



Audit Committee Charter

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Hudson’s Bay Company (“**Company**”).

1. Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- | Financial reporting and disclosure requirements;
- | Implementation of an effective risk management and financial control framework;
- | Administration of the Company’s pension plans; and
- | External and internal audit processes.

2. Composition and Membership

- | The Board will appoint the members (“Members”) of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director. In the event of a vacancy on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains.
- | The Committee will consist of at least three directors. Each Member will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including National Instrument 52-110 — Audit Committees.
- | The Board will appoint one of the Members to act as the chair of the Committee (the “Chair”). The secretary of the Company (the “Secretary”) will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

3. Meetings

- | Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year.
- | Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting.
- | Members may attend all meetings either in person, by videoconference or by telephone.
- | At the request of the external auditors of the Company, the Chief Executive Officer or any person acting in such capacity, Head of Internal Audit or the Senior Vice President and Chief Financial Officer of the Company or any Member, the Chair will convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- | The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their members to act as chair of the meeting.
- | A majority of Members will constitute a quorum for a meeting of the Committee.
- | Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes.
- | Powers of the Committee may be exercised by written resolutions signed by all Members.
- | The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee.
- | The Committee shall meet in camera without members of management in attendance for a portion of each meeting of the Committee.
- | In advance of every regularly scheduled meeting of the Committee, the Chair, with the assistance of the Secretary, should prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in

order for it to fulfill its duties.

- | The Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit to the extent permitted by law.

4. Duties and Responsibilities

The Committee shall have the following responsibilities:

Financial Statements and Disclosure

- | Review and recommend to the Board for approval, having regard to whether they are complete and consistent with information known to the Members, and reflect appropriate accounting principles as applicable:
 - | the annual financial statements and annual Management Discussion and Analysis ("MD&A");
 - | the interim financial reports and interim MD&A; and
 - | financial information contained in the Company's annual information form, earnings press releases and other financial information disclosed by the Company to any governmental body or the public.
- | Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from financial statements, other than the public disclosure in financial statements, MD&A and annual and interim earnings press releases and annual information form, and periodically assess the adequacy of those procedures.
- | Review and assess the manner in which management develops interim financial information, and the nature and extent of internal and external auditor involvement.

Internal Controls

- | Consider the effectiveness of the company's internal control system, including information technology security and control.
- | Understand the scope of internal and external auditors' review of internal control over financial reporting, as applicable, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- | Oversee the work of the internal audit function, including organization, operations and independence.
- | Review the performance of the Head of Internal Audit and approve his or her annual compensation and salary adjustment.
- | Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- | On a regular basis, meet separately with the Head of Internal Audit to discuss any matters that the Committee or internal audit believes should be discussed without other members of management present

External Audit

- | Review the performance and independence of the external auditors, and recommend final approval on the appointment or discharge of the auditors.
- | Recommend to the Board the appointment and compensation of the Company's external auditor.
- | Oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- | Pre-approve all non-audit and audit-related services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Company or its subsidiary entities by the Company's external auditor, in keeping with the Company's Auditor Services Pre-Approval Policy.
- | On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- | Consider and recommend to the Board if appropriate, major changes to accounting principles, policies and practices as suggested by the external auditors and/or management.
- | Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A.
- | Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response.
- | Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

Pension

- | Oversee the implementation, administration and governance of the Company's pension plans (the "Plans") through the Company's pension sub-committee (the "Sub-committee").
- | Ensure that the Sub-committee has the adequate authority and resources to carry out its duties.
- | Review and recommend to the Board for approval any proposals of the Sub-committee concerning amendments to the Plans or the funding and contribution requirements of the Plans.
- | Oversee the implementation by the Sub-committee of processes and procedures designed to ensure that;
 - | clear, up-to-date information and appropriate investment options are made available to Plan members with respect to the self-directed defined contribution accounts;
 - | plan members have the resources necessary to make informed investment decisions;
 - | the interpretation and administration of the Plans, including payment of benefits and other transaction are carrying out in compliance with applicable laws and applicable investment policies and guidelines;
 - | investment performance, including that of the investment managers, is monitored and reviewed on a regular basis; and
 - | all reports, certificates, statements or other documents are filed with the appropriate regulatory authorities as required.
- | Receive, review and approve reports from the Sub-committee providing reasonable assurances that;
 - | reasonable investment options are available to Plan members with respect to investment of funds in the Plans' defined contribution accounts; and
 - | the pension benefits committed by the Company under the defined terms of the Plans are properly calculated and paid, and that the funds under the Plans are invested and managed prudently.

Risk

- | Satisfy itself that the Company has implemented an appropriate enterprise risk management ("ERM") framework for the management of the Company's risks, and that the ERM framework provides for: (i) the identification of significant risks to the Company or its business, including emerging risks; (ii) ERM governance and organization; (iii) processes to identify, report, measure, assess, control and monitor risk; and (iv) such other related ERM policies, procedures and frameworks as the Committee may determine to be advisable.
- | Review policies and practices to control significant risks and review changes to the ERM framework recommended by senior executives of the Company.

Related Party Transactions

- | Review all related party transactions other than those delegated to a special committee or independent committee of the Board against applicable legal and regulatory requirements, discuss with management the business rationale for the transactions, review applicable disclosures and report to the Board on all such transactions, if any, each quarter.
- | Review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit in connection therewith.

Compliance

- | Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters (the "Whistleblower Policy").
- | Review the effectiveness of the Whistleblower Policy and follow-up (including disciplinary action) of any instances of non-compliance.
- | Oversee investigations of alleged fraud and illegality relating to the Company's finances and review the findings of any examinations by regulatory agencies, and any external auditor observations.
- | Oversee the Company's approach to managing conflicts of interest in the hiring of partners, employees and former partners and employees of the Company's present and former external auditors.

Other Responsibilities

- | Perform other activities related to this Charter as requested by the Board.
- | Institute and oversee special investigations as needed.
- | Approve the hiring of the Chief Financial Officer.
- | Evaluate the Committee's and individual members' performance on a regular basis.

5. Oversight Function

The Committee's responsibilities with respect to financial reporting are as set forth in this Charter. It is not the duty of the

Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditors. The Committee, however, will consider whether these annual financial statements are complete, consistent with information known to Members, and reflect appropriate accounting principles.

The role of the Committee is to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

The terms of this Charter are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

6. Reporting

The Chair should report to the Board at each Board meeting on the Committee's activities since the last Board meeting. As required by applicable rules and regulations, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law. The Committee should also review any other report the Company issues that relates to the Committee's responsibilities.

7. Access to Information and Authority

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees of the Company will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

8. Review of Charter

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

The Board may, from time to time, and to the extent permitted by NI 52 110, permit departures from the terms of this Charter, either prospectively or retrospectively.

Dated: December 2015; amended March 2017
Approved by: Audit Committee
Board of Directors