

## **HBC Supplier Code of Conduct**

Hudson's Bay Company and its affiliates Lord & Taylor, Saks Fifth Avenue and GALERIA Kaufhof (collectively, the "Company") are committed to conducting business in an ethical and socially responsible manner. We are determined to build our business together with our suppliers based on the highest ethical principles of trust, teamwork, honesty, and respect for the rights and dignity of others. We seek suppliers who demonstrate a commitment to contribute to the improvement of working conditions and who strive to meet our requirements as stated herein.

Our Ethical Sourcing – Supplier Code of Conduct (the "Code") applies to all companies which supply the Company and its individual banners with goods and merchandise. These banners consist of Hudson's Bay, Home Outfitters, Lord & Taylor, Saks Fifth Avenue, Saks Fifth Avenue OFF 5<sup>TH</sup>, Gilt, Galeria Kaufhof, Sportarena and INNO – in both their "brick and mortar" and online stores. Suppliers are also expected to ensure that *their* suppliers and subcontractors are aware of and comply with the Code.

In addition to adhering to this Code, suppliers must comply with all legal requirements as well as the standards of their industry, in each of the countries in which they do business. Where industry standards are more rigorous than legal requirements, we recommend compliance with the higher standard.

Where applicable, suppliers must participate in the Company's social compliance program, which may include but is not limited to disclosure of factories, participation in factory audits, and inspection of books and records. If a supplier manages and enforces its own social compliance program, it must meet or exceed the compliance standards set forth in the Company's program, and may be required to submit supporting documents to demonstrate same.

### **Ethical Business Behavior**

The Company has a zero tolerance policy for any corrupt practices, including kick-backs, excessive or disguised commissions, extortion or embezzlement, any forms of bribery - including but not limited to - the promising, offering, giving or accepting of any improper monetary or other incentive, or any other practice which is intended to reward or otherwise encourage non-compliance with our requirements and/or the law. Suppliers are expected to keep accurate information regarding their activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices. Suppliers should neither participate in falsifying such information, nor in any act of misrepresentation of their supply chain.

Suppliers are expected to familiarize their workers with this Code, and to display the Employment section of this Code, translated in the local language, at each of its facilities in a place readily visible and accessible to factory workers.

## Expected Ethical Sourcing Standards

### A. Employment

#### No Forced Labor

Employment must be voluntary and respect the right of workers to decide to work or not. Suppliers must not use forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise. Slavery and human trafficking are prohibited. Suppliers will allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer.

#### No Precarious Employment

Suppliers should, without prejudice to the specific expectations set out in this chapter: (a) ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers; and (b) work is performed on the basis of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection. Before entering into employment, suppliers are to provide workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment.

Suppliers should also aim to provide decent working conditions that support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants' home towns.

Suppliers should not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes, but is not limited to: (a) apprenticeship schemes where there is no intent to impart skills or provide regular employment; (b) seasonal or contingency work when used to undermine workers' protection; and (c) labor-only contracting. Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

#### No Child Labor

Child labor is not permissible. Workers must be at least 15 (or 14 where the law of the country of manufacture allows), or the age at which compulsory schooling has ended, whichever is greater.

## **Special Protection for Young Workers**

Where young workers are employed, business partners should ensure that: (a) the kind of work is not likely to be harmful to their health or development and (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Young workers may not be employed at night; the combined time at school and work (including transportation) cannot exceed 10 hours a day. In jobs with hazardous working conditions, where by its nature or the circumstances in which it is carried out is likely to harm the health or safety of the worker, workers must be at least 18.

Suppliers should set the necessary mechanisms to prevent, identify and mitigate harm to young workers, with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

### **No Harassment or Abuse**

Every worker must be treated with respect and dignity. No worker may be subject to any inhumane or degrading treatment, or to physical, sexual, psychological or verbal harassment or abuse including the use of physical punishment. All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

### **Freedom of Association and Collective Bargaining**

Suppliers shall: (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate against workers because of trade union membership; and (c) respect workers' right to bargain collectively. Suppliers should not prevent workers' representatives from having access to workers in the workplace or from interacting with them. When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, suppliers should respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

### **No Discrimination**

Workers must not be subject to discrimination in employment, including with respect to hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, caste, birth, religious or personal beliefs, age (other than normal and legally allowed hiring or retirement limitations), disability, diseases, sexual orientation, family responsibilities, maternity or marital status, nationality, political opinion, union participation, social or ethnic origin, or membership in any legal organization or any other condition that could give rise to discrimination. Employment decisions must be made solely on the basis of knowledge, skill, efficiency and ability to do the job and meet its requirements.

## **+ Health and Safety**

Suppliers must provide a safe and healthy work environment in a building that is structurally sound. Suppliers must have a valid building, and where applicable, construction license/certificate for the premises as required by local laws. Factories must provide adequate ventilation, first aid supplies, effective Personal Protective Equipment (PPE – to all workers free of charge), fire exits and safety equipment, well-lit workstations, clean washing facilities, an adequate number of toilets for both men and women, and access to clean drinking water; suppliers must ensure that all are well maintained and in good working order as required by local laws. Factories must also have an adequate number of clearly marked, unlocked exits that are kept clear of any obstructions, and conduct a minimum of one emergency evacuation drill per year. Worker housing and dining facilities, where provided by the supplier, must meet a reasonable standard of health and safety, and be separated from warehouse and production areas.

Suppliers must ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace.

Suppliers must ensure adequate occupational medical assistance and related facilities.

## **\$ Wages and Benefits**

We are committed to the betterment of wage and benefit levels that address the basic needs of workers and their families so far as possible and appropriate in light of national economic conditions.

Suppliers are expected to comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours. Deductions will be permitted only under the conditions, and to the extent, prescribed by law or fixed by collective agreement.

## **🕒 Hours of Work/Overtime**

Suppliers must maintain reasonable work hours. The Company defines a standard work week to be not more than 48 hours (unless the local law provides for a shorter period), and considers all additional hours to be overtime. Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO. In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded, in which case overtime is permitted.

Overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate regardless of whether workers are compensated hourly or by piece rate, and shall not represent a significantly higher likelihood of occupational hazards. In the absence of exceptional circumstances, the Company supports suppliers who utilize less than a sixty-hour work-week. Unless exceptional circumstances exist, workers must be permitted at least one day off in every seven-day period, and also leave privileges, and workers must be granted the right to resting breaks in every working day.

### **🧠 Resolution of Disputes**

There must be a dispute resolution process to allow workers to voice workplace grievances without the fear of reprisal.

### **B. No False Claims or Misrepresentations**

The Company does not tolerate false claims for duty preference consideration under special trade agreements or any other misrepresentation related to suppliers' social responsibility requirements.

### **C. Respect for the Environment**

The Company will support suppliers who conduct their business using progressive environmental practices and take active steps to preserve and protect the well-being of the environment, including complying with all applicable laws and regulations in respect to protecting the environment and maintaining procedures for notifying local authorities in the event of an environmental accident resulting from supplier's operations. Suppliers should assess significant environmental impact of operations, and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimize adverse effects on the community, natural resources and the overall environment.

### **D. Confidentiality**

Suppliers must hold all information (other than that in the public domain) concerning the affairs of the Company that may be communicated to them or to which they may have access, in trust and confidence for the Company and not use such information other than for the benefit of the Company.

### **E. Compliance With Privacy Legislation**

Suppliers should collect, use and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care and in compliance with privacy and information security laws and regulatory requirements.

## **F. Suppliers Must Not Solicit Employees Of The Company**

Suppliers must not directly or indirectly solicit, offer employment to, or in any manner encourage employees of the Company to leave their employ.

## **G. Accounting and Auditing Complaints (“Whistle Blowing”) Policy**

Suppliers must comply with the Accounting and Auditing Complaints Policy, as fully set out in <http://www3.hbc.com/hbc/vendors/vendor-guides/>. Complaints can be made anonymously to the “Hotline” by calling 1-800-668-TIPS (1-800-668-8477) from Monday to Friday, 9:00 a.m. to 4:00 p.m. (Toronto time).