



## HUDSON'S BAY COMPANY MANDATE OF THE BOARD OF DIRECTORS

### Section 1.1 Introduction

The board of directors (the “**Board**”) of Hudson’s Bay Company (the “**Company**”) is elected by the shareholders of the Company and is responsible for the stewardship of the Company. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

### Section 1.2 Governor

The Governor of the Company (“**Governor**”) will be appointed by the Board, after considering the recommendation of the Corporate Governance and Nominating Committee, for such term as the Board may determine.

### Section 1.3 Independence

The Board will be comprised of a majority of independent directors, as established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including section 1.4 of NI 52-110.

Where the Governor is not independent, the independent directors will select one of their numbers to be appointed lead director of the Board for such term as the independent directors may determine. If the Company has a non-executive Governor, then the role of the lead director will be filled by the non-executive Governor. The lead director will chair regular meetings of the independent directors and assume other responsibilities that the independent directors as a whole have designated.

### Section 1.4 Role and Responsibilities of the Board

The role of the Board is to act honestly and in good faith and act in the best interest of the Company, and each member of the Board must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of the Company. The responsibilities of the Board include:

- (a) adopting a strategic planning process;
- (b) risk identification and ensuring that procedures are in place for the management of those risks;
- (c) review and approve annual operating plans and budgets;
- (d) corporate social responsibility, ethics and integrity;

- (e) review the integrity of the Chief Executive Officer (“CEO”) and the other executive officers and ensure that the CEO and other executive officers create a culture of integrity;
- (f) succession planning, including the appointment, training and supervision of management;
- (g) delegations and general approval guidelines for management;
- (h) monitoring financial reporting and management;
- (i) monitoring internal control and management information systems;
- (j) corporate disclosure and communications;
- (k) adopting measures for receiving feedback from stakeholders; and
- (l) adopting key corporate policies designed to ensure that the Company, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically and with honesty and integrity.

### **Section 1.5 Meetings of the Board**

Meetings of the Board will be held at least quarterly, with additional meetings to be held depending on the state of the Company’s affairs and in light of opportunities or risks which the Company faces. After each meeting of the Board, the independent directors will meet without the non-independent directors. In addition, separate, regularly scheduled meetings of the independent directors of the Board will be held at which members of management are not present.

The Board will delegate responsibility for the day-to-day management of the Company’s business and affairs to the Company’s senior officers and will supervise such senior officers appropriately.

The Board may delegate certain matters it is responsible for to Board committees, presently consisting of the Audit Committee, Corporate Governance and Nominating Committee, and Human Resources and Compensation Committee.

### **Section 1.6 Strategic Planning Process and Risk Management**

The Board will adopt a strategic planning process to establish objectives and goals for the Company’s business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company’s business and affairs.

The Board, in conjunction with management, will identify the principal risks of the Company's business and oversee management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks in line with the Company's Risk Management Policy.

### **Section 1.7 Succession Planning, Appointment and Supervision of Management**

The Board will approve the succession plan for the Company, including the selection, appointment, supervision and evaluation of the Chief Executive Officer or any person acting in such capacity, and the other senior officers of the Company, and will also approve the compensation of the Chief Executive Officer or any person acting in such capacity, and the other senior officers of the Company.

### **Section 1.8 Delegations and Approval Authorities**

The Board will delegate to the Chief Executive Officer, or any person acting in such capacity, and senior management authority over the day-to-day management of the business and affairs of the Company.

### **Section 1.9 Corporate Disclosure and Communications**

The Board will seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which the Company's securities are listed and the Corporate Disclosure Policy. In addition, the Board will adopt procedures that seek to ensure the security holders have a direct contact to independent directors in order to provide them with feedback on material issues.

### **Section 1.10 Corporate Policies**

The Board will adopt and monitor compliance of the policies and procedures, which are designed to ensure that the Company, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Company's business ethically and with honesty and integrity. Principal policies consist of:

- Code of Business Conduct;
- Corporate Disclosure Policy;
- Corporate Governance Guidelines;
- Insider Trading Policy; and
- Whistleblower Policy.

**Section 1.11 Review of Mandate**

The Corporate Governance and Nominating Committee will annually review and assess the adequacy of this mandate and recommend any proposed changes to the Board for consideration. The Board may, from time to time, amend this Mandate.

The Board may, from time to time, permit departures from the terms of this Mandate, subject to compliance with applicable law, either prospectively or retrospectively. The terms of this Mandate 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.

Dated: March 2017

Approved by: Corporate Governance and Nominating Committee  
Board of Directors