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A Message from the Governor and Executive Chairman

2017 continued to be a time of immense change in retail, and the industry faced its share of challenges; but for companies who continue to think creatively about the future, the evolving retail landscape also presents unprecedented opportunity. With an incredible 348-year history, HBC has witnessed more change than any other retailer in North America, and our rich heritage provides a strong foundation upon which we continue to build the department store of the future.

While we are intensely focused on improving profitability across HBC, we recognize that our success depends not only on delivering exceptional shopping experiences for our customers, but also on caring for people and the planet. In 2017 our 65,000 associates worked side by side to make a positive impact.

In Canada, Hudson’s Bay marked the country’s 150th birthday with a project befitting a company, and a country, built on adventure. The Hudson’s Bay Grand Portage cross-Canada journey raised $1 million to help complete The Great Trail, a network of multi-use trails that connect Canadians from coast to coast to coast, giving the country a birthday gift that will be enjoyed for generations to come.

This year, HBC launched the U.S. HBC Foundation and, together with the Canadian HBC Foundation, established a new mission to make mental health a priority in every community by increasing understanding and improving access to care. Joining forces across Canada and the United States, both HBC Foundations launched the HEADFIRST mission, with a cumulative $6 million (CAD) commitment to supporting mental health initiatives across North America by the end of 2020.

In Europe, our associates continued two long-standing traditions of helping customers in need during the holidays and supporting colleagues in times of difficulty.

Across all of our banners we offered a broader selection of sustainable products, and continued our efforts to improve working conditions in the global supply chain through our mandatory Social Compliance program and ongoing efforts to help improve safety for thousands of garment factory workers.

I am proud of our accomplishments over the past year and of our associates’ ongoing focus on doing the right things for the right reasons in all areas of our business.
A Message from the CEO

I am honored to have joined a company that celebrates an incredibly storied history while remaining steadfastly focused on the future of retail and being champions for our customers.

HBC is home to iconic brands and valuable real estate holdings around the world, but our associates are truly our greatest asset. Our HBC team comprises tens of thousands of people who constantly challenge the status quo, working together to always be better. I am incredibly proud of their focus on bringing best practices forward across our operations to deliver amazing experiences and services for our customers.

I’m proud, too, of our commitment to strengthening the communities in which we operate around the world, whether through our industry-leading waste diversion programs, raising millions of dollars for important causes, or supporting one another through times of hardship. I invite you to learn more about HBC’s dedication to good corporate citizenship, which are detailed in this report.

As we think about our impact in 2018 and beyond, I am focused on creating a winning culture, and that includes our commitment to Corporate Social Responsibility. The future belongs to companies that think creatively about where consumers and the world are going, and HBC is a company that is willing to think differently. I look forward to building the future at HBC.

Helena Foulkes, Chief Executive Officer
Saks Fifth Avenue raised more than $700,000 (USD) through the annual Key to the Cure campaign, bringing the total to more than $40 million over the campaign’s 19-year history.

Hudson’s Bay raised $1 million (CAD) to help complete The Great Trail in celebration of Canada’s 150th birthday.

More than 1,100 HBC merchants completed social compliance training sessions in 2017.

HBC associates deepened their knowledge in a variety of areas through e-learning:
- 44,264 users completed
- 319,078 courses, for a total of
- 206,167 training hours

HBC’s logistics network continues to set new records with three locations achieving 0 lost-time injuries in 2017.

Waste diversion continues to be a key operational focus for HBC. The 2017 diversion rate was 68%—an improvement of 5% over 2016.

Reduced number of plastic shopping bags at Galeria Kaufhof by 80% since the introduction of a fee in May 2016.

The HBC Foundation launched in the U.S., with a philanthropic focus on mental health through the HEADFIRST program. Together, the U.S. and Canadian HBC Foundations committed $6 million (CAD) to mental health initiatives across North America by the end of 2020.
WHO WE ARE

HBC is a diversified global retailer focused on driving the performance of high quality stores and our omni-channel platforms, and unlocking the value of its real estate holdings. Founded in 1670, HBC is the oldest company in North America. HBC’s portfolio today includes formats ranging from luxury to premium department stores to off-price fashion shopping destinations, with more than 480 stores and approximately 65,000 employees around the world.

Our leading banners across North America and Europe include Hudson’s Bay; Lord & Taylor; Saks Fifth Avenue; Saks OFF 5TH; Galeria Kaufhof, the leading department store group in Germany; and Belgium’s only department store group, Galeria INNO.

HBC has significant investments in real estate joint ventures. We have partnered with Simon Property Group Inc. in the HBS Global Properties Joint Venture, which owns properties in the United States and Germany. In Canada, we have 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 Helena Foulkes, Chief Executive Officer, Hudson’s Bay Company.
WHERE WE ARE

- **HUDSON'S BAY**
  - 98 Stores
- **LORD & TAYLOR**
  - 50 Stores
- **HOME OUTFITTERS**
  - 43 Stores
- **SAKS FIFTH AVENUE**
  - 42 Stores
- **SAKS OFF 5TH**
  - 136 Stores
- **GALERIA KAUFHOF**
  - 96 Stores
- **GALERIA INNO**
  - 16 Stores

**CORPORATE LOCATIONS**
- Includes home offices, distribution centres, and call centres

Number of stores as of December 2017:

**481**

Number of associates as of December 2017 is approximately

**65,000**

*As of December 31, 2017*
INVESTING IN OUR COMMUNITY

In our stores, offices, and distribution centres around the world, HBC associates are united in the common goals of strengthening the communities in which we live and work, and supporting our customers and fellow associates in times of need. HBC associates lead with heart.
The two HBC Foundations are dedicated to improving lives by enhancing physical and mental health through education, access, research, and empowerment. Established in Canada in 2005, the Canadian HBC Foundation has dispersed more than $78 million (CAD) in cash and in-kind donations to Canadian charities.

2017 DONATIONS

Established 2017, the HBC Foundation in the U.S. donated more than $350,000 (USD), and the Canadian HBC Foundation donated more than $4,423,700 (CAD).

HBC extended this support with corporate contributions of more than $2.8 million (USD) and $136,000 (CAD) in each country respectively.
MENTAL HEALTH

In 2017 the HBC Foundation launched the HEADFIRST Program, a $6 million (CAD) commitment to mental health initiatives across North America by 2020. HBC Foundation’s HEADFIRST mission is dedicated to positively impacting the mental health landscape across North America by supporting mental health programs that promote education, access, research, and empowerment.

THE HBC FOUNDATIONS’ MISSIONS ARE TO:

1. Increase awareness and education
   - Foster conversation and understanding through educational trainings and global communication campaigns

2. Improve access to care
   - Provide funding to increase the availability of accessible resources and treatment programs for youth, teens, and adults in every community

3. Support overall well-being as a contributor to mental wellness
   - Reinforce the intersection of physical and mental health as a crucial factor in the overall well-being of individuals and families

BY THE END OF 2020, THE HBC FOUNDATIONS WILL:

1. Distribute $6 million (CAD) to support mental health needs in our communities

2. Reach 500,000 people across North America with mental health services, support, and education

3. Transform the HBC organization internally to make mental health a priority in the workplace, and offer best-in-class support and services to our associates and their families
In 2017 HBC successfully executed several initiatives that supported mental wellness for our associates and customers alike.

MENTAL HEALTH: ASSOCIATE ENGAGEMENT

HBC recognized Mental Illness Awareness Week at our company-wide town hall meeting in October. Associates were engaged in a panel that comprised mental health advocates Glenn Close, award-winning actress and co-founder of Bring Change to Mind; Dr. Ali Mattu from Columbia University Medical Center, host of “The Psych Show” on YouTube and psychologist at NYP Youth Anxiety Center; and Hakeem Rahim, mental health speaker and trainer. The discussion was moderated by Laurie Segall, Senior Technology Correspondent and Editor-At-Large at CNN.

The U.S. and Canadian HBC Foundations also hosted a variety of corporate wellness initiatives, in their respective locations including mental health education and mindfulness sessions, yoga classes and mental health first aid training.
MENTAL HEALTH: CAUSE MARKETING

GlucksteinHome Candle Supporting Children’s Aid Foundation of Canada

As a HEADFIRST program partner, the Canadian HBC Foundation supports the Children’s Aid Foundation of Canada through the newly created HBC Youth in Transition Mental Health Fund, which provides vital counseling and therapy for youth and young adults aged 16 - 29 as they transition out of care.

In support of the HBC Youth in Transition Mental Health Fund, the Canadian HBC Foundation worked alongside GlucksteinHome to create an exclusive collection of three candles. Available at Hudson’s Bay, Home Outfitters and thebay.com, each candle retailed for $24.99, with 66% of the retail price of each candle supporting HBC’s Fund.

In 2017, the Canadian HBC Foundation donated $106,488 to Children’s Aid Foundation of Canada.

‘Hudson’ Charity Bear Supporting CAMH Foundation, Children’s Aid Foundation of Canada and Bring Change to Mind

For the first time in 2017, the HBC Charity Bear was introduced to all HBC banners across North America. 100% of net proceeds from the sale of Hudson supported Children’s Aid Foundation of Canada and the CAMH Foundation in Canada, and Bring Change to Mind in the U.S.

The 2017 Charity Bear raised $67,482 (CAD) in Canada and $31,290 (USD) in the U.S. A holiday tradition for Hudson’s Bay customers since 2005, in total, the Charity Bear collection has raised more than $1.7 million (CAD) to help improve the lives of North Americans.
MENTAL HEALTH: ADDITIONAL SUPPORT

HBC extended its support of mental health programs through corporate donations and sponsorship opportunities, including Bring Change to Mind’s annual Revels and Revelations event. HBC also supported both the Jed Foundation’s annual storytelling program and the Children’s Aid Foundation of Canada’s Teddy Bear Gala.

In partnership with the Trevor Project during Pride Month in June, GILT raised more than $10,000 (USD) for the Trevor Project’s national 24-hour, toll-free confidential suicide hotline for LGBTQ youth through the sale of Pride Tees and City Guides.
INVESTING IN OUR COMMUNITY

PHYSICAL HEALTH: CANCER RESEARCH

Women’s Cancer Research Foundation
Key to the Cure

HBC furthered its impact on women’s cancer research though the 19th annual Key to the Cure campaign. Saks Fifth Avenue teamed up with designer Missoni and program ambassador, Jennifer Lopez, to create an exclusive, limited edition t-shirt. Sold in Saks Fifth Avenue stores and on saksfifthavenue.com, 100% of gross proceeds from the sale of each shirt supported 12 cancer research organizations across the United States. Furthermore, Saks Fifth Avenue hosted their annual Key to the Cure charity shopping weekends throughout October, donating 3% of sales of designated merchandise (up to $500,000 USD) to national campaign partner, Women’s Cancer Research Foundation (WCRF).

Through the 2017 Key to the Cure campaign, Saks Fifth Avenue donated more than $700,000 (USD), bringing the total to more than $40 million (USD) donated over the history of the campaign.

“For almost two decades, Key To The Cure has been one of the most iconic and valuable programs that Saks executes each year,” said Marc Metrick, President of Saks Fifth Avenue.

“We are honored to partner with Saks Fifth Avenue on this year’s Key To The Cure campaign,” said Jamie Tisch, cofounder, WCRF. “We admire all that Saks has accomplished in support of cancer research over the years, and we are grateful to everyone who will participate in this event to raise critical funds.”
Funds donated since 2006: More than $40 million (CAD)

RED MITTENS

The Hudson’s Bay Red Mittens have been a symbol of Canadian pride and athlete support since their debut prior to the 2010 Vancouver Games. Their iconic status was recognized nationwide when November 21 was named National Red Mitten Day in Canada!

Since their launch, the Red Mittens alone have raised more than $30 million (CAD) for the Canadian Olympic Foundation. $3.90 from the sale of each pair of Red Mittens sold directly supported the Canadian Olympic Foundation and Olympic Athletes. In 2017, the Red Mittens raised more than $1.3 million (CAD).
INVESTING IN OUR COMMUNITY

CANADIAN HBC FOUNDATION
ATHLETE BURSARY PROGRAM

Launched in 2016, the Athlete Bursary Program awards 50 Canadian athletes $10,000 (CAD) per year for five years, providing much-needed support that allows these Olympic hopefuls to invest in activities that benefit their training, including international competition, sport science support, training programs, equipment, coaching, and nutrition.

Our goal is to invest $2.5 million (CAD) by 2020 to help Canadian Athletes achieve their dreams of competing on the world stage. We’ve provided $1 million (CAD) to 53 athletes to date.

“Since 2016, I have used the bursary money to help cover the costs of physiotherapy appointments, training equipment, proper nutrition and supplements, and safe transportation between training locations. These funds have given me the financial freedom to focus entirely on becoming my best self in sport.”
– Kelsey Serwa, Freestyle Skiing, HBC Bursary Athlete

MARIELLE THOMPSON – Freestyle Skiing, HBC Bursary Athlete

MANDY BUJOLD – Boxing, HBC Bursary Athlete

PARALYMPIC FOUNDATION OF CANADA

Funds donated since 2006:
More than $1.2 million (CAD)

For the second consecutive year, HBC presented Para Flip-Flops, in support of the Paralympic Foundation of Canada. Available at Hudson’s Bay and thebay.com for $15.00, 30% of the proceeds from each pair of Para Flip-Flops sold supported Paralympic athletes through the Paralympic Foundation of Canada. In 2017, Para Flip-Flops raised more than $80,000 (CAD).
INVESTING IN OUR COMMUNITY

CANADIAN HBC FOUNDATION
GOLF TOURNAMENT & SPA

2017 Goal: Raise $1 million — 91% achieved! More than $905,000 (CAD) raised

Since the inaugural tournament in 2001, the Canadian HBC Foundation Golf Tournament & Spa has consistently been the single biggest annual fundraiser for the HBC Foundation. With proceeds supporting HEADFIRST Program partners CAMH Foundation, Children’s Aid Foundation of Canada, the Trans Canada Trail, and our Canadian Athletes, the 2017 Golf Tournament & Spa successfully raised more than $905,000 (CAD) — more than any year in the event’s history! The highly anticipated event brought together more than 800 vendors, partners, and associates, as well as celebrity attendees to raise much-needed funds for these very worthy causes.

Since its inception, the event has raised more than $11,269,938 (CAD) to support various local and national charitable organizations.
RETAIL FUNDRAISING: Lord & Taylor Shopping Programs

In 2017, Lord & Taylor helped raise more than $1.7 million (USD) for charitable organizations across the U.S.

CHARITY DAYS

The Lord & Taylor Charity Days program encouraged customers to make a $5 contribution to benefit national nonprofit partners; in exchange, they received a special savings pass. At in-store Charity Day events, customers were treated to refreshments, special guest appearances, children’s activities, live music, and additional cosmetic support.

Five nationwide Charity Days and two New York Charity Days held in 2017 raised more than $1.3 million (USD) in support of organizations such as Look Good Feel Better, USO, St. Jude, and the American Cancer Society.

SHOP SMART DO GOOD

In 2017, Lord & Taylor continued to build on the success of the Shop Smart Do Good fundraising initiative, an event held at eight Lord & Taylor stores twice a year. Local nonprofit organizations sold $5 tickets, and kept the full amount generated from ticket sales. In 2017, Shop Smart Do Good raised $415,000 (USD) for 418 participating nonprofit organizations.
RETAIL FUNDRAISING: Hudson’s Bay Grand Portage

Goal: Raise $1 million (CAD) to help connect the Great Trail — 100% Achieved!

As North America’s oldest company, Hudson’s Bay wanted to mark Canada’s 150th birthday in a way that celebrated our connection to the country’s past, while leaving a lasting legacy for the future—a project befitting a company, and a country, built on adventure.

For 25 years, the Trans Canada Trail has worked to create The Great Trail, 24,000 km of multi-use trails that literally connect Canadians from coast to coast to coast. In March 2017, Hudson’s Bay announced a partnership with Trans Canada Trail and set out to raise $1 million (CAD) through the Grand Portage program to help complete the remaining 2,200 km of The Great Trail, giving the country a birthday gift that would be enjoyed for generations to come.

Incorporated into a larger merchandise collection, the Canadian HBC Foundation supported the Grand Portage with two limited-edition items – the HBC stripes mini paddle and paddle keychain. Retailing for $20 and $5 respectively, 50% of net proceeds from the sale of each item supported the Trans Canada Trail.
RETAIL FUNDRAISING: Galeria Kaufhof Charity Christmas Tree

In 2017, Galeria Kaufhof continued a tradition of lending a helping hand during the holidays. Special Christmas trees at our German department stores and at Galeria Kaufhof headquarters were decorated with notes that indicated gifts wanted by local people in need. Customers and HBC associates chose notes and bought the items, handing them in at a central collection point. **Galeria Kaufhof has organized the initiative since 2009 and each year ensures every gift request on the tree is fulfilled.**

Stores partner with local organizations, determined by their management team. In some cities, they join forces with charities that work with children from socially disadvantaged backgrounds, while in others, they work with homes for seniors or people living with disabilities, many of whom are alone at Christmas. In 2017, **Galeria Kaufhof customers and associates helped give 25,000 people across Germany a happier Christmas.**
ASSOCIATE ENGAGEMENT

ASSOCIATE GIVING PROGRAM

Established in 2014, the Associate Giving Program allows Canadian associates to contribute to the Canadian HBC Foundation through monthly payroll deductions.

The generosity of 248 of HBC associates generated more than $26,672 (CAD) in support of the Canadian HBC Foundation.

Since the program started in 2014, associates have contributed $100,262.33 (CAD) to the Associate Giving Program. The Canadian HBC Foundation would like to thank participating associates for their ongoing support through the Associate Giving Program.

SECRET SANTA

In times of hardship, our associates stand side by side as one HBC family. In 2015 we introduced the HBC Secret Santa program to help associates facing difficulties during the holiday season. Associates finding themselves in need of financial assistance can confidentially share their stories and nominate themselves for a helping hand; associates who would like to show their support can donate to the HBC Secret Santa Fund, with all donations matched by HBC.

In its third consecutive year, the 2017 HBC Secret Santa program was able to assist 295 Canadian associates and 419 U.S. associates, with contributions of more than $14,200 (CAD) and $22,214 (USD) respectively. HBC matched all associate-made contributions.
DISASTER RELIEF FUND

The U.S. HBC Foundation created the Associate Disaster Relief Fund to provide monetary support for associates who endure hardship as a result of natural disasters or other devastating losses. In response to Hurricanes Harvey, Irma, and Maria, HBC associates raised more than $45,000 (USD) and the U.S. HBC Foundation donated $75,000 to support over 75 associates in need. Associates who experienced loss or damage to personal property, shelter, or primary transportation qualified for assistance.

SOLIDARITY FUND

In 2017, more than 5,500 associates from Galeria Kaufhof contributed to a solidarity fund that operates under the motto “colleagues helping colleagues”. Associates contribute to the fund by donating the “leftover” cents of their net salary, or a lump sum. Since 2005 this fund has been providing support to colleagues or their relatives who have experienced hardship, when other financing options and insurances are exhausted. The fund has supported associates in a variety of ways: a special wheelchair for a child, a nursing home bed for parents, or help to fix damage caused by a flood. The many small-scale contributions add up to enormous help for associates and their families.
Hudson’s Bay Company donated its corporate archives to the Manitoba Archives and the Hudson’s Bay Company Museum Collection to The Manitoba Museum in 1994. 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 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. Additionally, HBCHF 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 2017, HBCHF donated more than $1.4 million (CAD) in financial support to these groups.

Lights of a City Street, 1894. Frederick M. Bell Smith. Oil on canvas. Image courtesy of the HBC Corporate Collection.
CONTRIBUTING TO A SUSTAINABLE ENVIRONMENT

We are all responsible for the health of our planet. HBC’s global presence means we have global opportunity to create positive change. With particular focus on areas where we can have the greatest impact, HBC is committed to responsible business practices that help shape a sustainable future for the world we share.
HBC is proud to be part of the world’s largest corporate sustainability initiative, the UN Global Compact, whose principles guide our environmental stewardship.

Environmental Principles of the UN Global Compact:

Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.

These responsibilities inform HBC’s ongoing work to expand our programs in the areas of greatest impact: waste diversion, water consumption, energy efficiency, and Greenhouse Gas (GHG) emissions.
WASTE DIVERSION IN NORTH AMERICA

Waste diversion continues to be a key operational focus for HBC. In 2017 our waste diversion rate was 68% — an improvement of 5% over 2016.

Plastics recycling was equivalent to a savings of 2,850 m³ of landfill space and 2,742,644 kWh of energy.

Cardboard recycling was equivalent to a savings of 156,577 trees and 2,431,547 litres of water.

2017 marked the third full year that HBC has worked with a single waste and recycling partner for all banners, for both Canadian and U.S. operations. Through better analytics and improved best practices, made possible by working with a single vendor, we have increased diversion from landfill by 17% over the past three years.
HBC OPERATIONS GO GREEN

5% INCREASE IN RECYCLING
or 892 Metric Tonnes

8% INCREASE IN SINGLE STREAM RECYCLING
or 405 Metric Tonnes

7% INCREASE IN ORGANIC RECYCLING
or 184 Metric Tonnes

9% INCREASE IN CARDBOARD RECYCLING
or 577 Metric Tonnes

8% INCREASE IN MATTRESS AND UPHOLSTERY RECYCLING
or 110 Metric Tonnes

Through our continued commitment to environmental sustainability, HBC will build on the success of our 2017 programs to maintain our position as a leader in waste diversion among North American retailers.

The waste diversion figures on pages 28-30 are as reported by HBC’s third-party vendor partner, GreenSpace Waste Solutions and are based on combined data from Hudson’s Bay, Lord & Taylor, Home Outfitters, Saks Fifth Avenue and Saks OFF 5TH.
SUCCESSFUL IMPLEMENTATIONS IN 2017

With an aim of decreasing overall waste generated by each business unit, HBC has lowered its waste sent to landfill by 1,498 MT.

A focus on communication and education at both our store and distribution levels enabled HBC to reach its 5% targeted increase in landfill diversion.

Single stream recycling has now been implemented at all possible Canadian locations. Rollout will continue throughout our American locations in 2018.

As we have set our target to divert 90% of waste from landfill by the end of 2018, HBC has added equipment and introduced a uniform recycling process at all North American Distribution Centres. With an expected increase in recycling volumes, HBC is poised to improve upon its successes over the past several years.

Through our proven program of monitoring the frequency of waste pickups, we have been able to reduce the frequency of those pickups at over 100 locations, helping to reduce emissions created by service vehicles.

The waste diversion figures on pages 28-30 are as reported by HBC’s third-party vendor partner, GreenSpace Waste Solutions and are based on combined data from Hudson’s Bay, Lord & Taylor, Home Outfitters, Saks Fifth Avenue and Saks OFF 5TH.
WASTE DIVERSION EFFORTS YIELD BIG RESULTS AT THE EASTERN BIG TICKET CENTRE

The Eastern Big Ticket Centre (EBTC) is a 500,000 sq. ft. distribution centre near Toronto that provides fulfillment services for major home fashions for Hudson’s Bay and Home Outfitters. With the installation of two new balers in late 2015, and some key initiatives, including recycling of store fixtures, the EBTC transformed from a cost centre that diverted only 92% of waste in 2015, to achieving a 95% diversion rate with $235,246.00 recovered for HBC in 2017.

Plastic recycling saved the equivalent of:

- 118 m$^3$ of landfill space
- 113,679 kWh of energy

Cardboard recycling saved the equivalent of:

- 25,922 trees
- 402,547 litres of water
CONTRIBUTING TO A SUSTAINABLE ENVIRONMENT

WASTE REDUCTION IS IN THE BAG AT GALERIA KAUFHOF

2017 marked the first full year of a new program at Galeria Kaufhof that encourages customers to use re-usable shopping bags. The program, implemented in May 2016 as part of a sector specific agreement with the German government, offers shoppers plastic bags for an extra fee; reusable shopping bags are available for purchase and a limited number of paper bags are available free of charge.

All of the shopping bag options at Galeria Kaufhof are made of certified, environmentally friendly material. Plastic bags are made of recycled packaging and have been awarded the Blue Angel [Blauer Engel] for their environmentally friendly production.

Reusables are made of recycled PET bottles or organic cotton, and paper bags are made of FSC®-certified paper from sustainable forestry.

Since the fee was introduced, the number of plastic bags provided to customers has been reduced by 80%.

REDUCING PAPER USAGE AT GALERIA KAUFHOF OFFICES

Over the past several years, Galeria Kaufhof offices have digitized many internal processes, improving efficiency while also reducing the amount of paper used, thereby helping the environment. Associates are encouraged to print documents and emails only when necessary with the reminder, “Save paper – think before you print” in the email signature of each associate.

Where office paper is required, it is purchased only from certified sustainable forestry (FSC®) or from recycled material (Blue Angel, FSC® or EU Eco Label). Paper use has been reduced by almost 36 million sheets of paper, or more than 50% in the past two years. Paper waste is collected separately at Galeria Kaufhof offices and recycled.
Contribute to a Sustainable Environment

Energy Efficiency

Greenhouse Gas Emissions in North America

HBC has been working toward a goal of reducing company-wide absolute GHG emissions by 10% by 2020, using a 2014 baseline. Reducing our energy consumption has been the key focus for this GHG emissions reduction. Our GHG emissions total for 2017 was 165,409 tonnes of CO2e, which was down 8% from 2016, and represents an 8% absolute reduction off our 2014 baseline.* In 2018, we will continue our efforts toward our 2020 goal.

Additionally, water consumption decreased by 3.4% in 2017 in North America. HBC reports emissions from direct (Scope 1) energy use, indirect (Scope 2) energy use, and biogenic carbon dioxide in accordance with the GHG Protocol and ISO 14064.

Energy Management at Galeria Kaufhof Stores

Galeria Kaufhof adheres to ISO 50001 certified management system with a goal of reducing energy consumption per square meter by 18% by 2022.

While power consumption dropped by 3.4% in 2017, heating consumption remained constant from 2016 levels, for total energy intensity of 178 kWh/m². This represents a reduction of 2.2% from 2016. Energy-saving lights are being installed where possible—LED lights at jewelry counters, for example—for even greater energy efficiency.

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 2017 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. HBC’s data collection methodology continues to become more robust. As such, some lesser utilized fuels have been included in this year’s inventory that were previously unavailable. HBC continues to strive to collect all relevant energy data, and will re-baseline as needed.
ASSOCIATE PROGRAMS
CARPOOLING

HBC encourages sustainable commuting options in support of our company’s mission to expand green initiatives and reduce our collective impact on the environment. HBC has been an active member of Smart Commute Brampton-Caledon since 2008. In 2017, HBC was proud to achieve the Gold Smart Commute Workplace Designation for demonstrating an outstanding level of program innovation and success. HBC earned this recognition through the promotion of alternative transportation options (carpooling, public transit, walking, cycling), thereby altering employee commuter behaviour in favour of greener options.

To-date, HBC has allocated designated carpool parking spots to Smart Commute carpoolers and has successfully implemented a Carpool Parking Management Program in order to track carpool behaviour. Quarterly surveys help collect Smart Commute specific program data.

In addition to our Smart Commute programming, HBC has also enthusiastically participated in annual campaigns such as Carpool Week, Smart Commute Month and Bike to Work Day to further encourage employees to use alternative modes of transportation and create long-term behaviour change.

In 2017, HBC’s Smart Commute programs collectively helped to:

- Create 88 active carpool groups
- Eliminate 24,091 single occupancy vehicle trips
- Reduce 1,001,620.57 of vehicle kilometres travelled
- Save 214,846.29 kilograms of greenhouse gas emissions from entering the atmosphere
- Save $541,342.94 (CAD) in commuting costs
HBC believes that we have a responsibility to uphold fundamental human and labour rights, as well as to be mindful of our environmental impacts throughout our supply chain. One way to ensure our suppliers comply with local laws and the HBC Supplier Code of Conduct is through HBC’s mandatory Social Compliance program. The program applies to all first-tier suppliers producing private label merchandise; merchandise that is shipped by HBC as the importer of record; and any non-merchandise items that have an HBC company logo, such as shopping bags and gift boxes. To work with HBC, these suppliers are required to fully disclose the name and the addresses of their factories and subcontractors. We are actively exploring ways to include second-tier suppliers in the program by assessing our existing supply chain.
AUDITED FACTORIES

In 2017, we audited factories in the countries indicated:

**THE AMERICAS**
- Brazil
- Canada
- Colombia
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Mexico
- Peru
- United States
- Uruguay

**WESTERN ASIA, MIDDLE EAST & AFRICA**
- Egypt
- Israel
- Jordan
- Kenya
- Lebanon
- Madagascar
- Mauritius
- Morocco
- Tunisia
- Turkey

**EUROPE**
- Albania
- Austria
- Belgium
- Bulgaria
- Czech Republic
- England
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Lithuania
- Macedonia
- Moldova
- Netherlands
- Poland
- Portugal
- Romania
- Scotland
- Slovakia
- Spain
- Sweden
- Switzerland
- Ukraine

**SOUTH-CENTRAL ASIA**
- Bangladesh
- Cambodia
- India
- Indonesia
- Malaysia
- Myanmar
- Nepal
- Pakistan
- Philippines
- Sri Lanka
- Thailand
- Vietnam

**ASIA-PACIFIC**
- Australia
- China
- Hong Kong
- Japan
- New Zealand
- Republic of Korea
- Singapore
- Taiwan
In 2017, 1,765 audits were conducted in factories that produce private label and national-branded merchandise sold across our North American and European operations. 76% of the audited factories were located in a medium to high-risk country, including China, Bangladesh, India, and Vietnam; the remaining 24% were located in a low-risk country.

In 2017, we focused on encouraging our suppliers to use the amfori BSCI [formerly known as the Business Social Compliance Initiative (BSCI)] social auditing methodology, which is HBC’s preferred audit standard. Approximately 48% of factory audits were conducted using this audit methodology.

Factories with a performance rating below B were offered opportunities to participate in amfori BSCI’s free online and in-person capacity building courses and workshops. Based on the most commonly observed issues found during the audit, many of the factories enrolled in the following three courses: Fair Remuneration and Decent Working Hours, Worker Involvement and Protection (Grievance Mechanism), and Occupational Health and Safety. Factories are approved for production subject to improvement annually to allow sufficient time to make meaningful remediation and progress.

HBC will continue to work closely with suppliers and factories to achieve an A to C rating by 2020.
Factories may also submit a third-party audit report produced by an accredited organization or using standards from an HBC-approved list, such as the Social Accountability International (SA8000) or Fair Labor Association (FLA). If a supplier has a strong internal social compliance program that satisfies the requirements of HBC’s Social Compliance Program, they may submit substitute documentation. These options help factories alleviate audit costs and audit fatigue and reallocate their resources into addressing the issues contributing to violations and focus their efforts on improving their long-term performance.

HBC’s mandatory social compliance program impacts ~ 660,000 factory workers

Amfori BSCI Audited Factories

- A – Outstanding: 8%
- B – Good: 9%
- C – Acceptable: 72%
- D – Insufficient: 12%
- E – Unacceptable: 0%
HBC is a member of the Alliance for Bangladesh Worker Safety. As such, HBC suppliers with factories located in Bangladesh are required to participate in the Alliance's building inspections, Train-the-Trainer programs, and security guard training. We also expect factories to submit action plans to the Alliance in a timely manner to demonstrate progress in their remediation programs.

In the fourth year of its five-year commitment to transform worker safety in Bangladesh’s ready-made garment industry, HBC focused its efforts on helping factories complete remediation of critical issues under the supervision of the Alliance. As of 2017, 82.2% of overall remediation was completed by our suppliers’ factories, with two factories fully completing their initial Corrective Action Plan (CAP).

While working collaboratively with factories, vendors, agents, and other brand partners to achieve accelerated progress in addressing outstanding non-compliances, the Alliance remained steadfast in its effort to increase the capacity of workers, managers, and security guards to identify safety hazards and respond to emergencies quickly and effectively. HBC is fully committed to continued collaboration with factories, vendors, and the retail industry to help improve safety, training, and empowerment of garment factory workers in Bangladesh. Please visit http://www.bangladeshworkersafety.org/ for more information about the Alliance.

44,768 factory workers trained in initial Basic Fire Safety Training
BUILDING INTERNAL CAPACITY

Social responsibility is a priority that is reinforced through multiple channels within our organization. Continuing Merchant Training in HBC’s Ethical Sourcing Policy is a big part of this mechanism. Merchants across all banners receive in-person training and are further required to complete an e-learning module to ensure assimilation of the guiding procedures. The training is designed to emphasize the importance of supporting our suppliers in their adherence to our social compliance policies, so they are able to meet the high standards of social responsibility expected of them.

SUSTAINABLE OPTIONS

HBC’s commitment to providing a broader range of sustainable products grew in 2017. From clothing to toys to cosmetics, our product assortment included new options for customers looking to support their health, wellness, or their desire to positively impact people and the planet.

Among our assortment of organic cotton goods in 2017 was the Lord & Taylor OCS 100 certified Organic Cotton Tee, which will be returning to stores for Spring/Summer 2018. Also in 2017, Saks partnered with Esemplare to create a jacket lined with ‘Eco Fur,’ an innovative material made from recycled plastic water bottles to reduce the carbon footprint of each garment. In 2018 the Esemplare X Saks collaboration will include even more styles produced using post-consumer waste. Gilt introduced the dress pant, consisting of 20% Repreve material, also made from recycled plastic bottles. In 2018 we will work to provide a broader selection of sustainable options including products that may be sustainably sourced, organic, natural, cruelty-free, handcrafted/artisanal, fair trade, and featuring eco-friendly packaging.
RESPONSIBLY SOURCING DOWN

In March 2017, Galeria Kaufhof set a target for December 2019 that all owned-brand down jackets would use only down that is certified according to the Responsible Down Standard (RDS). The RDS is an independent, voluntary global standard that aims to ensure that down and feathers come from animals that have not been subjected to any unnecessary harm: Any removal of down and feathers from live birds (live-plucking or molt-harvesting) and force-feeding is prohibited.

In 2017, Galeria Kaufhof offered 10 different styles of down jackets under our Manguun, Manguun Collection, Mark Adam, and Rover & Lakes brands. Half of the styles and 75% of the quantity ordered were RDS certified. For 2018, 100% of the styles will be RDS certified, achieving our target earlier than expected.

Our commitment to down without live-plucking and force-feeding also applies to all bedding products--owned-brand and brand--offered at Galeria Kaufhof. All vendors must prove compliance with our animal-welfare guidelines by providing a certificate from Responsible Down Standard (RDS), Traceable Down Standard (TDS), or Downpass version 2017, or their own Galeria Kaufhof-approved management system.

For 2018, 100% of the owned-brand down jackets will be RDS certified, achieving our target earlier than expected.

ORGANIC COTTON

Galeria Kaufhof offers a broad range of products under owned-brands Manguun, Mark Adam, Rover & Lakes, Bob der Baer, and Galeria Selected. On average, 60% of the private brand textiles are primarily made of cotton. In 2017, almost 1,200 styles were made of organic cotton. The organic cotton used in our owned-brands is certified with standards including the Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS100). Our goal is to further increase the number of organic cotton items we offer.
ENGAGING OUR PEOPLE

Our associates work with energy and passion to create a sense of delight for our customers: they are the key to our success. By marrying deep pride in our heritage with excitement for where we’re going, we strive to create a culture where people can thrive through ongoing learning opportunities, and we ensure HBC remains a great place to work by focusing on work-life balance and respect at all levels.
In September 2017, HBC associates were invited to share feedback through a company-wide Associate Engagement Survey, MyVoice@HBC. The 10-question survey focused on high priority areas associates identified in 2016.

Feedback from this survey was extremely valuable in helping HBC further understand how engaged our associates are in their work, their working environment, and with HBC overall.

Nearly 23,000 associates across the United States, Canada, and Ireland took time to complete the survey, with very positive results.

HBC scored above an external benchmark of high-performing retailers. Scores were particularly high as they related to: respect received from managers, teamwork and feedback, and overall happiness at HBC.

Moving into 2018, we will continue our focus on keeping the lines of communication open, with associate check-ins taking place up to four times a year. Gathering feedback frequently allows us to be nimble in taking action to further support engagement.

The company is committed to maintaining high standards for how we conduct and grow our business, with a mantra to “do the right thing, for the right reason”. Our 2017 Compliance Review included information on our HBC Code of Business Conduct, Information Security, Health and Safety, Social Media, and Social Compliance. Associates throughout North America, at all levels and under all banners, read and digitally acknowledge policies that are the core of how we do business at HBC.

In 2017, HBC had a completion rate of 93% for all requirements during the North American Compliance Review.
PROFESSIONAL DEVELOPMENT

HBC associates take on each day with an adventurous spirit, and we aim to support every HBC adventurer who seeks to chart a new career path. 2017 marked the second year of our talent development approach, MyCompass@HBC. Combining talent development, succession planning, and performance management, MyCompass is designed to give associates and leaders a clear and simple way to chart career growth and success.

Our innovative approach limits administration, allowing our people to move quickly and spend time where it matters—developing our associates.
The Merchant Development Program is designed to provide participants with comprehensive training that ensures successful transition into an assistant role within the merchant, digital, and owned brands business at HBC. Associates enrolled in this program are immersed in systems training, leadership and soft skills development, and banner-specific business processes. During training, associates also have opportunities to interact with cross-banner leadership and teams and explore different functional areas within different banners and brands. In 2017, 78 associates across North America participated in the Merchant Development Program.

The Advanced Merchant Development Program is designed to provide our merchant associates a more disciplined and comprehensive approach to their leadership development. The program enables enrolled associates to build integral relationships with senior leaders to better prepare them for leadership roles. Skill development is achieved through one-on-one networking meetings and roundtables with leadership groups, targeted soft skill development, and peer-to-peer cross functional exposure. This training program culminates with the completion of the Business Challenge Project and a presentation to the senior business leaders. A total of 48 associates participated in the 2017 program.
ENGAGING OUR PEOPLE

FIT PROGRAM

Through our engagement with the Fashion Institute of Technology, New York, the FIT Program is designed to provide training and education to merchants on apparel and accessories construction, fabrication, fit, and quality, resulting in a more effective product selection. In addition to improving their product selection and skills, participants are also involved in different social media and e-commerce training, visits to different showrooms, and a tour of The Museum at FIT. This program, which was expanded to Canada in 2017, targets assistant buyers that consistently show high performance and a strong potential to continue on their merchant career paths. In North America, 56 associates received training through the FIT Program.

MERCHANT SPEAKER SERIES

New in 2017, the Merchant Speaker Series is designed to build, connect, and inspire our merchant community. This speaker series gives our leadership team a platform to share stories about their careers and provide guidance on how to develop and grow within HBC. One of the key components of this speaker series is the TED talks-style presentations where senior leaders speak to the merchant population about their career journey, HBC’s Core Values and Winning Ways. 230 associates were engaged in the series in 2017.

SUMMER INTERNSHIP PROGRAM

The Summer Internship Program provides an opportunity to gain relevant professional working experience within any of the HBC banners. During the 10-week internship, participants take part in leadership roundtables, store visits, and various volunteer activities, gaining valuable exposure to banner-specific business processes and their related business leaders. In 2017, the program hosted 34 students.
E-LEARNING AT HBC

E-learning courses are one of our most heavily leveraged development resources, offering the greatest reach and allowing associates to access a wide variety of learning content at a time and location most convenient for them. Our digital course catalogue includes product knowledge, systems training, leadership development, and business strategy options, along with mandatory courses, such as health and safety, which require annual sign-off for compliance completion.

2017 e-learnings:

44,264 users

319,078 courses completed

206,167 training hours completed

EXECUTIVE DEVELOPMENT PROGRAM

Structured executive development programs are offered to associates at all levels in the US, Canada, Ireland, and India. Instructors facilitate sessions in a variety of topics such as Outcome Based Leadership, Presentation Skills, and Communication Styles. In 2017 we hosted 945 participants at 110 sessions.

MANAGEMENT ESSENTIALS PROGRAM (MEP)

MEP is a structured online learning program designed to support the successful transition of associates into a first level managerial role. The program is targeted for new managers, but is available for all associates, across all functions and banners in North America, Ireland and India. Online courses cover fundamental managerial skills aligned to the HBC culture.

In 2017, 1,189 associates participated in MEP training on topics including Change Management, Delegation, Hiring and Interviewing, Motivating and Engaging Associates, Developing Associates, Managerial Mindset, and Providing Feedback.
LEADERSHIP JOURNEY

The Leadership Journey is a multi-tiered leadership development program targeting high-potential performers from Manager to Vice President levels across all banners and functions at HBC. The goal of the program is to provide HBC’s future leaders with critical skills and experiences they need to succeed at different stages in their career by engaging them in conversations on strategy, exposing them to our executives, providing them with an opportunity to build rapport with peers across the entire organization, enhancing their self-awareness, and having targeted executive coaching and action planning. In 2017, 150 leaders participated in the Leadership Journey.

2017 Key Program: Highlights:

• Through a new partnership with Columbia University, VPs visited Columbia University’s Teachers College for a day of sessions around Leading with Creativity and Innovation, Building your Network, and Current Trends in Retail. This successful partnership will continue in 2018.

• Associates from Manager to Senior Director toured the Pottsville Distribution Centre to view the new state-of-the-art fulfillment technology and photo studio.

• Our Talent Assessment Simulation programme was customized to incorporate business situations experienced at HBC, such as our Engagement Survey and Talent Review process.

Other noteworthy elements of the program:

• Targeted executive coaching and action planning
• Opportunity to get 360-degree feedback from direct manager, peers, and business partners
• Exposure to Executive Leadership Team

STORE LEADERSHIP DEVELOPMENT PROGRAM

The Store Leadership Development Program is a multi-tiered leadership development program designed to help high-potential leaders get to the next level of their career in stores. Training and experiences help participants draw a link between their business objectives and leadership skills required to drive business results. Through the talent review process, 30 high-performing managers from all banners are identified to participate in the four-month program which offers in-person and virtual sessions along with on-the-job assignments.
HEALTH & SAFETY

HBC supports the principle that all injuries are preventable. Through hazard recognition, assessment and control, regular communication, active associate involvement, continuous improvement of systems, procedures and training, and immediate reaction to incidents, we aim to provide a safe working and shopping environment. 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 defining objectives are to:
• prevent all injuries
• promote the early and safe return to work program
• keep up to date on health and safety acts, regulations and standards
• contribute to positive cash flow

In Canada, 2017 metrics indicate that our Health & Safety Management System is working well:
• We reduced our number of reported claims by 7.6% and reduced our lost-time claims by 6.7%.
• 109 out of 171 locations (64%) achieved a full year without a lost time injury
• 142 out of 171 locations (83%) achieved 100% compliance for monthly Health & Safety committee meetings and site inspections for the entire year.
• Our logistics network continues to achieve new records of 0 lost time injuries with three locations achieving zero lost time injuries for 2017.

In the U.S., we experienced an increase in the total number of our Workers’ Compensation claims. Our strategic focus in 2017 was to identify high-risk locations and provide additional safety support in an effort to decrease accidents. Internal and external inspections and audits were added to aid in hazard assessment and abatement of hazards. Historical accident data was published to local management, to help provide a more focused effort on accident prevention. We continue to leverage our third-party administrator to extract valuable claim data which guides us in our quest to prevent accidents, injuries, and costs to the business.

In Germany, each Galeria Kaufhof store has a formal joint management-worker Health and Safety (H&S) Committee, which receives support from the Health and Safety Officer at headquarters. Medical care for work-related accidents is carried by the employer’s liability insurance association (Berufsgenossenschaft). At Galeria Kaufhof, the number of work-related accidents is more than 40% better than comparable companies in Germany. And the number of work-related accidents leading to more than three days of absence from work further decreased from 16.6 to 13.2 per 1,000 associates in 2017.
INJURY PREVENTION:

We take all reasonable care to prevent incidents through hazard recognition, risk assessment, and hazard control. All HBC associates are required to report any injuries, near misses, and hazards while working. All workplace incidents are investigated to identify root cause and implement appropriate corrective actions. It is our expectation that U.S. and Canadian stores are inspected regularly to identify hazards so that we may eliminate them at the source or implement appropriate controls.

RETURN TO WORK PROGRAM:

This program is intended to help injured associates across North America 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. We consider our early and safe return to work program a win-win scenario that benefits both associates and the company.

In Europe, Galeria Kaufhof offers occupational integration management to all associates who have been incapacitated for more than six weeks in the previous 12 months. Together with the associate and qualified experts, a plan is developed to assure the associate’s capacity to return to work. On request Galeria Kaufhof provides additional preventive services of workplace adjustments.

Together with the labour council, Galeria Kaufhof updated an existing regulation and developed practical guidelines and tools for managers, including an information brochure, an interview guide, and a list of possible measures.

COMPLIANCE:

Through our annual Health & Safety Management System Review we continue to improve our programs and practices to comply with regulatory requirements.

CONTRIBUTE TO POSITIVE CASH FLOW:

One of the many benefits that come with good safety performance is reduced costs related to workplace injuries. We strive to achieve lower Workers’ Compensation Insurance premiums that come with fewer injuries. Furthermore, in Alberta, Canada, we continue to participate in the Partnerships in Injury Reduction (PIR) Program, a voluntary program in which employer and worker representatives work collaboratively with government to build effective health and safety management systems, reducing the social and financial costs of workplace injury and illness. Employers who reduce their claim costs below predicted targets and achieve a Certificate of Recognition (COR) can earn a rebate on their Workers’ Compensation rate.
ENGAGING OUR PEOPLE

MENTAL RISK ASSESSMENT

Over the past several years, mental illness has become a major reason for associate absence across Germany. To help ensure employees receive the support they need to be well and productive, German employers are legislated to conduct risk assessments on mental stress. Galeria Kaufhof implemented a process to evaluate tasks, workplace, work organization, and social network in each store, with an aim to develop a strategic measurement plan to reduce mental stress. Through an anonymous survey, associates report on their tasks, leeway, working hours, communication with executives and colleagues, and the workplace design. The results are carefully evaluated by a team comprising store management, experts on occupational health and safety, and also supported by the local labour council.

Risk assessments are carried out every three years in each store, to ensure changes are monitored and tracked for opportunities for further enhancement. By the end of 2017, risk assessments were carried out in more than 30 stores. Risk assessments will be carried out in the remaining stores throughout 2018 - 2019.

WORK-LIFE BALANCE

We recognize the importance of having a work-life balance and offer our associates and their families a number of programs designed to provide greater flexibility in how they manage their time. We also believe it is important to seek ways to provide new and innovative offerings that continue to make HBC a great place to work. We currently offer several work-life balance programs:

Flexible PTO: Flexible PTO (Paid Time Off) is offered to more than 4,000 North America-based corporate and distribution centre salaried associates. Flexible PTO is a combination of traditional vacation, personal time, and sick days, which affords associates the flexibility to take time off as needed, with manager approval and coordination with their team, without a pre-determined number of days for the year.

Parental Leave: More than 4,300 U.S. salaried associates are eligible for a Parental Leave benefit which provides new parents two weeks’ of paid leave in addition to the short-term disability benefits they receive following the birth of a child or placement of a child for adoption or foster care.

Graduated Return To Work: As an alternative to Parental Leave, we also offer a Graduated Return to Work Program in the U.S., which provides a new parent up to eight weeks’ full pay while working reduced hours during their transition back to a regular work schedule. This option is available following the birth of a child or placement of a child for adoption or foster care.

Personal Leaves of Absence: We recognize there are times when an associate needs to take time off that is not otherwise protected under either the disability programs or statutory leave protection programs. In those instances, HBC offers associates in the U.S. and Canada the opportunity for a personal leave of absence of up to 12 weeks.
ENGAGING OUR PEOPLE

Employee Assistance Program (EAP): HBC offers our more than 46,000 North American associates and their dependents an EAP. The EAP provides confidential support, at no cost to the associate, for everyday challenges and for more serious problems that may be impacting their home life, happiness, and job performance.

Mobile working: The option to work remotely provides a more flexible way of working. In 2017, Galeria Kaufhof updated the agreement on mobile work with the labour council and provided guidelines that, with agreement from managers, give service centre associates the option to work from stores, warehouses, at suppliers, or from home, provided operational efficiency and technical reliability are guaranteed.

ASSOCIATE WELLNESS

Mindfresh TV
To encourage mindfulness among our associates, HBC has partnered with Mindfresh to bring a modern meditation experience to the business world. Through Mindfresh TV, associates have access to short, simple, and effective mindfulness videos designed to help associates feel great at work.

Following the launch of Mindfresh TV in May, more than 3,200 associates watched nearly 5,000 videos in 2017.

Mindfulness Sessions
Mindfulness sessions offered at Brampton and New York offices gave associates insights on how to enhance mental clarity, composure, and creativity through mindful movement, breathing exercises, and meditation. Participants left each session equipped with techniques to use anytime they need a moment to re-centre and refresh. In total, 186 associates participated in 12 session in the U.S. and Canada.

Mental Health Day
Mental Health Day events were held at HBC offices in New York, Brampton, Toronto and Jackson. A total of 14 sessions across all locations provided 208 associates with opportunities to receive Mental Health First Aid Training, participate in Mindfresh Mindfulness Sessions or take part in a relaxing yoga practice.

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ABOUT THIS REPORT
The scope of this report encompasses Hudson’s Bay, Home Outfitters, Lord & Taylor, Saks Fifth Avenue, Saks OFF 5TH, and Gilt in North America, and Galeria Kaufhof, Galeria Inno and Hudson’s Bay in Europe. Financial reporting is in local currency unless otherwise stated.

REPORTING PERIOD: JANUARY 1 TO DECEMBER 31, 2017

Date of last report: July 2016 | Reporting cycle – annual
Contact for questions regarding corporate social responsibility: hbc.communications@hbc.com

SCOPE OF OPERATIONS

IN CANADA
we operate banner stores in seven provinces: Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan.

IN THE UNITED STATES

IN EUROPE
we operate in Germany, Belgium, Netherlands and Ireland.

IN ASIA
we operate in Japan and India.

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

In line with our commitment to the environment, the 2017 CSR Report is available exclusively online on our corporate website at hbc.com.

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