



Hudson's Bay Company ULC

Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

for Fiscal Year ended February 3, 2024

1. Introduction and Application

This report (the "Report") is produced by Hudson's Bay Company ULC (referred to as "HBC," the "Company," "us," "our," or "we") for the fiscal year ended February 3, 2024 (the "Reporting Period") under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). The Report sets out the steps taken by the Company to prevent and reduce the risk of the use of forced labour or child labour at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada.

2. Steps Taken to Prevent and Reduce the Risks that Forced Labour or Child Labour is Used

Respect for human rights is an integral component of our Company policies and we expect the same of our business partners. Our Ethical Sourcing program began in 1991 with the implementation of HBC's Supplier Code of Conduct. Our current Supplier Code of Conduct requires HBC's suppliers to conduct business in an ethical and socially responsible manner, and incorporates principles from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption. All suppliers are required to comply with our Supplier Code of Conduct or an approved equivalent standard.

The goal of our Ethical Sourcing program is to ensure that workers in the factories we utilize are treated with dignity and respect, and that all merchandise is manufactured in accordance with our Supplier Code of Conduct. Our Ethical Sourcing program strictly prohibits human rights abuses in our supply chain including exploitation of workers, confiscation of passports or otherwise restricting freedom of movement, unsafe working conditions, failure to pay adequate wages, excessive or forced overtime, child labour, and all other forms of modern slavery.

As part of its Ethical Sourcing program, HBC has taken steps to prevent and reduce the risk of the use of forced labour or child labour in its supply chain. These steps include, among others, factory disclosure and audits to confirm compliance with our standards, governance and oversight, supplier risk analysis prior to onboarding and on an ongoing basis, prohibition of materials from certain regions, a grievance process for factory workers, and employee training.

HBC sells both private label and branded merchandise. Private label merchandise is designed and manufactured through supply chains where HBC plays a role and branded merchandise is designed and manufactured by third parties.

Our Ethical Sourcing program applies to all of HBC's Tier 1 suppliers producing private label merchandise, merchandise where HBC acts as the importer of record for the purposes of the Canadian

Customs Act, and non-merchandise items bearing the Company logo. With limited exceptions, all Tier 1 suppliers in these categories are required to disclose the names and addresses of their factories and subcontractors in order to work with HBC.

We also require factory audits from these suppliers to ensure compliance with our standards during onboarding and on an ongoing basis. HBC is a member of the amfori Business Social Compliance Initiative (BSCI) and Nirapon, which are member-based organizations committed to improving working conditions in the international supply chain. The amfori BSCI platform brings together more than 2,400 retailers, importers, brands, and national associations to collaborate in improving ethical behaviour toward workers. Nirapon is a not-for-profit organization established by companies and stakeholders in the apparel industry to improve safety in Bangladeshi garment factories.

As part of our partnership with amfori BSCI, we work with certified global audit firms to conduct ongoing factory inspections. Depending on the Ethical Sourcing team's risk analysis, audits are typically accepted from amfori BSCI or approved third parties. The Ethical Sourcing team is responsible for tracking and recording the audit information. During the Reporting Period, HBC assessed over 450 factories across 18 countries for compliance with our standards.

If remediation or compliance measures are required following an audit, the factory receives information from the audit company or the Ethical Sourcing team regarding cited violations and the expected timeframe for implementing changes to demonstrate compliance. A follow-up audit is conducted to verify implementation of the required corrective measures. Continuous reviews and follow-up assessments occur for all suppliers, and are initiated by the Ethical Sourcing team.

3. Structure, Activities, and Supply Chains

Founded in 1670, Hudson's Bay Company is North America's longest continually operating company. HBC is an unlimited liability company incorporated under the *Business Corporations Act* of British Columbia. In Canada, HBC operates Hudson's Bay brick-and-mortar stores and the e-commerce website www.thebay.com, Saks Fifth Avenue brick-and-mortar stores, and Saks OFF FIFTH brick-and-mortar stores.

HBC's retail locations are department stores that sell a variety of merchandise, including apparel, jewelry, home decor, luggage, small appliances, kitchenware, pet supplies, and furniture. HBC sources these goods from a range of domestic and international suppliers. As noted above, the merchandise is categorized into private label and branded merchandise, and can be sub-categorized based on merchandise ownership structure and delivery models to consumers (e.g., consignment, dropship). HBC also sources non-merchandise items that carry the Company logo such as shopping bags.

4. Policies, Governance, and Due Diligence Processes

HBC requires all suppliers and their factories to comply with HBC's Supplier Code of Conduct prior to onboarding as a new supplier and on an ongoing basis. HBC's Supplier Code of Conduct is embedded in its Ethical Sourcing Manual. The manual outlines the Company's key business principles as follows:

1. Protect internationally proclaimed human rights;
2. Protect labour rights;

3. Promote greater environmental responsibility; and
4. Work against corruption in all of its forms.

HBC's Ethical Sourcing program is overseen by senior management and managed by a dedicated Ethical Sourcing team. The Ethical Sourcing team is responsible for, among other things, assisting with the onboarding of new suppliers. Suppliers are subject to a risk analysis prior to onboarding, which assists the Ethical Sourcing team in determining the level of oversight activities required for their operations. Suppliers must be approved by the Ethical Sourcing team prior to manufacturing any private label merchandise for HBC. Each new supplier must be issued a vendor number, and a vendor number and purchase order are not issued until the supplier has been assessed and approved. Factories that do not meet HBC's Ethical Sourcing standards are not approved for merchandise production and any purchase orders are placed on hold or terminated.

HBC has embedded ethical sourcing and responsible business conduct in its supplier agreements, which suppliers must approve prior to conducting business with HBC. The agreements stipulate that our suppliers must comply with HBC's Supplier Code of Conduct and applicable laws. Failure to abide by our Supplier Code of Conduct and applicable laws is a breach of the supplier's agreement with HBC and could be grounds for termination.

5. Parts of HBC's Business and Supply Chains that Carry a Risk of Forced Labour or Child Labour and Steps Taken to Assess and Manage the Risk that Forced Labour or Child Labour is Being Used

HBC continually assesses for the risks of the use of forced labour or child labour based on geopolitical events and migrant work patterns. If a particular factory is identified as high risk for the use of forced labour or child labour, the Ethical Sourcing team conducts an assessment to determine if remediation is necessary, and if so, the steps required for remediation, or whether the business with the supplier must be terminated.

Sourcing from countries that have trade sanctions imposed by the governments of Canada or the United States, or the United Nations is prohibited. For example, as a seller of merchandise that includes cotton, we recognize that the cotton industry is a part of our supply chain that carries a risk of forced labour or child labour. In accordance with our Ethical Sourcing program, merchandise containing cotton from the Xinjiang Uyghur Autonomous Region (XUAR), Uzbekistan and Turkmenistan is prohibited, as publicly available information suggests that there is a high risk of forced labour or child labour in those regions.

Our Ethical Sourcing program requires factories to provide a confidential and anonymous channel for factory workers to express grievances without any fear of retaliation. The grievance process must provide a timely response to the complaint and include a plan to address the issue. Factories may also utilize the amfori BSCI External Grievance Mechanism, which provides a platform for individuals or organizations to submit grievances about perceived or real instances of wrong or unfair treatment. All grievances under this system are reviewed by the amfori BSCI secretariat.

6. Remediation Measures

We did not identify any incidents of forced labour or child labour in our activities or supply chain in the Reporting Period, including any incidents that would involve the potential loss of income to vulnerable families.

7. Training

Employees that are involved in purchasing decisions at HBC are required to complete an online course containing the requirements of our Ethical Sourcing program at onboarding and as part of HBC's ongoing compliance training.

8. Assessing Effectiveness


HBC is committed to taking the necessary steps to prevent the use of forced labour or child labour in its supply chain. We conduct an annual review of our Ethical Sourcing program to assess the relevance of our policies and procedures, and ensure that they are commensurate with or exceed the international conventions on human rights and labour rights.

9. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Hudson's Bay Company ULC for the fiscal year ended February 3, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, hereby attest that I have reviewed the information contained in this Report for the entity listed above. Based on my knowledge, and having exercised reasonable due diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Hudson's Bay Company ULC.

Per: 
Name: Ian Putnam
Title: President & CEO, HBC Properties & Investments
Date: May 17, 2024