People

We recognize DE&I as a source of strength for Canada and for our business. We all benefit when people feel valued and respected, and can participate fully and meaningfully at work and in society. A strong commitment to DE&I in business ignites creativity, growth and innovation.

We are rebuilding a DE&I strategy aimed at advancing our culture of inclusion and belonging through education and engagement. We created a senior DE&I leadership role and introduced a Diversity & Inclusion Committee, led by our President & CEO, consisting of 11 individuals dedicated to spearheading DE&I efforts in their respective business units.

The focus in 2020 was on listening and learning, through a number of focus groups and open forums, to inform our priorities and focus areas going forward. Leaders were given monthly toolkits to help spark conversations about difficult issues and how to help drive meaningful change within their teams. In our

stores, associates celebrated diversity through cultural awareness engagement activities that inspired action and a more inclusive work environment. Our employee resource groups (ERGs) also gained momentum, with four Hudson's Bay ERGs launching in 2020 and early 2021.

In 2021, we plan to identify DE&I-focused partners to help us collect and analyze more detailed demographic data about our workforce, and develop measurable representation goals and activity metrics. We've also set a target to have all associates participate in Indigenous cultural awareness training by December 2021.

Hudson's Bay Foundation's \$100,000 donation to **Black Health Alliance**, an organization that works to improve the health and well-being of Black communities in Canada, helped set our commitment to DE&I in motion.

*Our associates' and customers' safety and well-being were at the forefront of everything in 2020.*



*Colourful diversity walls engaged and inspired our teams.*







## 2020 E-Learning Totals



15,243

users<sup>1</sup>



239,025

courses completed



56,061

training hours completed

### Hudson's Bay ERGs Launch

Hudson's Bay associates launched four new employee resource groups, which bring individuals together based on common interests, backgrounds or demographic factors:

**ONYX** is dedicated to creating an inclusive environment and safe space for all Black Hudson's Bay associates through educational and volunteer opportunities, networking, cultural events and social gatherings.

**IMPACT** is dedicated to creating a safe space and inclusive community for the BIPOC associate population by promoting cultural awareness and championing growth and development at Hudson's Bay.

**WOMEN@HB** serves as an inclusive community that strives to uplift women and promote equity in the workplace.

**OUT & ABOUT** strives to unite the LGBTQ2IA+ community at Hudson's Bay by promoting values of diversity, inclusiveness, intersectionality and education.

### A Signature Change

Our commitment to fostering a diverse and inclusive environment for associates includes ensuring that individuals of all gender identities and expressions are supported. In 2020, we issued guidance for associates on how to include optional gender expression and support allyship. Associates were encouraged to update their email signatures and embed a [link](#) to information on why pronouns matter.

<sup>1</sup> Users includes active and inactive associates, including part-time and seasonal.



## Advancing Our Culture

Our associates are the driving force behind our strategies and a vital connection to our customers and communities. We strive to create a workplace experience that empowers associates to flourish, grow and contribute.

Led by our shared commitment to honesty, integrity and respect for the rights of others, all associates are required to uphold the ethical principles and rules outlined in the HBC Code of Conduct (the Code) and participate in annual compliance training.

While the health and safety of our associates was our primary concern in 2020, we maintained the additional programs and practices that make Hudson's Bay a great place to work, including:

**Culture building** – increased internal communications and made space for conversations and learning

**Health and safety** – in addition to COVID-19-related measures (see next page), we fulfilled all aspects of our health and safety management system, including maintaining monthly joint health and safety committee meetings and inspections

**Benefits** – maintained group benefits, including medical, vision and dental benefits for full-time associates; offered the Employee Assistance Program (EAP) and optional savings plans for all associates; and continued our pension plan (making \$13 million in employer contributions to the plan)

**Talent management** – continued succession planning and individual talent reviews

**Learning and development** – offered online learning through LinkedIn Learning and our internal Learning Management System, product knowledge sessions, instructor-led training aimed at developing future leaders, and management training focused on leading with empathy

We have established three priorities for the coming year: lead a mindset shift that empowers leaders to evolve the way we work and be future-ready; advance our culture of inclusion and belonging through education and engagement; and implement creative solutions to provide an exceptional associate experience. Higher associate engagement scores, top talent retention rates and strong levels of DE&I learning, participation and feedback will be among the key measures of our success.




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### Working Safely through the Pandemic

Amidst COVID-19-related store closures and reopenings, and constantly changing provincial and municipal guidelines, our customers' and associates' health and safety remained at the forefront of everything we did in 2020.

Soon after the pandemic took hold, our corporate associates transitioned to working from home and we rolled out a Work from Anywhere (WFA) Policy outlining our expectations for this new way of working. We provided tips on setting up home offices and guidance for keeping people engaged and leading with empathy.

In stores and distribution centres, we aligned with local, provincial and federal health and safety guidelines and legislation. This included, in part:

- Providing personal protective equipment (PPE) and hand sanitizer
- Installing plexiglass barriers to keep customers and associates safe at the register
- Developing, delivering and regularly updating training on procedures for cleaning, hygiene, physical distancing and more

- Introducing screening and contact tracing processes, and policies on who can be at the workplace and how to address illnesses that arise at work

COVID-19-related store closures resulted in our having to temporarily lay off associates on several occasions. During the first lockdown in March 2020, we paid full-time associates for their scheduled shifts for the first two weeks and then 75% of their earnings for the duration of the lockdown. Benefits were maintained for these

associates, with the company paying the associate portion of premiums. Part-time associates were paid an average of their earnings over the period from March 17 to April 4.

Throughout this extraordinarily difficult time, we paid close attention to our associates' mental health. Leaders were encouraged to check in with associates regularly, and our teams increased mental health conversations, promoted our EAP, and delivered mental health training in partnership with CAMH.

## Safety Performance

We take all reasonable care to ensure the physical, psychological and social well-being of our associates. With distribution centres still operating in 2020, and many managers and associates in our stores fulfilling curbside pick-up orders and some performing jobs they weren't used to doing, training on injury prevention was an ongoing priority.



# 46%

reduction in claims reported (325 in 2020 vs. 602 in 2019)



# 55%

reduction in lost-time claims (38 in 2020 vs. 88 in 2019)



# 68%

of locations (65 of 96) achieved a full year without a lost-time injury, including one distribution centre



# 40%

of locations (38 of 96) achieved 100% compliance for monthly health and safety committee meetings and workplace inspections – despite the operational challenges posed by the pandemic



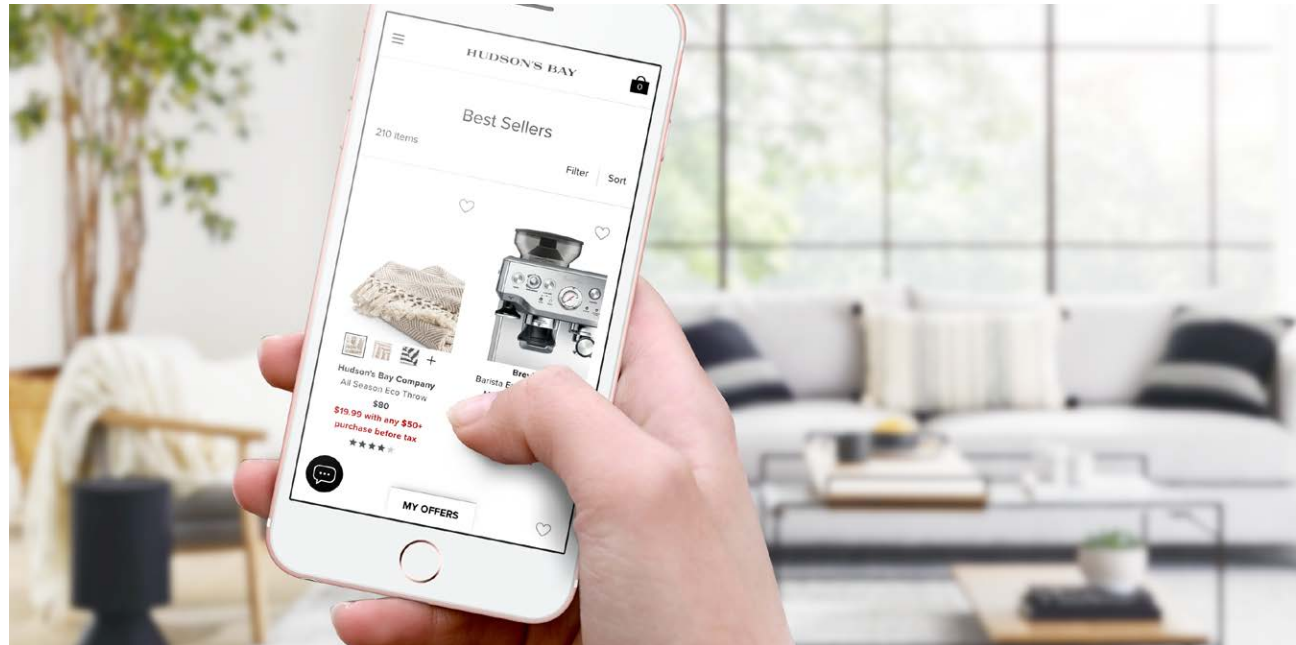
# 82

government agency inspections of our stores and distribution centres with no shutdowns, stop work orders or orders to modify our practices – this compares to fewer than 10 inspections in a typical year



# Customer Experience

In a competitive marketplace, exceptional customer experiences and helpful services and support are critical to our long-term success.



The Hudson's Bay app makes the shopping experience easy and engaging from start to finish.

In 2020, our entire organization adopted a digital-first mindset, fostering a new culture around what we offer, how we market and how our customers shop with us. We focused on elevating our merchandise assortment, shifting marketing to increased digital, adjusting services, and further utilizing in-depth data and customer feedback to inform decisions.

We also launched a new strategic brand direction that encourages Canadians to Live a Colourful Life filled with rich, meaningful and diverse experiences that they can design at Hudson's Bay.

“Showing Canadians that we understand what matters to them today, and reinforcing our connection to them, is at the core of our new strategy and creative platform. As a brand, we echo the values of our country and the pride we have in our way of life – focused on inclusivity, meaning and happiness.”

Allison Litzinger

Vice President, Marketing | Brand, Customer & Loyalty

## Live a Colourful Life

Our new brand direction kicked off with a fall marketing campaign celebrating our shared values of togetherness, community, diversity and kindness. The campaign featured Canadians of diverse ages and backgrounds who are making an impact in their communities, including actors, musicians and influencers, as well as Hudson's Bay associates.



Hudson's Bay design manager Dee Sabado



## Supporting Canadian and BIPOC Designers

We've committed to increasing the diversity of our offerings and supporting more BIPOC-owned and designed brands.

Late in 2020, we debuted a partnership with Canadian designer platform **INLAND**, putting a spotlight on more than 40 Canadian and BIPOC apparel and accessory brands. We are also in discussions with the Fifteen Percent Pledge as we work to increase diverse representation with our product assortment in stores and on thebay.com.

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“INLAND is a community where customers, designers and makers come together to celebrate the fabric of Canada through incredible design. We are committed to putting locally created pieces into every wardrobe and are very excited to be partnering with Hudson's Bay to help make that a reality. By promoting sustainable collections, advocating for diverse representation and empowering local voices, we make it easy for Canadians to feel good about everyday wardrobe choices.”

Sarah Power  
Founder and Creative Director of INLAND

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Our partnership with INLAND showcases Canadian talent and is part of our commitment to advancing diversity, equity and inclusion.  
Left: Pretty Denim, top right: BAIN, bottom right: Allison Wonderland



## Real-time Assistance to Canadians in Need

With the COVID-19 pandemic having a profound negative impact on so many Canadians, we stepped up to help in meaningful ways.

Within days of the pandemic being declared, Hudson's Bay Foundation announced \$500,000 donations to both Kids Help Phone and Food Banks Canada, both of which were reporting a greater need for their services and were facing challenges associated with drastic reductions in volunteers and donations.

Following Hudson's Bay Foundation's donation to Kids Help Phone in 2020, more than 30 associates volunteered as crisis text line responders to assist with the record surge in mental health service requests during the pandemic. These volunteers were given special training and resources, and were asked to make a one-year or 200-hour commitment to the program.

Kids Help Phone is Canada's only 24/7 national e-mental health service offering bilingual professional counselling, information and referrals, and volunteer-led, text-based support to youth across Canada.

Hudson's Bay was a lead supporter of the City of Toronto's Rapid Rehousing Shelter Project as part of the DonateTO launch, donating more than 2,000 units of cookware, tableware, towels and bed linens, valued at approximately \$335,000, to support those moving from the shelter system into housing. In addition, Hudson's Bay Foundation made a financial donation of \$25,000.

Hudson's Bay stores and thebay.com supported the Foundation's efforts by directing proceeds of the annual Spring Giving Day event to these charities, as well as CAMH. Giving Day events encourage customers to buy a \$5 ticket that goes to charity, and gives them discounts on in-store and thebay.com purchases. The 2020 Spring Giving Day raised \$104,000 in support of Kids Help Phone and Food Banks Canada, and the Fall Giving Day raised \$104,135 in support of CAMH's *womenmind* mental health program.

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“For people in Canada, the unprecedented crisis of COVID-19 has been overwhelming and frightening – for young people, even more so. We've seen an enormous surge in mental health service requests via phone, text and chat from youth across the country experiencing anxiety, fear and isolation. Hudson's Bay Foundation's support will have a direct impact on youth in Canada by ensuring continued access to national, bilingual, 24/7 e-mental health solutions at Kids Help Phone.”

Katherine Hay  
President & CEO, Kids Help Phone

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## Innovations in Safety

When it comes to the in-store shopping experience, the safety and well-being of our customers and associates was, and continues to be, our top priority. We implemented additional health and safety measures to ensure the safest possible shopping environment for all. In addition to enhanced cleaning practices, directional signage on floors for easy navigation and physical distancing, face covering requirements, and more, we introduced the use of innovative **CleanSlate UV Sanitizers**, which use medical-grade UV rays to sanitize common handheld objects like cell phones, wallets, keys and bank cards, in only 20 seconds. Located at key entry and exit points in select Hudson's Bay stores, this best-in-class service is provided free of charge to customers.



CleanSlate UV Sanitizers use medical-grade UV rays to sanitize common handheld objects.



### Caring for Our Communities

Our connection to our customers extends to our shared communities. In keeping with our purpose, our giving programs – which include the work of Hudson's Bay Foundation as well as corporate donations, fundraising and volunteering – promote the health and well-being of Canadians and tackle critical social issues.

Mental health has been the top priority of Hudson's Bay Foundation since 2017, and this continued in 2020. However, having met its pledge of distributing \$6 million to mental health needs by

2020, the Foundation revisited its focus areas in 2020. This involved looking at the issues and causes most important to Canadians at this time (beyond the COVID-19 crisis) and where Hudson's Bay Foundation could truly make a positive difference to Canadians in the coming years.

This important work has led to the development of Hudson's Bay Foundation's new social impact platform aimed at accelerating racial equality by investing in education, employment and empowerment opportunities for Indigenous Peoples, Black People and People of Colour, which will launch in early 2021.

“Racial equity is one of the most urgent issues facing society, and our goal is to create tangible and measurable change that makes a difference in the lives of Canadians. With our own 350-year company history that in the past included discrimination and inequity, we have a responsibility to take action and drive progress in creating a fair and equitable Canada for all.”

Iain Nairn  
President and CEO of Hudson's Bay

## Making an Impact

In 2020, Hudson's Bay Foundation:

**HUDSON'S BAY**  
FOUNDATION



**1M**

Provided 1 million meals to Canadians through its \$500,000 donation to Food Banks Canada



**4.6M**

Supported 4.6 million connections with young people across all services, an increase of 137%, and the training of more than 2,000 new crisis responders through its \$500,000 donation to Kids Help Phone



**\$1.5M**

Made a three-year, \$1.5 million commitment to *womenmind*, a CAMH program focused on closing the gender gap in mental health for women



**\$2.5M**

Invested \$2.5 million between 2016 and 2020 to support 50 Canadian Olympic athletes through its Athlete Bursary Program

Thanks to the generosity of our customers and vendors, we:

Raised \$509,300 for charity through Giving Days, Beauty Galas, cause marketing and other events – despite store closures and capacity restrictions

Facilitated \$107,625 in donations from vendors who converted their regular charity golf tournament sponsorship to a monetary donation when the tournament was cancelled due to COVID-19



# Products

We are there for Canadians during life's moments, big and small. Across categories, our assortment reflects products that are stylish and relevant, and that help Canadians live their best style of life.







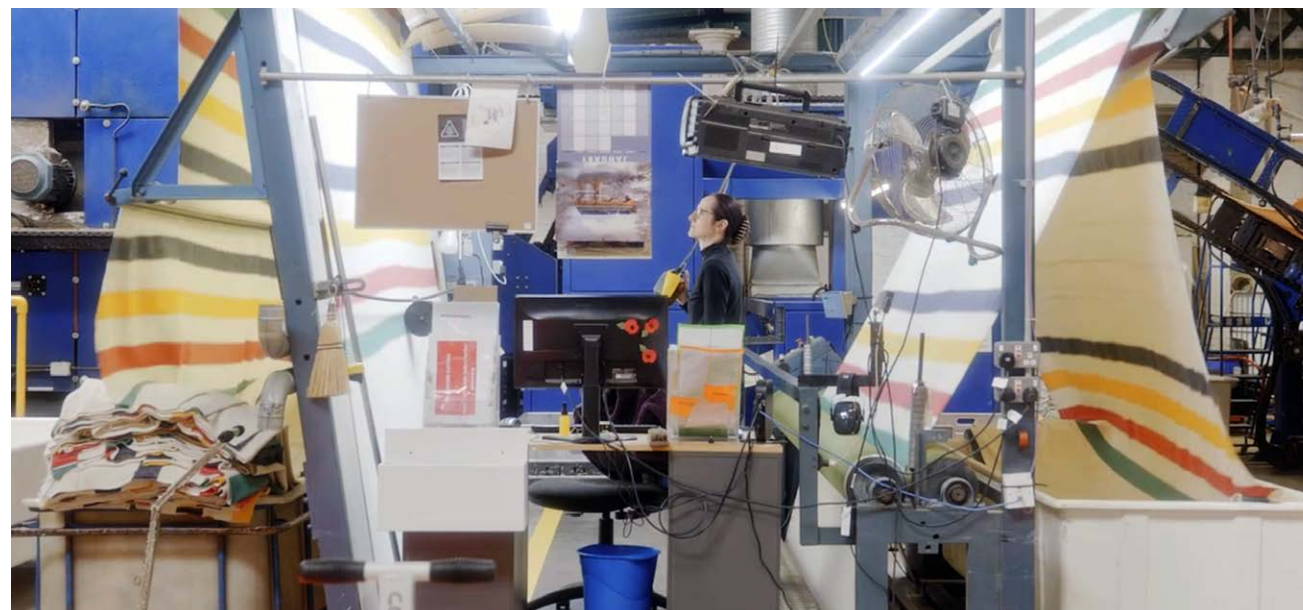
# Ethical Sourcing

Through our ethical sourcing program, we protect the integrity and quality of our owned brands, and ensure that fundamental human and labour rights are being upheld throughout our supply chain.

Our [Supplier Code of Conduct](#) (Supplier Code) applies to all vendors producing owned-brand (private label) merchandise for Hudson's Bay, including items like shopping boxes and gift boxes that carry our logo. The Supplier Code is based on the United Nations Human Rights Declaration, the International Labour Organization's core conventions, the United Nations Framework on Business and Human Rights, and the amfori Business Social Compliance Initiative (BSCI) Code of Conduct.

Led by our Sustainability and Social Compliance teams, our Social Compliance Program focuses on the labour conditions in these suppliers' factories. The goal is to ensure that factory workers are treated with dignity and respect, and that all products are manufactured in a socially responsible manner. To work with us, suppliers must disclose the names and addresses of their factories and subcontractors. We publish the names of the factories that produce our owned-brand apparel and home products on the [HBC corporate website](#).

Factories in high-risk countries, as defined by the amfori BSCI risk classification system, must submit third-party audit reports from accredited organizations to demonstrate that their employees are paid a fair wage, their working conditions are safe and clean, and all social and environmental aspects of production and the surrounding communities are considered. From these reports, we may approve a factory for production, approve production subject to required improvements, or decide against or discontinue sourcing from that factory.



*All of Hudson's Bay owned-brand products meet ethical sourcing standards.*

## Factory Audits and Training

As a member of amfori BSCI, a leading supply chain management system that helps companies drive social compliance and improvements within the factories in their global supply chains, Hudson's Bay adheres to the 11 principles of amfori BSCI's Code of Conduct.

We encourage our suppliers to use the amfori BSCI social auditing methodology, which rates factories on a scale from A to E, where A is outstanding and E is unacceptable. We then collaborate with the auditors, vendors and factory managers to help implement corrective action plans aimed at improving working conditions. Factories that are issued corrective action

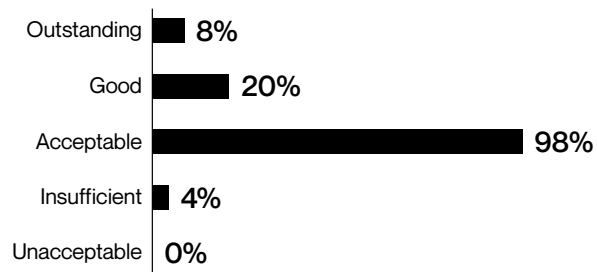
plans are re-audited annually or biannually to ensure that improvements are made.

For factories rated C or lower, amfori BSCI offers free online and in-person capacity-building courses and workshops. These courses address the issues most commonly observed during audits: social management systems, occupational health and safety, fair remuneration and decent working hours. They are designed to educate factory managers on how to create a fair and equitable work environment for their employees. We strongly believe that with this knowledge, producers will be able to fix the key issues contributing to violations and improve their long-term performance.



Factories may also submit a third-party audit report produced by an approved social audit standard, such as the Social Accountability International (SA8000), Sedex Members Ethical Trade Audit (SMETA) or Worldwide Responsible Accredited Production (WRAP). If a supplier has an internal social compliance program that satisfies the requirements of our program, it may submit substitute documentation. These alternative options help factories alleviate audit costs and reallocate resources to making improvements.

#### amfori BSCI Audited Factory Grades 2020



We encourage our suppliers to use the amfori BSCI social auditing methodology, which rates factories on a scale from A to E. We then collaborate with the auditors, vendors and factory managers to help implement corrective action plans aimed at improving working conditions.

### Empowering Factory Workers through Nirapon

We were pleased to provide funding for five Bangladeshi factories to participate in training provided by **Nirapon**, an organization that brings together like-minded apparel brands and retailers to improve safety in Bangladeshi ready-made garment factories.

Nirapon monitors the factories from which its member brands source to verify that they continue to meet harmonized standards for physical safety (structural, fire and electrical), have implemented standardized training programs focused on worker safety, and make the helpline service, Amader Kotha, available to their factory workers. Factories are required to participate in Nirapon's building inspections, train-the-trainer programs and security training, and are expected to submit action plans demonstrating progress in any remediation programs.

## 2020 Performance

The COVID-19 pandemic presented a unique set of challenges for our vendors, with some factories forced to close for periods of time, and/or purchase orders cancelled and then reissued due to disruptions. While continuing to monitor our factories, we extended timelines for audits and created a more flexible process for submitting documents.



**255**

We accepted audit reports from 255 factories



**130**

Of the 255 factories, 130 were BSCI reports and 125 were non-BSCI audit reports



**76%**

Of the factories approved for production, 76% were located in three countries (China, India and Bangladesh)





# Sustainable Brands

More and more of our customers are concerned about the social and environmental impacts of their purchases, and want to buy products that they can feel good about.

We share their concerns and, through the joint efforts of our product development, brand and sustainability teams, we're increasing our assortment of brands that are consciously designed and manufactured to have less of an environmental impact or more of a positive social impact. We consider six sustainable attributes when evaluating the brands that we will carry:

- **Conscientious design** – brands designed with the earth in mind. They include things like metal water bottles and straws, reusable bags and bamboo cutlery, which help reduce single-use plastics and other waste.

- **Cruelty free** – brands (including suppliers and any associated third parties) that do not test on or harm animals. They include products like cosmetics that contain animal raw materials and are produced in the most humane way possible.
- **Ethical sourcing** – brands that use respectful production practices, and are evaluated for their use of raw materials, ethical manufacturing processes and company management. All of Hudson's Bay owned-brand products meet ethical sourcing standards.

- **Giving back** – brands that support charitable causes, i.e., a large percentage of sales is donated to a charity or initiatives of the brand's choice.
- **Handcrafted/artisanal** – brands that are made by hand by a craftsperson or artisan. Products are not only one-of-a-kind, but also support artists in pursuit of their passion.
- **Organic** – brands that carry organic certification. They are made without the use of damaging chemicals and often with other low-impact environmental strategies in place. Standards and certifications that verify organic claims include the Global Organic Textile Standard (GOTS) and PETA certification.

## BRAND SPOTLIGHT

### Eileen Fisher

Eileen Fisher is a clothing brand that's committed to practising business responsibly with absolute regard for human rights; guiding its product and practice toward sustaining the environment; and supporting women to be full participants in society through grants, special partnerships and events.

The brand applies sustainable practices at all levels of the garment manufacturing process, from using organic, recycled and sustainable fibres, to understanding chemistry in the dyeing process and being mindful of the carbon footprint. What's more, Eileen Fisher looks at its entire supply chain to ensure minimal impact to the environment and wildlife, and to the people making its garments.





**BRAND SPOTLIGHT**

# Levi's

Levi's focuses on the innovations that make its denim and other products as durable as ever – materials crafted with thoughtful quality from sourcing to finishing. With innovations in Cottonized Hemp, Levi's® WellThread, Water<Less® technology and other production techniques, Levi's uses fewer resources and makes less waste. Its best-selling jean, the 511 slim fit denim, contains Repreve™ recycled fibre.



# The Hudson's Bay Point Blanket

Wool is composed of the natural protein keratin and is 100% biodegradable

Wool is dyed in yarn form to achieve the stripes you see in the blankets

Made from 100% New Zealand Crossbred Wool

Wool fibres biodegrade naturally and do not contribute to landfill volume or micro-plastic pollution

All chemicals used during the dyeing process are REACH compliant

“We are making sustainable choices to protect our planet, with a focus on reduced packaging, less toxic materials and more sustainable manufacturing practices. Our product assortment supports the needs and wants of our customers to make the world a better place by offering quality items that are less harmful to the environment, and sourced ethically.”

Julie Yan  
Director, Sustainability & Social Compliance

Learn more about the Hudson's Bay Point Blanket

[Wool biodegradability PDF](#)





# Planet

A deep respect for nature and the link between a healthy environment and a healthy society inspires us to act with purpose to protect the planet.



# Operational Footprint

As a large retailer, we recognize that our actions can make a meaningful difference in the fight against climate change, plastic pollution and nature loss. We think it's important to reduce our environmental impacts, and to encourage and enable our customers to do their part.

At a minimum, we comply with the environmental laws and regulations that apply to us – which includes meeting increasingly rigorous requirements in jurisdictions that, for example, have banned plastic bags or the disposal of foam packaging.

Beyond that, we focus largely on operational improvements that increase energy efficiency, decrease water consumption, generate less waste, and reduce greenhouse gas (GHG) emissions – which helps us reduce costs. Waste diversion, in particular, has been an operational focus.

We engage with environmental consultants to help us collect and evaluate relevant environmental data from

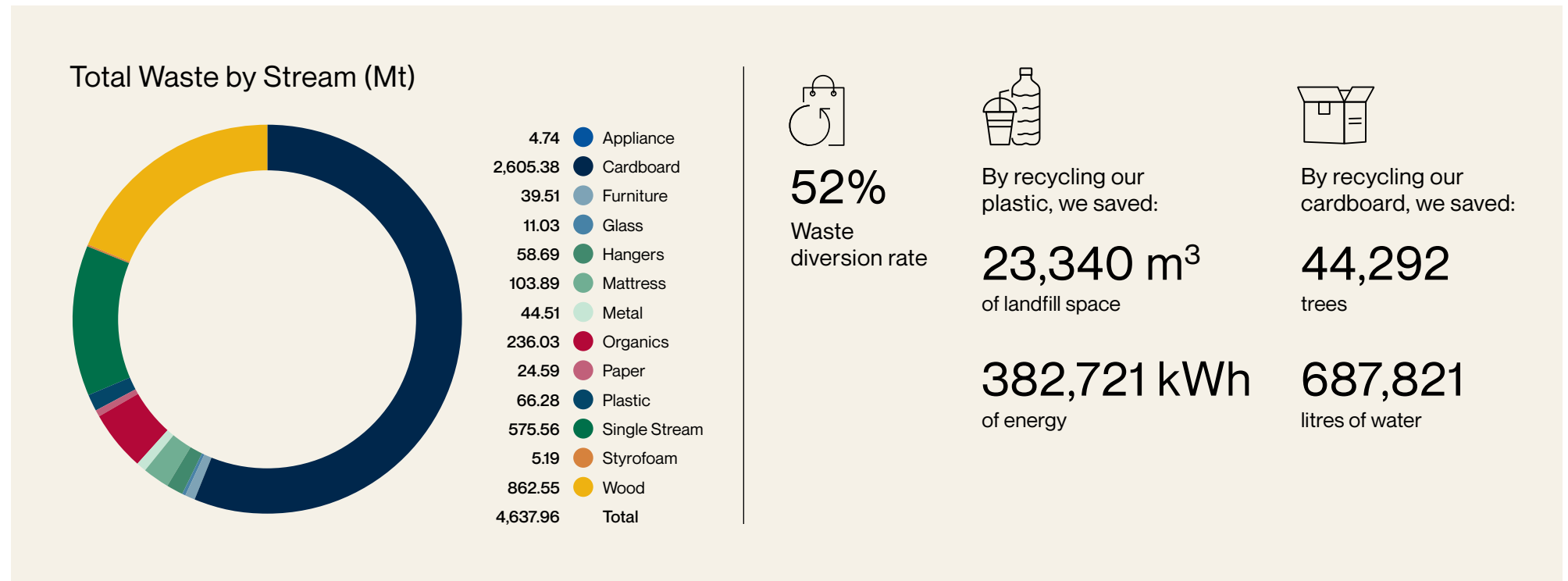
our operations. As our data collection methodologies improve, we'll use the information to set meaningful reduction targets, identify opportunities for improvement, and track and report on our progress.

## Waste Diversion

Our 2020 waste diversion rate of 52% was lower than in 2019 (57%) largely because of the operational challenges of the pandemic – total waste volumes were down due to store and office closures and restrictions, but there was also significantly less material that could be recycled. We aim to do better and have set a 60% waste diversion target for 2021.

## GHG Emissions

Similar to our waste volumes, energy and water consumption declined in 2020 because of the pandemic-related closures, resulting in lower overall GHG emissions. Midway through the year, we began using a third-party transportation provider rather than our own fleet of trucks, which reduced our emissions even further. We expect to be in a position to report our Scope 1 and 2 emissions in our 2021 Sustainability Report, and are working to determine our Scope 3 emissions.





# Plastics and Packaging

With mounting evidence of the threat posed by plastic pollution, we've stepped up our efforts to reduce or eliminate plastic waste. One of our first steps was to create branded reusable shopping bags to cut down on the number of single-use plastic bags given to customers.

In 2020, we launched an eco-friendly gift card program, which introduced personalized digital gift cards and new FSC-certified physical cards made from 30% post-consumer materials using Green-e certified electricity.

We're also making headway toward our goal of reducing product packaging.

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“We know our customers are seeking more sustainable choices for products that contribute to the well-being of our planet. Finding a sustainable solution for our gift card program both met customer demand and alleviated our environmental impact as a retailer.”

Mary Thomas  
Senior Manager, Gift Card Operations, Hudson's Bay

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By switching to gift cards made from 30% post-consumer fibres, the following resources are saved<sup>1</sup>:



**9,333 lbs**

of wood (4,234 kilograms), which is equivalent to 30 trees that supply oxygen for 15 people



**939 lbs**

of solid waste (426 kilograms), which would fill 204 garbage cans



**1 ton**

Recycling one ton of paper saves more than 3.3 cubic yards of landfill space<sup>2</sup>



**14,023 gallons**

of water (53,084 litres), which is enough water for 815 eight-minute showers

<sup>1</sup> Based on one million PVC gift cards issued annually per 2018 Neenah Paper EnviroCalculator.  
<sup>2</sup> Per the Environmental Protection Agency.



## Introducing Kode eco

To meet customer demand for consciously made products, in 2020 our owned-brands team set about creating a new Hudson's Bay brand that has sustainability built into its DNA. The result was Kode eco, a line of products that are mindfully crafted, with a focus on planet-friendly materials and processes. Kode eco bedding and bath products will launch in the spring of 2021.

Kode eco products are made of certified organic cotton, hemp or linen. Hemp is an extremely durable plant that requires low to zero pesticides and around 50% less water to grow than conventional cotton. Linen is derived from the flax plant, which produces limited waste because other parts, like seeds, can be used to produce linseed and flaxseed oil for consumption.







# Performance Data

	2018	2019	2020
<b>Ethical Sourcing</b>			
Audited factories approved for production (%)	33	35	23
Audited factories approved for production subject to improvement (%)	67	65	77
amfori BSCI audited factories with a C or better score (%)	90	93	98
HBC merchants that completed social compliance training (number)	N/A	N/A	63
<b>Engaging Our People</b>			
Associate training (e-learning hours)	65,657*	191,787*	66,530
Participants in HBC Retirement Savings Program (number)*	10,000+	8,800+	9,000+
Reduction in reported claims from the prior year (Canada – %)	3	8	46
Reduction in lost-time claims from the prior year (Canada – %)	12.7	9	55
Locations achieving 100% compliance for monthly health and safety committee meetings and site inspections (%)	91	76	40
<b>Investing in Our Communities</b>			
Hudson's Bay Foundation donations (CAD)	1,394,692	1,267,932	2,580,416
Corporate donations – Canada (CAD)	2,046,327	1,628,435	499,810
<b>Contributing to a Sustainable Environment</b>			
Greenhouse gas emissions (tCO <sub>2</sub> e)	76,302	65,994	54,188
Absolute reduction in greenhouse gas emissions (2014 baseline – %)	8	13	18
Diversion rate (%)	61	57	52
Absolute water consumption decrease (increase) (%)	0.4	0	25

\* 2018/2019 includes U.S. associates.

