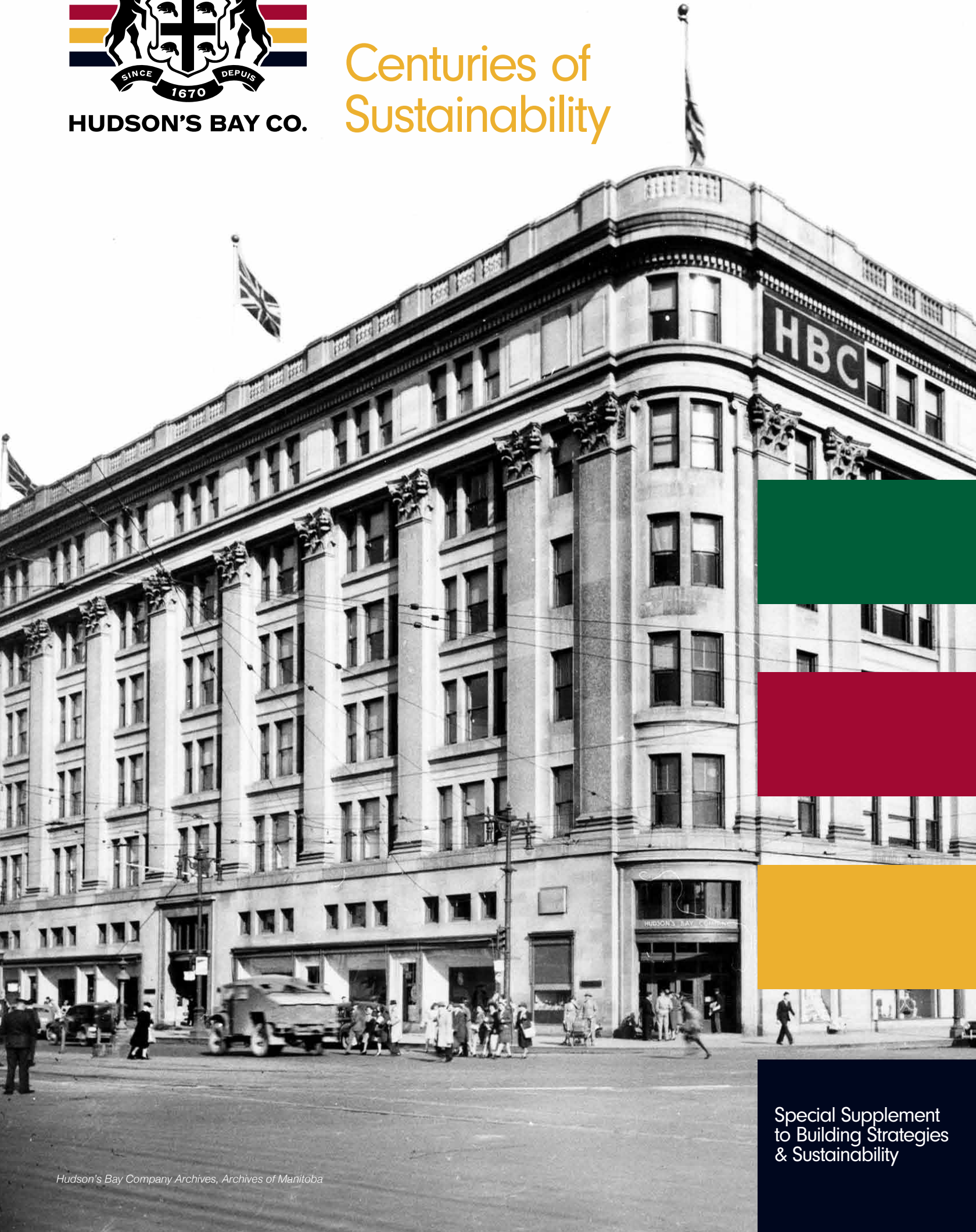




HUDSON'S BAY CO.

Centuries of Sustainability





MESSAGE FROM WILLIAM TRACY

Senior Vice President, Supply Chain and Logistics, Hudson's Bay Company and Lord & Taylor



HUDSON'S BAY CO.

Founded in 1670 and based in Toronto, Ontario, the Hudson's Bay Company is a conglomerate that operates the Bay, a major department store; Zellers, a mass merchandise format; Home Outfitters, a kitchen, bed and bath specialty store, and value-priced Fields stores.

At the Hudson's Bay Company, our efforts are focused on key areas where we believe we can make a difference: environmental sustainability, energy consumption and the ethical sourcing of our products. Our story will be told in this issue of Building Strategies & Sustainability magazine highlighting how we run our business and how it benefits our associates, our customers and the environment in which we operate.

We've made great progress in reducing our environmental footprint such as eliminating unnecessary paper production by moving to paperless pay statements, continually monitoring energy consumption in our stores across the country and maintaining a "zero waste" status in our Simpson Tower office building in downtown Toronto since 2007.

Embracing sustainable business practices will remain a steadfast commitment for the Hudson's Bay Company. It makes good business sense for us to do everything in our power as an organization to be socially and ethically responsible to ensure our stakeholders benefit.

I'm pleased to showcase our sustainable business practices, since I'm very proud of the progress the Company has made thus far and continues to make. I look forward to sharing our practices and progress with you in this publication.

Sincerely,
William Tracy
Senior Vice President, Supply Chain and Logistics
Hudson's Bay Company and Lord & Taylor



- TCLP Compliant
- Outstanding Performance and Reliability

Saving more than money

HBC RETAIL LIGHTING PROJECT

In support of its continuing effort to conserve energy costs, over 200,000 32 watt T8 lamps in HBC's retail ceiling space across Canada were upgraded to 4' T8 Ecolux® 25 watt lamps. The energy savings over the past year is estimated at \$200,000.

Aside from the financial benefit of GE Ecolux® lamps, the **mercury content has been reduced by over 80%** versus older traditional fluorescent lamp designs – providing long life, while curbing its environmental impact.





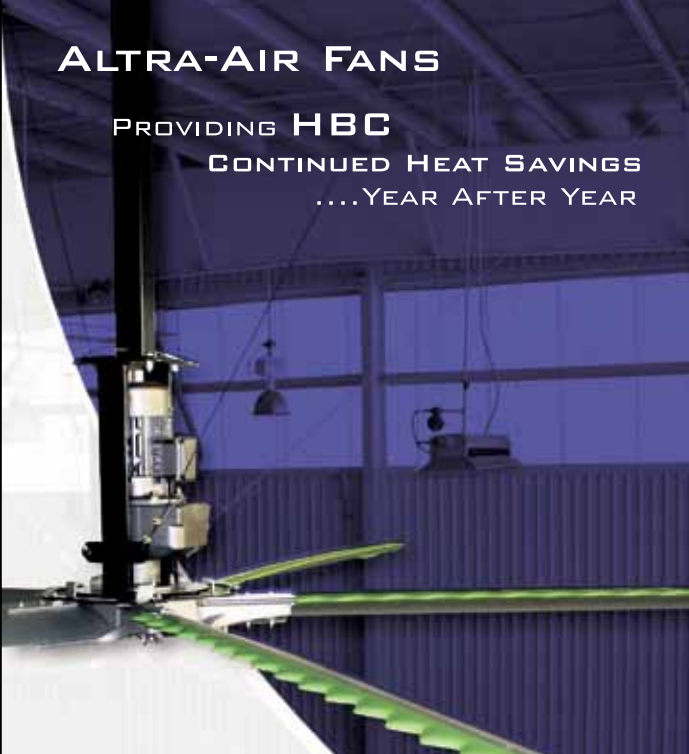
Ecolux®

For additional product and application information, please visit www.gelighting.com


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ALTRA-AIR FANS

PROVIDING HBC
CONTINUED HEAT SAVINGS
...YEAR AFTER YEAR



CONGRATULATIONS!
ENERGY SAVING PARTNER,

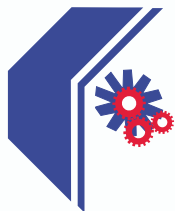


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Envira-North
SYSTEMS LTD.



GE
Lighting



Turtle Island
RECYCLING®



Direct EnergyTM
Business Services

Direct Energy Business Services Limited has been a long-time HVAC services provider for the vast network of Hudson's Bay Company store facilities in Canada. Through the implementation of Direct Energy's innovative energy management solutions, we have helped the Canadian retail giant meet its annual commitment goals in carbon footprint reduction. Some of the 2010 energy efficiency upgrades implemented by Hudson's Bay Company in Canada were the installation of 8 Smardt Chillers, the replacement of 60 inefficient and aged rooftop units with high efficiency units, and the upgrade of many heating systems to high efficiency condensing boilers. The 60 new rooftop units will yield an expected demand savings of 66 kilowatts with an annual savings of 91,000 kilowatt hours, while the expected demand and annual savings from the 8 Smardt Chillers will be 430 kilowatts and 1,310,000 kilowatt hours respectively.

The Smardt Chillers (Canadian manufactured oil free, magnetic bearing centrifugal chiller) were the first chillers in the HVAC industry with magnetic bearing technology that used an oil-free centrifugal compressor and used the non-ozone depleting Refrigerant 134a. With an ultra low power start up of just 2 amps, the centrifugal compressor performs at an outstanding .34 kw/

ton versus the .8 kw/ton of the replaced technology. Its oil-free technology meant less maintenance, no oil disposal, leakage, or oil spill potential, which has greatly reduced the total operating and maintenance costs for the Hudson's Bay Company.

In addition to the mechanical equipments retrofit projects to reduce energy consumption, Direct Energy and HBC are also working together on a Demand Reduction program that consists of managing the scheduling of parking lot lights, the on and off times of the store lighting equipment, cooling and heating set back, as well as holiday and inventory time shifts in all of the HBC retail stores through Direct Energy's Building Automation System. As the technical support and call center for providing proactive services to HBC head office on the Building Automation System, the iControl Center at the DE office in Ottawa helps decrease downtime through remote troubleshooting, improves services diagnostics, reduces operating and energy costs, improves staff maximization and training between facilities, provides seamless integration of all key facility systems and control devices, and reduces comfort complaints from tenants and employees. The iControl Center is also responsible for managing the After Hours Emergency Service call process to ensure emergency service work requests are addressed immediately and recorded in a timely manner,

providing daily report with comprehensive details relating to the emergency service call requests, extensive monitoring, reporting and alarm capabilities, energy management and control strategies, support of open standard communication protocols such as BACnet and LON, and accurate Direct Digital Control of building systems. The combination of Building Automation Systems and iControl Center provides maximization of energy performance for the HBC store facilities while maintaining an optimal comfort level for the HBC employees and customers.

The annual Preventative Maintenance Program that Direct Energy performs for the HBC stores includes the scheduled maintenance visits by trained and qualified technicians that provide filter change to ensure maximum level of energy efficiency of the heating and cooling systems. The Preventative Maintenance Program is custom tailored to the business and HVAC equipments of HBC store facilities and are designed to greatly minimize breakdown of equipments, and resolving small problems before they become much large and expensive. The results of efficient equipment replacements, upgrading BAS systems, managing schedules and service call responses while performing proper maintenance procedures are the reasons HBC has been able to reduce its carbon footprint to meet its annual energy saving goals.



Envira North

Envira-North Systems Ltd. has recognized a worldwide need to reduce energy consumption by contributing to the effectiveness of heating, cooling and ventilation systems. Envira-North products and systems enable your building to save on heating, cooling, mechanical operating costs and provide a healthier environment for the occupants of the structure. Envira-North Systems is Canada's largest supplier of High Volume Low Speed ceiling fans claiming 75% of the market with the Altra-Air HVLS ceiling fan.

Since 2007, Envira-North has been providing a comfortable workplace environment for the employees of the Hbc Logistics Centre. Through the installation of ten Altra-Air HVLS ceiling fans, Hbc has been able to stand committed to their energy conservation and environmental protection goals while consecutively addressing building performance and comfort concerns.

Stratification within the Hbc facility was causing personnel discomfort and was sending heating and cooling costs soaring. Since the installation of the Altra-Air fans, stratification within the facility has been virtually eliminated while consuming substantially less energy than if traditional high speed fans had been installed.

Altra-Air fans offer a wide variety of benefits and advantages to the Hbc facility including quiet and efficient operation, a greater reduction in recovery time after the overhead doors have been opened. Also provides a constant temperature from floor to ceiling and wall to wall. These HVLS fans are virtually maintenance free which in turn reduces maintenance and operation costs and provides year round climate control and energy savings as they present a warming effect in the winter and a cooling effect in the summer.

Energy saving partners, Envira-North Systems Ltd. and Hbc, continue to make energy conservation and efficiency a top priority on a daily basis. Hbc is currently considering expanding the use of Altra-Air fans to provide savings and comfort to other Logistics Centres and in other areas of various retail locations.



GE Lighting

GE Lighting

As part of Ecomagination, GE is committed to helping companies improve their environmental performance with complete Linear Fluorescent Lamp (LFL) system solutions that meet RoHS compliancy prior to government mandates. With industry leading environmental system solutions, GE has a full line of LFL products for virtually any facility's needs. With changing environmental laws and circumstances, navigating your environmental strategy can be a tough process. That's why GE has local specialists available to help any organization reach their energy -saving goals.

In support of HBC's continuing efforts to conserve energy costs, GE is proud to be a part of a nation-wide energy efficiency strategy with one of Canada's major retail chains. Our efforts to date have generated an estimated \$200,000 over the past year with upgrading their retail ceiling space across Canada to 4' T8 Ecolux 25 watt lamps, providing long lamp life while curbing its environmental impact.

GE Consumer & Industrial spans the globe as an industry leader in lighting and integrated industrial equipment, systems and services. GE uses innovative technologies and "ecomagination," a GE initiative to aggressively bring to market new technologies that help customers and consumers meet pressing environmental challenges.

For more information on our industry leading energy efficient products, please visit www.gelighting.com



Turtle Island
RECYCLING®

Turtle Island

"Hbc Zero Waste Single Stream Recycling Program" & Turtle Island Recycling

In 2007 Hudson's Bay Company began their quest to become a Canadian business leader in environmental sustainability by initiating a plan to strive for zero waste to landfill in their retail locations. With support from HBC Corporate Offices, HBC enlisted the help of their associates, customers and vendors such as Turtle Island Recycling to reach their goals.

HBC started by performing audits of the waste streams of several HBC and Zellers Retail stores. These audits provided an opportunity for HBC to learn exactly what they were sending to landfills. What was found was startling; a significant percentage of material found within the waste stream could be easily captured for recycling.

HBC capitalized on this opportunity by transforming their recycling program to divert more materials. The recycling compactors were utilized to the fullest. Recyclable materials such as cardboard, clothes hangers and shrink wrap were compacted in such a way by associates that a sandwich effect was created which allowed for easy separation when received at Turtle Island Recycling's recycling facility. By encouraging recycling among staff, garbage was minimized so much that there was no longer a need for a waste compactor.

Another key factor in eliminating their waste compactor was encouraging the use of an organics diversion stream. Staff embraced the new program used to capture all compostable material generated and HBC realized higher rebates from Turtle Island for their recyclables because organics diversion allowed for easier and cleaner collection of the other recyclable items generated at the store level.

Turtle Island Recycling conducted visits at each site upon program launch and assisted in training all key staff including store managers and staff who directly handle the waste, who in turn passed on their knowledge to their colleagues. In any recycling program, clear and easy signage is advantageous and it is imperative to ensure receptacles are available for public use in addition to behind the scenes for staff and at HBC.

Through hard work and collaboration among all stakeholders, Hudson's Bay Company has successfully established a highly efficient recycling program which has simultaneously proven to increase their bottom line while decreasing their environmental impact.



Enwave

Enwave, Canada's largest district energy utility, is committed to providing environmentally friendly, sustainable, and cost effective heating and cooling to all of our customers. Our colleagues at HBC have the vision and foresight to use Enwave's high efficiency central steam heating system, and our world renowned Deep Lake Water Cooling service to satisfy all the air conditioning needs of HBC's flagship Queen St. store in Toronto. Enwave would like to thank HBC for its years of service, and dedication to Enwave's triple bottom line of social, environmental, and fiscal responsibility.