



Hudson's Bay Company

Banners: The Bay, Zellers, Home Outfitters

Type of company: Public, TSX: HBC

Notes: Information available for HBC includes a portion of their 2002 CSR report that is still available on their website as additional information to their more recent reports.

| Notes on Findings | Company Score | Question weighting (% of section) |
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1. Governance and Risk Management

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|--|-------|-------|
| 1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee with explicit responsibility for ethical issues in the supply chain -There is a member of the board of directors with responsibility for ethical issues (http://www.hbc.com/hbc/socialresponsibility/default.asp) <i>2004 annual report, committee membership page</i> | 66.7 | 40 |
| 1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is mention of labour standards issues as a risk factor in the annual report. <i>p.25, 2004 HBC annual report</i> | 66.7 | 30 |
| 1.3 Risk analysis of labour standards issues in the company's existing supply chain -There is reported evidence of a risk or exposure analysis of labour standards issues in the supply chain -Mention of internal and external monitoring as a way of "mitigating potential reputation risk" -Break down vendors into 3 levels of priority. Each level focuses resources to perceived risk. i.e. Priority A (high priority): top 200 suppliers based on volume of sales, perceived risk and factory location. -Note: it is not clear whether "perceived risk" is based on a systematic risk analysis of labour standards issues in the supply chain or just on expectations. <i>p. 25, 2004 Annual Report, p. 19, 2004 CSR Report</i> | 100 | 30 |
| Section total score / section weighting | 76.69 | X 10% |

2. Code for Labour Standards in the Supply Chain

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|--|-------|-------|
| 2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Vendor Conduct" -It is not consistent with ILO core conventions with respect to child labour: -"workers can be no less than 15 (or 14 where the law of the country of manufacture allows)" -It covers the core ILO conventions but limits the company's commitment to: -Freedom of association: "Management practices must respect the right of employees to free association and collective bargaining <i>where applicable</i> ." -Discrimination: "We will <i>favour Business Partners</i> who ensure that no employee shall be subject to any discrimination" -It includes a living wage requirement (although without providing information regarding the application of this standard in their supply chain or the definition of this standard in particular countries). -It does not meet the ILO hours of work standards | 25 | 60 |
| 2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website <i>http://www.hbc.com/hbc/socialresponsibility/sourcing/</i> | 100 | 20 |
| 2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production (but not own procurement) -"we will only engage business partners who demonstrate a commitment...to meet our requirements stated in this code" <i>See above link</i> | 66.7 | 20 |
| Section total score / section weighting | 48.34 | X 15% |

3. Stakeholder Engagement

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| 3.1 Multi-stakeholder processes -No reported evidence of involvement in a multi-stakeholder initiative that includes representation from both NGOs and labour. -HBC is a member of various initiatives that do not qualify as MSIs, including: CBSR, BSCI, and CRART. | 0 | 50 |
| 3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence | 0 | 50 |
| Section total score / section weighting | 0 | X 20% |

4. Management

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|---|-------------|--------------|
| 4.1 Resource Commitment -There is a "Director of Vendor Compliance," but his exact duties are not outlined, and it is unclear where he is in relation to the board. http://www.hbc.com/hbc/about/contacts/ | 50 | 30 |
| 4.2 Training for Buying agents -Company has conducted training sessions with HBC's sourcing, buying and production teams to explain the principles of HBC's code of vendor conduct and the company's programs. -There is no reported evidence, however, of whether this is ongoing and scheduled or carried out on an ad-hoc basis <i>p.18, 2004 CSR report</i> | 50 | 25 |
| 4.3 Training for factory management personnel and workers -No reported evidence of training for factory management personnel or factory workers -There is mention of 40 training sessions conducted in 2004 with HBC's vendors but there is no reported evidence that the training was conducted at the site of production or that it was directed specifically at factory management personnel or workers <i>p.18, 2004 CSR report</i> | 0 | 25 |
| 4.4 Rewards and Incentives -No reported evidence | 0 | 20 |
| Section total score / section weighting | 27.5 | X 20% |

5. Supply Chain Auditing and Reporting

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|---|-------------|--------------|
| 5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing all factories that manufacture products for HBC. <i>p. 5, 2002 CSR report (a portion is still available online)</i> | 100 | 15 |
| 5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented <i>p. 5-6: 2002 CSR report (a portion is still available online)</i> | 100 | 5 |
| 5.3 Public disclosure of manufacturing sites -No reported evidence | 0 | 10 |
| 5.4 Transparency of the labour standards auditing methodology -The auditing methodology is not publicly available | 0 | 15 |
| 5.5 External verification of labour standard audits -Third party audits conducted by Cal Safety Compliance, and International Global Compliance Services. -There is no reported evidence of input from NGOs or labour in the country of supply <i>p. 5: 2002 CSR report (a portion is still available online)</i> | 33.3 | 20 |
| 5.6 Reporting the results of audits of labour standards in the supply chain -There is broad commentary on aggregate audit findings. No specific figures are provided on findings by workplace, country or geographic region. <i>p. 19: 2004 CSR report</i> | 25 | 20 |
| 5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations -Although HBC has a zero tolerance policy on child labour, the company has a staged procedure for all other labour rights issues and was therefore awarded full marks for this criterion. <i>p. 19: 2004 CSR report</i> | 100 | 15 |
| Section total score / section weighting | 46.6 | X 35% |

Total Score 37 /100