



CHALHOUB IMPACT

SUSTAINABILITY REPORT 2021

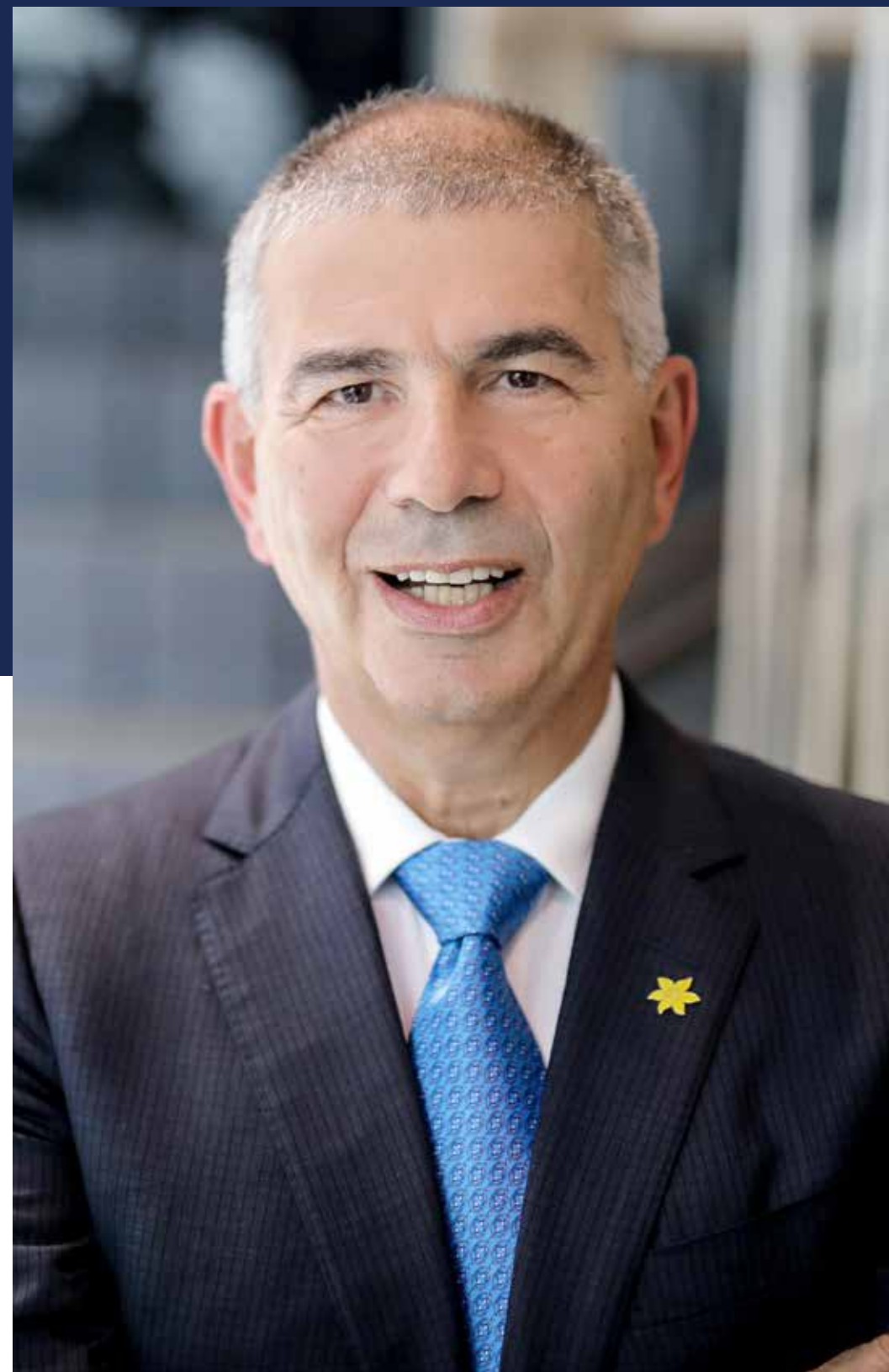


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We are committed to doing Business

ETHICALLY, RESPONSIBLY AND IN HARMONY WITH NATURE



*The long-term “
investments we have
made into protecting
our planet, supporting
our people, and
collaborating with our
partners are producing
the impact we have a
duty to deliver.*

Message from GROUP PRESIDENT

It gives me pride to present to you our Chalhoub Impact Sustainability Report 2021 to show our ongoing business commitment to positively impacting our People, Partners, and the Planet.

With 2021's United Nations Climate Change Conference being described as “the last chance to save the planet,” it's become clearer than ever that all of us around the world must be even bolder with our moves to operate more sustainably.

You'll find that at Chalhoub Group, we are seizing all opportunities to help mitigate climate change and pave our way to achieve net-zero emissions across all our operations by 2040.

This past year, we focused on better assessing and reducing our carbon footprint. We continued to transform our buildings across the region to become as energy efficient as possible, consumed more responsibly while minimizing waste and opened dialogues with our partners to adopt principles of the Circular Economy to maximize the lifecycle of our products.

Our people remain central to everything we do. In 2021, we drove forward programmes and initiatives to continue nurturing everyone's talents. Our current emphasis is on gender balance and integrating People of Determination into our workforce.

Our transition to servant leadership has also gained momentum, and our IBTIKAR programme, which promotes innovation

and creativity, is growing to provide our employees with increased support to realize their full potential.

In addition, we are offering the next generation of entrepreneurs more opportunities to succeed through our Greenhouse, which incubates emerging disruptors in our fields.

We are, of course, also working with our partners and suppliers to encourage them to adhere to the same principles we do.

As committed members of the UN Global Compact, we continue to measure the progression of our Environmental, Social, and Governance performance ensuring alignment to local and global agendas.

Our 2021 sustainability report outlines the details of how we are progressing on all those fronts. I would like to thank our dedicated teams and our trusted partners for making it all happen. All of you are integral to making us the Chalhoub family that we are today.

I hope you enjoy the read.

PATRICK CHALHOUB
Group President

We are CHALHOUB

A leading luxury partner, curator and creator across the Middle East for over 65 years. As a specialist in retail, distribution and marketing services based in Dubai, our Group has become a major player in the beauty and fashion categories regionally by developing our own brands and partners' brands.

12,500

TEAM
MEMBERS

600+

RETAIL
STORES

53%*

FEMALE
WORKFORCE

5.1M

UNIQUE CUSTOMER
RECORDS

76,000

SQM

WAREHOUSE
SPACE

201,492

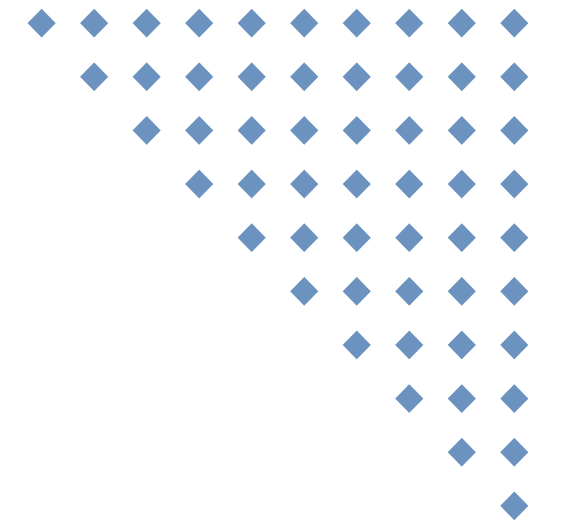
SQM

TOTAL GLA IN THE
MIDDLE EAST

50+

ECOMMERCE
WEBSITES & APPS

* Percentage is excluding JVs



We are driven by
OUR PURPOSE
THAT DEFINES US AND GIVES US A
REASON FOR BEING

- ◆ Inspire
- ◆ Exhilarate
- ◆ Delight

... and guided by
OUR VALUES
THAT BRING US TOGETHER

- ◆ Respect
- ◆ Excellence
- ◆ Entrepreneurial Spirit

Message from CHIEF SUSTAINABILITY OFFICER



FLORENCE BULTE
Chief Sustainability Officer

"We're further embedding Environmental, Social, and Governance principles into the core of our operations under the umbrella of Chalhoub Impact, which is tangibly improving our Group's sustainability performance. Simultaneously, our employee engagement activities will continue to improve our communities' access to quality education, offer humanitarian relief, and support cancer patients as part of our Chalhoub family philanthropy initiatives."

Sustainability has been rooted in the Chalhoub Group since our beginnings nearly 65 years ago. While the word itself was yet far from representing what it does in the business world today, the concept of giving back to society was always entrenched in the hearts of our founders Michel and Widad Chalhoub.

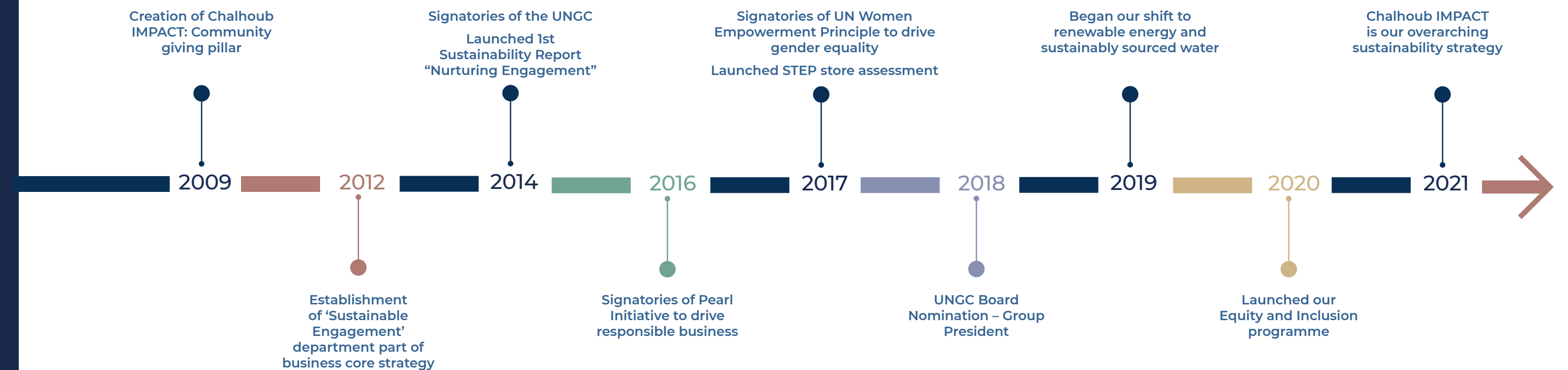
The Chalhoub family began selling luxury goods in Damascus in 1955 before moving to Beirut in 1965 and Kuwait in 1975. We then settled our global headquarters in Dubai in 1990, where we've been based since.

All the while, we've ensured that the success of our organization is shared with communities where we operate by helping to improve access to quality education, providing humanitarian relief, and supporting cancer patients. These initiatives were boosted with employee volunteering, and monetary and in-kind fundraisers over the years and have been conducted since 2009 under the umbrella of Chalhoub Impact – our sustainable engagement strategy. They will continue going forward through Chalhoub family philanthropy.

Now, with a global footprint and home to over 12,500 employees, our Group has been placing increased focus over the last few years on measuring our Environmental, Social and Governance (ESG) progress to strategically embed sustainability across our value chain, in line with the United Nations Sustainable Development Goals. Our actions are driven by our values of Respect, Excellence, and Entrepreneurial Spirit, and help us meet our purpose to Inspire, Exhilarate, and Delight. As a board member of the United Nations Global Compact, the world's largest corporate sustainability initiative, our Group President Patrick Chalhoub is personally invested in all aspects of our journey to further uphold the UNGC principles of human and labor rights, anti-corruption, transparency, and protecting the environment.

Our business model, which includes managing our own concept brands, franchises, and joint ventures, means that we can most influence sustainability practices where we are most directly engaged: in running our offices, warehouses, distribution networks, and stores; as well as our own product manufacturing.

OUR JOURNEY

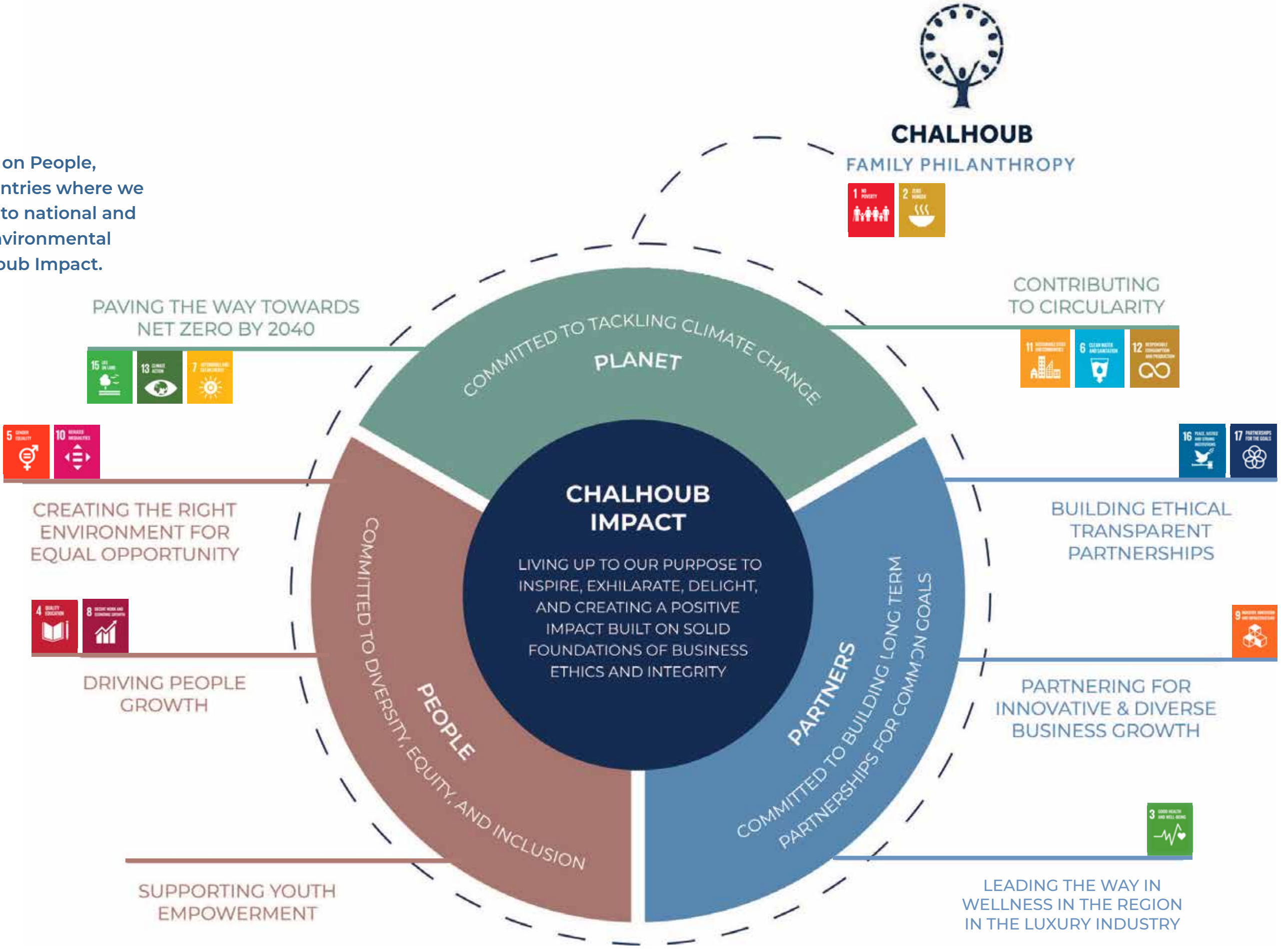


Sustainability FRAMEWORK




”
Driving sustainability
to deliver long-term
value and growth for
a sustainable future.

We strive to create a positive impact on People, Partners, and the Planet in the 8 countries where we have a direct presence to contribute to national and global agendas to help meet local environmental and societal needs. This is our Chalhoub Impact.



Chalhoub Group

BUSINESS ETHICS & INTEGRITY



Upholding human rights and anti-corruption programmes are pillars of our business ethics and integrity.

Everything we do at Chalhoub Group is founded on firm principles of ethics and integrity. We know that we can only create a positive impact when our people, business, and customers are protected with solid policies and actions. As signatories of the United Nations Global Compact (UNGC) and the Women Empowerment Principles (UN WEP), we respect and adhere to the principles of human rights as proclaimed in the UN Declaration, whereby everyone is equally entitled to basic rights of dignity, fairness, equality, and respect without any discrimination.

We are committed to upholding human rights across our operations and supply chain. This includes instilling the right processes, tools, and mindsets to nurture diversity within our Group, including that of gender, nationality, personality, age, and physical abilities. We make sure our people feel a sense of belonging by promoting equity and inclusion, health and safety, people experience and wellbeing.

In 2021, we conducted a survey and used the feedback to design Human Rights and Anti-Corruption programmes

for the Group. The objective was to review our existing processes, procedures, and policies and fill any gaps to ensure that we are rejecting any form of corruption or human rights violation within our operations.

One major achievement this year has been releasing a Partner Code which has been mandated upon all new and existing partners and suppliers moving forward. Further trainings, audits, and monitoring programmes will be put in place in 2022.



We protect our people by ensuring we have a healthy and friendly work environment. Our servant leaders lead with empathy, care, and full transparency to empower our teams to deliver results within a flexible and psychologically safe space that is built on trust. We leverage technology to better connect people, remove redundant tasks that may inhibit creativity, promote healthy work-life balance and mental health, and make it possible to perform safely amidst needs for social distancing.

Ensuring everyone stays safe and preventing injuries throughout our offices, stores and warehouses is integral to a healthy operation. Our logistics chain requires dedication from well-coordinated and trained employees.

We've thus successfully migrated to the ISO 45001:2018 Occupational Health and Safety (OH&S) Management System, which sets guidelines for our teams to follow while working on industrial machinery and heavy material, driving our vehicles fleet, or engaging in other logistical activities.

We check our compliance with the OH&S system through intervalled internal audits and validate it annually by an ISO-accredited third party. Our exemplary health and safety record of zero injuries in 2021 demonstrates our commitment to providing a safe and secure environment to anyone visiting our premises. This includes implementing hygiene and other preventive measures against spreading viruses.

Protecting our people also requires strong internal frameworks which bolster ethics and transparency throughout our organization. These include regular updates of our Code of Ethics (CoE) which all employees are mandated to review annually. Our strengthened Ethics Committees, awareness-raising activities, and related Key Performance Indicators allows us to ensure our CoE governs all decisions and behaviours in our Group. Team members can safely and anonymously express opinions and complaints on our Speak Up platform, which allows us to devise targeted preventive measures by concisely analysing reported CoE breaches, as well as detecting trends, violation types, and activities of concern in different countries.

We also introduced several initiatives in 2021 to further protect our employee and customer data. These include our Security Operations Centre which monitors our technology infrastructure and digital services round the clock for any security threats and vulnerabilities. Our Internal Security

Control Framework, which is aligned with international security standards including ISO 27001 and NIST, explains data protection measures and controls to all relevant employees. We've put in place a more comprehensive security testing program and implemented a formal security risk management process to allow us to effectively manage, track, mitigate, and close security risks in a timely manner. Reinforced with new members who bring additional skillsets, our IT Security team also constantly works to improve existing policies and procedures while introducing new controls as necessary.

In an ever more digitized world, our purpose to Inspire, Exhilarate, and Delight our customers can only be met with us becoming a hybrid retailer that brings luxury to the fingertips of people everywhere. As we future-proof our business in the process, our Customer Experience team has developed tools for us to maintain human to human connections, and we've strengthened our Muse loyalty program to cover all our online and offline offerings.

We do this while continuing to provide unique in-store experiences – and actively investing to expand into new emerging markets with our business model, which encompasses managing our own brands, those of others we represent, as well as global joint ventures and partnerships. This allows us to secure the economic sustenance of our business.

Building a solid foundation of ethics and integrity is crucial in the driving of our commitment to create a positive impact on People, through strengthening diversity, equity and inclusion; Partners by adhering to responsible and transparent business practices and Planet, by tackling climate change. We have set targets for each of these pillars, continuously monitor them and publicly disclose the performance. This is how we progress on the Environment, Social and Governance (ESG) front and ensure the sustainability of our business and the communities where we live.



145

SPEAK UP CASES
RECEIVED IN 2021

61%

OF THE SPEAK UP CASES
WERE RELATED TO BREACHES
OF OUR CODE OF ETHICS

93%

CASES
RESOLVED

90%

COMPLETION OF THE CODE
OF ETHICS TRAINING IN 2021

OUR 2023 TARGETS

| Targets | | Scope | 2020 | 2021 | 2023 | % Achieved |
|----------|---|-------------------|---------|---------|---------|------------|
| PEOPLE | ISO management system implementation in our retail store operations | Group-wide | 0 | 0 | 100% | 0 % |
| | Increase women representation | Middle Management | 44% | 47% | 50% | 94% |
| | | Senior Management | 22% | 30% | 35% | 86% |
| | Increase GCC nationals representation | UAE | 2.97% | 3% | 4% | 75% |
| | | Qatar | 0% | 0% | 1% | 0% |
| | | Kuwait | 3.3% | 3% | 6% | 50% |
| | Increase the number of people supported by impact initiatives by 30% against 2020 | Group-wide | 38,398 | 78,566 | 49,917 | 157% |
| PARTNERS | Increase the number of volunteers by 30% against 2020 baseline | Group-wide | 4,989 | 10,955 | 6,236 | 175% |
| | Increase Sustainability Supplier Scorecard response rate | Group-wide | 27% | 25% | 50% | 50% |
| | % of suppliers engaged | Group-wide | 0% | 8% | 15% | 60% |
| | Conduct atleast 1 external assessment on our human rights program | Group-wide | 0 | 0 | 1 | 0% |
| PLANET | Replace fuel-dependent vehicles with electric vehicles | Group-wide | 0 | 0 | 4 | 0% |
| | Install Solar Panel per site | Group-wide | 2 sites | 4 sites | 7 sites | 57% |
| | GHG emission reduction (tCO2e) | Group-wide | 1,500 | 2,697 | 2,900 | 93% |
| | Implement sustainability store program in 100% of our stores | Group-wide | 0% | 50% | 100% | 50% |
| | Increase recycling rate in UAE offices | UAE | 20% | 41% | 60% | 78% |



PEOPLE

WE ARE COMMITTED TO DIVERSITY, EQUITY, AND INCLUSION

We at Chalhoub Group are committed to Diversity, Equity, and Inclusion across our operations, for everyone to succeed together as One Team, One Culture.

Everyone is included, valued, and respected, while we specifically focus on enhancing Gender Balance and enabling the right working environment for People of Determination (PoD).

We drive talent growth and employment through partnerships, initiatives, and programmes to upskill and develop youth.



Creating the right environment for

EQUAL OPPORTUNITY



We nurture diversity, equity, and inclusion by celebrating and capitalizing on our people’s differences and unique traits.

Valuing and respecting everyone in the workplace unlocks talent that benefits individuals, society, and businesses. So, we strive to nurture diversity, equity, and inclusion (DEI) by celebrating and capitalizing on our people’s differences and unique traits.

1 Making our working environment more accessible to People of Determination.

2 Increasing opportunities to encourage women into a greater diversity of roles across our Group.

ENSURING OUR CULTURE AND PHYSICAL SPACES NURTURE A WELCOMING ENVIRONMENT TO PEOPLE OF DETERMINATION (POD)

Since 2019, our Empowered to Work programme has been encouraging PoD to join our family. This year, we inaugurated our PoD development programme with the objective of making our spaces friendly to people of all abilities. We achieved this through tackling the logistical and cultural challenges faced by PoD in the workplace by ensuring our physical infrastructure accommodates them, and our culture is inclusive to them. We believe this will attract more PoD to our frontline roles.

We are achieving this through tackling the logistical and cultural challenges of integrating PoD into the Chalhoub family by ensuring our physical infrastructure accommodates them, and our culture is inclusive to them.

In 2021 we began in-depth monitoring of our DEI performance through our digital dashboards in which data is made accessible to all our Group leaders to monitor and inform objective decisions about their recruitment and training plans for our people. Based on the findings of a culture study conducted in 2019, combined with the real-time DEI indicators on our dashboards, it was clear that in 2021 we should focus on:

In terms of physical infrastructure, as a pilot project, we hired an external auditing advisor to assess several of our stores for PoD accessibility. We also placed PoD into frontline roles in flagship stores to gain practical experience of exactly what makes a store accessible. To create an inclusive culture for PoD, we have been training our leaders, PoD’s store colleagues, and HR teams to be sensitive to PoD needs.

We also organized a series of employee engagement activities with PoD centres by offering our support and skills. We believe the cumulative impact of our approach to PoD DEI will be a tearing down of outdated perceptions regarding the limitations of PoD and attracting them to frontline roles. Thus, fostering a culture where their differences cease to be perceived as ‘disabilities.’

108
NATIONALITIES AT
CHALHOUB

53%
WOMEN IN THE
WORKFORCE

13
PEOPLE OF
DETERMINATION HIRED

25%
GCC NATIONALS IN
WORKFORCE



An inspirational PoD speaker

To strengthen an inclusive mindset towards People of Determination (PoD) across our Group, we invited Dr. Majed Al Usaimi, who is a PoD himself, to speak at our Group seminar in March. Dr Usaimi was appointed as the UAE’s first National Ambassador to UNICEF in 2021 and is the President of the Asian Paralympic Committee.

He addressed 13,000 people across our Group on the importance of integrating PoD into the workplace and the potential that lies in the PoD community. His inspirational words generated massive support for our mission to enable the right working environment for PoD.

INCREASING GENDER BALANCE IN SENIOR LEADERSHIP ROLES THROUGH EQUITY AND INCLUSION

Gender equality enables the potential of women to impact sustainable economic growth. This is why we support women at each stage of their journey with us to ensure they have equal access to every role in our Group.

Our total proportion of female employees has reached 53%, with women now occupying 47% of middle management roles. Furthermore, we are delighted to report that in 2021 our female representation at senior leadership reached 30%. Consequently, our target for 2023 has been revised upwards to 35%. However, rather than focusing entirely on absolute numbers, we also support women through policies and initiatives, like flexible working arrangements and 90 days maternity leave along with 15 days paternity leave. This promotes equality for them at every stage of their life and career with us.

To guide our approach to promoting gender balance in 2021, we conducted a full assessment using the United Nations Women

Empowerment Principle (WEP) Gap Analysis tool. This enabled us to understand how our business processes and policies can cater to the different needs of men and women. Consequently, we reviewed our onboarding processes and documents as well as our training materials which have given rise to more equitable working conditions.

Examples of such improvements include greater attention to gender-related breaches of our Code of Ethics, improved maternity and paternity succession planning, and mandatory unconscious bias awareness training under our One Team, One Culture Programme. Moreover, to provide equitable employment terms to both genders, we conducted an equal pay audit which enabled a levelling up of benefits packages through a policy that mandated gender pay parity across our Group.

Additionally, to close the gender gap at senior management level, we inaugurated our Women in Leadership (WIL) programme. The

objective of the programme is to fast-track our high-potential women into senior leadership roles across the Group by fostering their career development. This will lead to diversity of thought from the top down which stimulates innovation and positions us to be future-ready. We fully expect this programme to create a movement in our organisation for Women Empowerment that will ripple across our community rather than remain within the confines of those attending the programme itself.

The content of our programme was produced by surveying 180 managerial women across our Group to discover the support they require to progress to senior leadership roles. As a result, we constructed the programme around a series of learning modules, mentorship, and coaching initiatives. This will empower women to discover their strengths and learn about what leadership means at Chalhoub. Our Women in Leadership programme will be launched in March 2022.

To keep up the momentum regarding impact on DEI in 2022 we plan to implement the following initiatives:

1

The induction of 60 women into our Women in Leadership programme

2

In-house training on PoD inclusivity

3

Designing our stores according to our PoD Playbook

47% Women in middle management positions

30% Women in senior management positions

6.6% Women representation in warehouses



Recognition as a 'Great Place to Work'

People are at the centre of everything we do. This is lived by ensuring everyone is valued and respected through policies and programmes promoting diversity, equity, and inclusion, nurturing talent growth, and giving our people time and space to unleash their creativity through innovation.

Thus, it is with immense pleasure that we can report in 2021 that this culture has led to us being certified externally as a 'Great Place to Work' in five of the countries in which we operate: UAE, KSA, Kuwait, Bahrain & Qatar.

Driving talent growth by promoting nationalization, nurturing our talent, and enabling

IN-HOUSE INNOVATION



Innovation is the catalyst driving change within our organization, making us a sustainable and successful corporate.

We are ensuring the future prosperity of our Group by supporting local talent and fostering our people’s growth through servant leadership, and our IBTIKAR programme.

SUPPORTING FUTURE PROSPERITY OF OUR GROUP BY DRIVING GROWTH OF GCC NATIONALS

We always endeavour to source more talent from our communities to attract the next generation of local rising stars. Attention to this is necessary because of the large proportion of expatriates living in the UAE, which makes it difficult for locals to compete for work, and for us to meet government targets for nationalization.

In 2021, we also examined local representation in our KSA operations and discovered that, whilst locals have a strong presence in frontline roles, there was room for improvement regarding their inclusion in senior leadership, back-office, and warehouse positions.

This led us to rebrand our national graduate programme, and standardize it across three GCC countries, UAE, KSA and Kuwait, with the aim to attract, nurture and develop fresh talent with a passion for Luxury Retail.

Subsequently, nineteen high-potential nationals entered the eighteen-month programme, where emphasis was placed on gaining skills that would add value to our business. We are proud to have retained many graduates who have excelled in their careers with us and risen to senior roles. This has impacted the next generation of local talent by giving them the necessary ‘foot in the door’ for a successful career in retail.

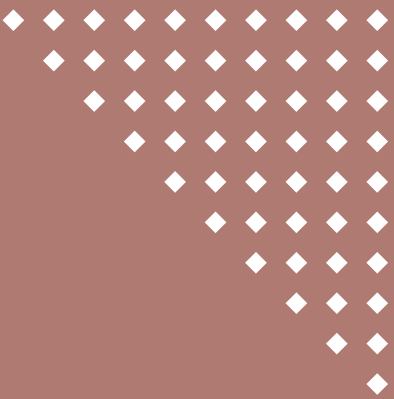
These efforts will serve to inject new blood into our business whilst adhering to our commitment of offering job opportunities to the Nationals of the countries that we operate within.



NURTURING IN-HOUSE TALENT BY EMPOWERING INNOVATIVE MINDSETS

Our Group attracts the best people in our industry, and with 12,500 employees, we possess an unrivalled pool of in-house talent. To retain this talent, and ensure we consistently delight our customers, it is imperative that our people remain motivated and engaged. In 2021, the digital technologies that we have embedded into our operations played a pivotal role in talent retention.

This is because through decisions that are informed by data, we can allocate logistics resources more efficiently than ever by taking information out of silos, which in the past has resulted in inefficiency across our operations. This frees up vast amounts of time through the removal of mundane tasks that our people can dedicate to unlocking their potential for innovation and creativity, and thus, dedicate more time to stimulating and rewarding work.



5,577

EMPLOYEES THAT RECEIVED E-LEARNING MODULE

8

AVG HOURS OF TRAINING RECEIVED PER YEAR PER EMPLOYEE

5,056

EMPLOYEES TOOK PART IN THE L&D PROGRAMS

50,002

HOURS OF TRAINING DELIVERED

69%

TRAINING HOURS ALLOCATED TO WOMEN

DRIVING TALENT GROWTH AND PROMOTING WELLBEING THROUGH A SERVANT LEADERSHIP MINDSET AND GIVING OUR PEOPLE AGENCY FOR THEIR OWN DEVELOPMENT

In 2020, we aligned our Group strategy with the Servant leadership philosophy, and our leaders began to abandon command-and-control style management to become mentors and coaches of their teams. This transformation from boss to coach is positioning our leaders as custodians for our people’s growth, development, and wellbeing above all else.

In 2021, to drive the project forward, sixteen of our executive leaders undertook Servant Leadership training through the Green Leaf Institute. This instilled them with a new mindset for what it means to be a leader equipped for the future of retail. However, to fully transform to Servant Leadership, leaders at every level of our Group must embrace the philosophy. So, we made it a policy that all our leaders will become Servant leaders.

Our vision for the long-term impact of Servant leadership is that all our people will be empowered and motivated to unleash their full potential and creativity. To measure the magnitude of the culture shift driven by Servant

Leadership we are leveraging the power of data through personalized leadership dashboards which are being issued to our Servant leaders. The dashboards provide constant feedback from their teams, providing the insight and focus on how they can best serve their people.

But Servant leadership is only part of the story because we have given our people agency for their own career development through our It Starts with You programme. It Starts with You empowers our people to seize control of their own career growth through the wealth of resources held in Chalhoub University. We launched this initiative alongside twenty newly created job families and defined sub-families within them, based on technical competencies and skillsets required for every role, to help provide our employees with clear paths for career growth.

So, everyone in our Group has clarity regarding what they need to do to grow and reach the desired destination in their career. Furthermore, we have been actively encouraging our frontline

leaders to embrace the It Starts with You concept and proactively coach their people. Additionally, we have reduced friction in internal mobility by removing the requirement of our people to inform their leader that they wish to move on before applying for an internal role.

This combination of Servant Leadership and empowerment of our people to take the initiative for their own career development has created an environment where our people can be open with their leader regarding their concerns, needs, and aspirations. Furthermore, they are endowed with the mentorship and resources to reach them.

A measurable impact of all the above was captured in our most recent employee wellbeing survey where our people on average rated their own wellbeing at 8 out of 10 across our Group. Moreover, our survey indicated only small differences in wellbeing according to grade, vertical and country.

IBTIKAR : A PLATFORM TO EMPOWER INNOVATIVE MINDSETS

We inaugurated our IBTIKAR programme to positively impact both our people's and our Group's growth simultaneously. The programme serves as a platform to empower innovative mindsets among our people in a risk-free environment. This stimulates a flow of ideas that take our Group in unanticipated directions and keep it ahead of the curve where disruptors are constantly transforming the retail landscape.

In 2021, the launch of our Modernist platform through IBTIKAR in the UAE has empowered women to dress in high fashion whilst preserving their modesty. The brand's end-goal is to build a community of style-conscious modest users around it. Looking forward to 2022, we plan to launch five new start-ups through IBTIKAR. Furthermore, we will be pushing forward with our plans to spread our IBTIKAR initiative to KSA, which were placed on hold due to travel restrictions.

106
IBTIKAR IDEAS
SUBMITTED SINCE 2018

14
IBTIKAR IDEAS
SUBMITTED SINCE 2021

8
IBTIKAR IDEAS
FUNDED



To scale-up Servant Leadership across our Group in 2022, our Behaviours for Success framework will guide our leaders towards the benchmarks that Servant Leadership is measured against. This will enable them to relinquish their preconceptions surrounding hierarchy and status to make way for collaboration, co-creation, and trust. As the transformation progresses, the success of our leaders will no longer be judged purely on what they deliver, but also how they do so, and the impact on those they lead.

Supporting

YOUTH **EMPOWERMENT**



78%
WORKFORCE FORMED BY
MILLENNIAL AND GEN Z
EMPLOYEES

With more than 28% of people in the Middle East between the ages of 15 to 29, we are blessed with the youngest population in our region’s history. However, for the potential of our young talent to be realized, it must be supported through assistance that endows our region’s youth with the knowledge, skills, and experience necessary for success.

**ENABLING YOUTH EMPOWERMENT
THROUGH PARTNERSHIPS WITH
UNIVERSITIES, MENTORSHIPS, AND
WORKSHOPS**

We have formed partnerships with many of the region’s academic institutions where, in 2021, we provided over 22 guest lectures to share practical business knowledge, as well as opportunities for training and mentorship to students wishing to join the retail sector upon graduation.

For example, we have partnered with Training and Vocational specialists in UAE to deliver the YES2WORK initiative which is open to students aged 15 to 21. Students participating in YES2WORK can choose to gain experience with us in locations across the UAE. They leave the programme with insights into the inner workings of the retail sector which will enhance their employability.

However, not every young person in our region can afford to go to university. Thus, without financial support, the potential of our region’s youth in unfortunate financial situations can be lost. Therefore, we provide generous scholarships to help young adults who have the ability, but lack the resources, to join under and postgraduate programmes at partner universities across our region. Since 2014, we have provided over 110 scholarships to help students access higher learning.

The impact of collaborations like this means a greater proportion of young people from the next generation are empowered to secure decent work in the region as well as enabling us to keep current with what our future customers will demand.

**SUPPORTING YOUTH THROUGH
OUR GRADUATE PROGRAMME,
TRAINEESHIPS, AND
INTERNSHIPS**

Our National Graduate Programme described above is one of many ways we endeavour to empower a region’s youth. Alongside it, our Finance Graduate Programme is designed to seamlessly integrate graduates fresh out of learning into the world of finance.

We provide the younger population and recent graduates a host of opportunities to gain first-hand work experience through six-month internship programmes, which is often a requirement for their degree, as well as six-month trainee programmes to give young people practical work experience. This gives them the opportunity to gain know-how from the best talent in retail and provides them with a head start upon graduation.



Versace Challenge

Year-on-year, we strive to give youth a helping hand into decent work by connecting them with the world’s most prestigious brands. In 2021, we set a challenge for students of Science PO, our partner university in Paris, to support the Versace brand in developing a marketing, communication, and trade marketing strategy for the Kingdom of Saudi Arabia during the Covid-19 crisis pandemic.

Over February and March, finalists were invited to brief with the Chalhoub strategy team and Versace on their ideas, and then present to a Jury who decided the winner.

Ensuring
HEALTH & SAFETY



Ensuring everyone stays safe and preventing injuries throughout our offices, stores, and warehouses.

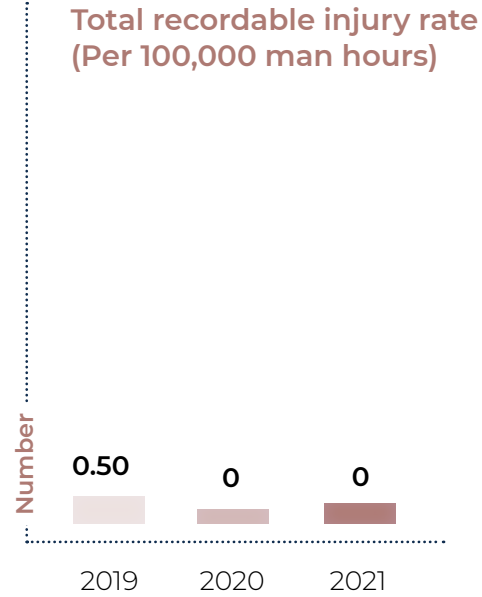
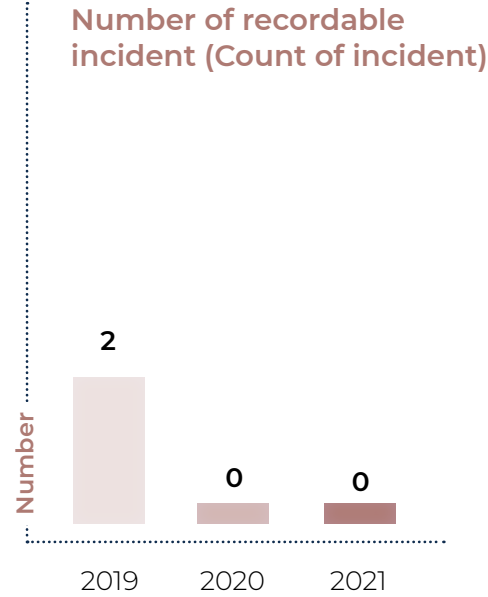
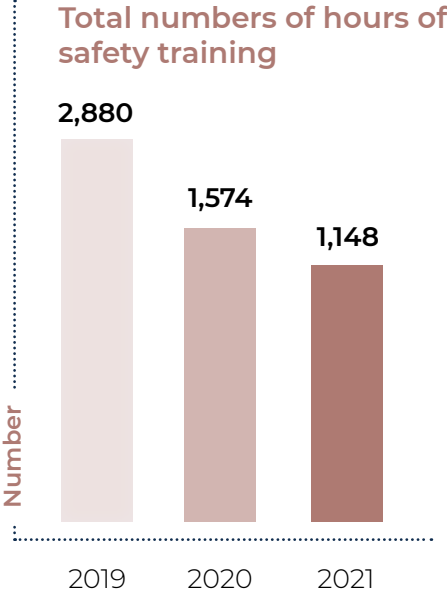
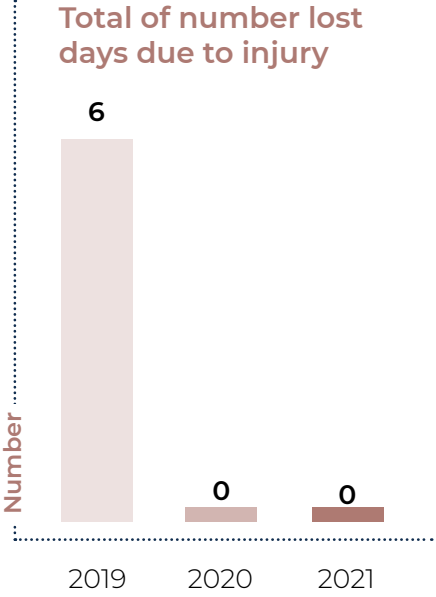
Providing a safe and secure environment for our employees, customers and visitors is of paramount importance to us.

Our logistics function involves the highest health and safety risk across all our operations as it deals with industrial equipment, heavy material, a fleet of vehicles on the roads delivering parcels and team members working 24×7, therefore the Health and Safety Management System covers the entire logistics operation.

We conduct internal audits as well as annual third party review of our management system to ensure the robustness of our health and safety management system.

We undertake regular training as well as safety drills involving our employees so that everyone is aware of their roles and responsibilities. In initial years of implementing our safety framework we organized multiple training sessions to ensure we reach out to each employee. Once these initial trainings were completed, in the following years we organised limited number of training sessions resulting in a decrease in number of hours of safety training.

The graphs on this page provide information on the key aspects of our health and safety performance.



1,148
HOURS OF SAFETY
TRAINING

0
RECORDABLE INJURY

0
RECORDABLE INJURY RATE
PER 100,00 MAN HOURS

0
LOST DAYS

Above numbers are for Logistics Operations for UAE.

PARTNERS

BUILDING LONG TERM PARTNERSHIPS FOR COMMON GOALS

We at Chalhoub Group are committed to working with our suppliers and partners to ensure the application of the highest ethical, responsible, and transparent business practices.

Our incubator and accelerator programs build partnerships with people who bring to life innovative solutions and trends that help future-proof our organization.



Building ethical and responsible relationships with our partners

& SUPPLIERS



“We engage with our suppliers, brands and industry experts to enhance the sustainability performance of our business practices.”

Meaningful impact on sustainability issues is only possible if all organizations transform and adopt sustainable business models. So, we are on a mission

to inspire, and be inspired by, our brands, suppliers, and local and global institutions through exchanges of ideas and best practices.

ENGAGING WITH OUR SUPPLIERS THROUGH ASSESSMENTS AND DIALOGUE FOR A RESPONSIBLE BUSINESS

Since 2019, we have engaged with our suppliers to encourage and inspire them to share their sustainability performance with us through our Supplier Scorecard. In 2021, we have taken a more rigorous approach to ensure our suppliers' values are consistent with our own by making it mandatory that new suppliers complete our Scorecard.

In addition, we've made completion of our Supplier Scorecard a prerequisite to contract renewals with existing suppliers. This strengthened onboarding process ensures that our values regarding which suppliers we engage with are applied consistently and fairly across our supply chains.

In 2021, more than 100 suppliers' sustainability credentials were screened through this strengthened onboarding

process, and we aim to continue and expand our effort to engage with all of them by 2025 and beyond.

Nevertheless, when potential suppliers fall short of our standards, we take the initiative to engage with and support them to meet our standards through open dialogue. The purpose of this is to make a positive contribution to our partners' sustainability efforts through leveraging our expertise.

This is achieved by inviting them to engagement sessions to discover how they could reach our standards in the future. We believe this constructive dialogue will help more businesses in the region step up to the mark regarding their sustainability performance and generate impact on collective sustainable economic growth.

25%
SUPPLIERS SCORECARD
RESPONSE RATE

8%
SUPPLIERS
ENGAGED

To continue to drive forward this impact in 2022, we will be launching our Third-Party Partner Code and further developing our:

- 1 Partner Awareness Programme
- 2 Partner Selection Criteria
- 3 Partner Monitoring And Audit Programme

Our endgame for these collaborations is a culmination of 1000s of partners working under a common code of ethics, which we believe will strengthen sustainability practices across our region.

100%
ENGAGEMENT WITH ALL
SUPPLIERS WHO COMPLETED THE
SUSTAINABILITY SUPPLIER SCORECARD



Supporting local business growth

Supporting our local economy is central to our procurement strategy, and therefore, we always look to buy local before shopping further afield.

Furthermore, in 2021 we explored providing our suppliers with a supply chain finance (SCF) facility linked to their sustainability scorecard fulfilment. Using SCF, our suppliers will have an opportunity to gain quicker access to the money they are owed with the aim of lowering financing costs and improving business efficiency. It is an opportunity to support our partners who share our sustainability values and provide a safety net to local businesses.

PARTNERSHIPS FOR EXCHANGING IDEAS WITH GOVERNMENTS AND NGOS

Impact on responsible business practices is dependent upon good governance. So, we have formed partnerships with local and international providers of frameworks for sustainable development to set standards for our efforts and enable mutually beneficial exchanges of ideas.

At the beginning of our sustainability journey in 2014, we became signatories to the United Nations Global Compact (UNGC). Appointed as a board member of the UNGC both in 2018 and in 2021, our Group President, is committed to integrating the universal principles of human rights, fair labour practices, environmental protection, and anti-corruption into our operations. These principles are the foundation for our strategy of building sustainability into our supply chain.

They also inform our engagements regarding sustainability with our partners and suppliers. Moreover, our teams strive for sustainability expertise by joining Sustainable Development Goals (SDGs) Ambition accelerator programmes to learn tools and techniques to align our projects with the SDGs.

Whilst international frameworks like the UNGC set broad standards for us to reach for, partnerships with local NGOs and government bodies provide platforms for exchanges of ideas regarding regional agendas. So, we became signatory to the Pearl Initiative Business Pledge in 2018 to promote adoption of higher standards in corporate governance, accountability, and transparency.

This year our Group President, who is one of the Pearl Initiative's board of governors, met with 300 other philanthropists in the region to highlight the capability philanthropy has for driving new and innovative solutions for sustainable economic growth in our region. At the meeting he was able to share his experience, and it was also an opportunity for us to absorb ideas regarding how we can work together to impact regional sustainability. In 2021, we prioritized impacting sustainable economic practices in KSA by supporting local brands and sharing our values regarding what constitutes sustainable business.

With the opening of the UNGC Local Network in KSA, Chalhoub Group was proudly nominated as Board of the network with other industry leaders. We are committed to supporting the Network's mission in Saudi Arabia to provide the private sector with the necessary guidance to ensure that they recognize the role of business in the achievement of the SDGs, and to create high-impact collaborations.

We also focused on forming partnerships with governments and quasi-government organizations in KSA. This provides us with a presence at high-profile events where we can share our values and experience regarding sustainability. For example, our relationship with Saudi's Ministry of Culture facilitates opportunities for us to speak at events like the Saudi Fashion Futures Summit and the Saudi 100 Brands programme.

To continue building ethical, responsible, and transparent relationships, in 2022 we plan to further expand our partnerships with regional and global bodies working towards a better and sustainable future.

This will involve sending delegates to events like the One Young World Summit, the world's largest and most impactful annual youth leadership summit, and the UNCG Global Compact Leaders Summit where in previous years our Chief Sustainability Officer, Florence Bulte, exchanged ideas on how businesses can positively impact diversity, equity, and inclusion with other like-minded leaders.



Partnering for innovative & diverse BUSINESS GROWTH

Our region is a hotbed of budding entrepreneurs that are innovating for the future of retail. We support them through partnerships under our incubators, Retail Tech Accelerator, and Startup Studio under the auspices of our Greenhouse. The purpose of our support is to impact diverse economic growth in our region whilst keeping us current with the disruptors in our sector.

Moreover, our incubators provide an environment for emerging disruptive fashion and beauty brands to scale at pace. Our first Beauty Incubator, that was launched with the objective of discovering innovative and disruptive emerging beauty brands from the Middle East and North Africa, completed in 2021. We also launched our Fashion Brand Incubator with a focus on identifying innovators and disruptors in Saudi. Both initiatives have helped support young talents while enhancing our brand offerings.

The success of the beauty brands was tangible as faces.com kept all of them on their channel after the program ended. This demonstrates the brands added measurable economic impact to the faces.com brand ecosystem. Moreover, the channel, matched and exceeded the financial support provided to them by our incubator due to their excellent performance.

The brands also produced an excellent return on ad-spend (ROAS), and negotiations are progressing regarding investment into MZN Body Care. Looking forward to 2022, will be launching the next phase of our Beauty Brand Incubator which will focus on the future of wellness.

The launch of Saudi Arabia's first of its kind Fashion Lab builds on Chalhoub Group's commitment to identify and boost innovative Saudi fashion brands with disruptive ideas and provide them a platform to evolve as business leaders. The Fashion Lab will focus on early-stage brands, which will receive game-changing support. Moreover, it is an open innovation platform that integrates Chalhoub Group's operational expertise with the insights of industry professionals to grow prospective Saudi brands and nurture Saudi fashion talent. This fills a gap in the industry where

local designers currently lack a viable and trusted platform to grow their businesses. All the above means our Fashion Lab will have long-term positive impact in promoting innovation in KSA's fashion industry whilst creating young fashion champions from the Kingdom for the world.

We have also integrated our digital technology into the Lab, meaning it creates a compelling data-driven and agile approach to investing in fashion brands. The initiative will build a new generation of creative entrepreneurs who will have access to mentorship, funding, and end- to-end support from fashion experts.

The impact created enables passionate designers and brand owners, who have been limited in their capacity, to grow their ideas, and their enterprises will benefit from this socially responsible initiative of the Chalhoub Group, in addition to transforming the fashion retail market of the Kingdom. This year, the Chalhoub Greenhouse supported emerging brands focused on streetwear, sustainable fashion, contemporary design, and accessories with a unique story to tell; driven by passionate founders who know the fashion market inside out.



New for 2021, and looking forward to 2022, we are launching our Startup Studio with the ambition of building one hundred start-ups over the next ten years. Our Startup Studio is set to become a platform of co-creation with the region's best and brightest entrepreneurs creating start-ups the customers of tomorrow desire most. Partnerships in our Studio will empower us to launch and grow disruptive, traction-heavy start-ups whilst we mitigate the risks inherent to new and innovative ventures.

Alongside our Beauty and Fashion Labs, our Retail Tech Accelerator, partners start-ups offering technology-driven solutions to specific pain points. Our equity-free program matches rapidly growing retail start-ups to corporate sponsors across our Group to explore proof of concept, and to provide market access and expose them to retail expertise. Our partnership with SimpliFeild, that emerged from our Accelerator in 2020, has continued to flourish in 2021.

SimpliFeild acts as a bridge to connect back offices of companies with their front liners. This creates smarter execution processes and improved performance, with more predictive decisions from everywhere in real-time. After promising results from proof-of-concept tests in 2020, in 2021, several of our brands have continued to explore SimpliFeild as a permanent solution.

The partnerships we forge under the umbrella of our Greenhouse are pivotal to our sustainable business model. This is because through them, we promote an innovative business ecosystem diversity in our local communities of small businesses. Ultimately, this promotes an ethical competitive landscape where SMEs can compete on a more even playing field.



Our incubators provide an environment for emerging, disruptive, fashion and beauty brands to scale at pace.

14
BRANDS AND START UPS
SELECTED FROM 16 WHO
JOINED THE PROGRAMS

- 4 BEAUTY BRANDS
- 5 FASHION BRANDS
- 5 RETAIL TECH START UPS

PLANET

WE ARE COMMITTED TO TACKLING CLIMATE CHANGE

We are working to lower our carbon emissions and to shift to renewable energy solutions, while encouraging our partners and suppliers to do the same.

We also strive to contribute to the Circular Economy by adopting circular business models and improving the management of our waste.



Paving the way
towards **NET ZERO**
EMISSIONS **BY 2040**



Renewable energy “
integration and
implementing energy
efficiency measures are
driving our low carbon
transformation.

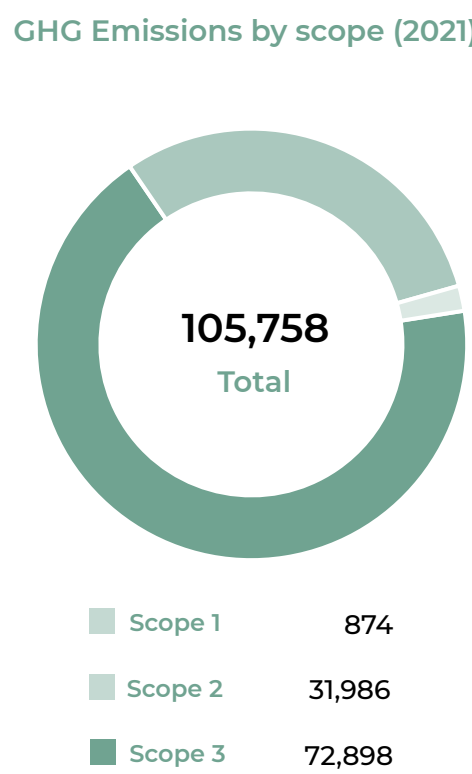
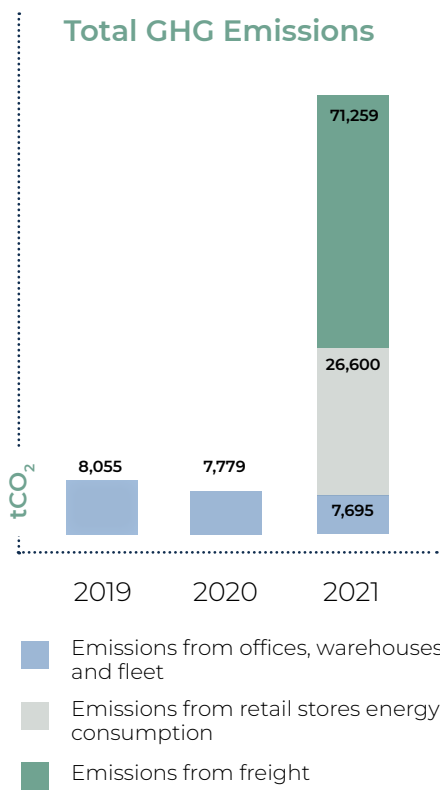
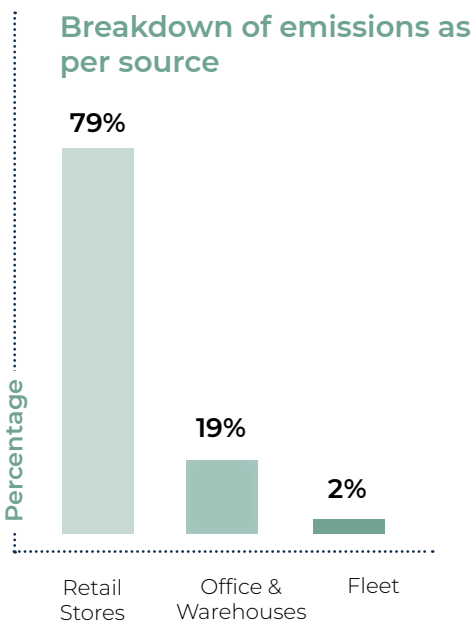
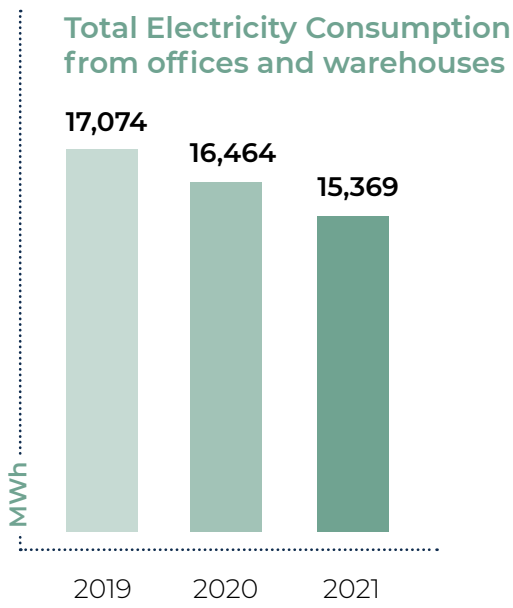
Climate change was included as a top-three global risk by the World Economic Forum in 2021. Furthermore, during the recently conducted COP 26 of the UNFCCC, more than 151 countries submitted their updated Intended Nationally Determined Contributions (INDCs) to tackle this global threat.

Additionally, several countries where we operate have now committed to net-zero emissions by 2050 and 2070 (UAE, Bahrain, Saudi Arabia, and India).

Thus, decarbonization has become a key concern globally and in our region, and coordinated efforts must be taken by the governments, corporates, and individuals for humanity to reach net-zero.

We continued estimating our carbon footprint to understand our climate impacts in accordance with the Greenhouse Gas Protocol for Scopes 1, 2 and 3.

This year we included freight emissions and electricity consumption emissions from our retail stores to enhance our GHG inventory disclosures. We also upgraded our GHG inventory tool, on which emission calculations are automated, updated periodically and available at the touch of a button. Additionally, we aim to complete a full GHG audit in 2022 with an objective of making a global commitment to the 1.5-degree business pledge with an ambition to commit to the near and long-term goals of reaching net-zero carbon emissions.



15,369 MWh

ELECTRICITY CONSUMPTION
- 7% VS. 2020

3,549 kWp

TOTAL SOLAR CAPACITY
INSTALLED AT CHALHOUB

502 Tons

WASTE RECYCLED
47% VS. 2020

REDUCING CARBON EMISSIONS DIRECTLY LINKED TO US

The most significant direct GHG emission source from our operations is fuel consumption by our vehicles. To reduce emissions from of our fleet, we explored the feasibility of integrating Electrical Vehicles (EVs) to reduce our direct (Scope 1) emissions.

Electric alternatives of the delivery vehicles that make up most of our fleet are not widely available in the Middle East. Therefore, a transition to them is not yet viable.

However, we are modernizing our fleet with low emission vehicles, and are ensuring that all new vehicles that we acquire comply

with the EURO III standard at a minimum, and EURO IV wherever possible. The EURO standards are emission standards for exhaust emissions of vehicles like light passenger and commercial vehicles. EURO 4 compliant vehicles have better pollution controls than EURO 3.

In 2022, we will explore replacing 1 or 2 of our owned light-vehicle administrative cars, which are due to be changed, into Electric Vehicles as a pilot to continue our transition to more sustainable transportation.

Additionally, our FarEye tool has helped us optimize transportation route so that miles travelled and corresponding fuel consumption and GHG emissions are reduced to a minimum. We aim to keep our transportation emissions low by integrating efficient vehicles and route optimization until it's feasible to transition it to EVs.

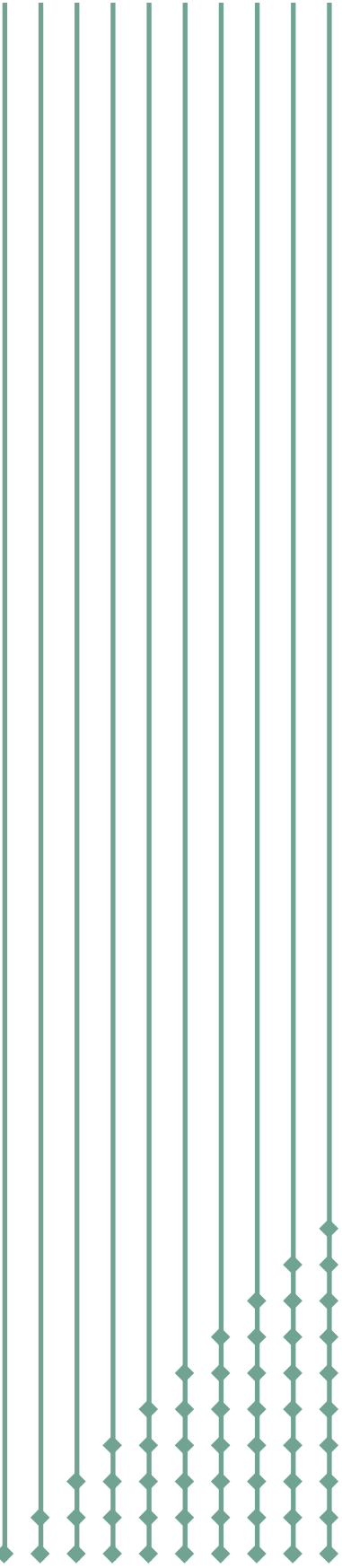
This year we have also started collecting activity data for refrigerant leakage from cooling equipment so that these emissions can be quantified and if found significant, a mitigation strategy could be put in place.



STEP Assessment

Additional to benchmarking our infrastructure with the internationally recognized LEED standard for building sustainability, in 2021, we implemented our in-house Store Towards Earth Protection (STEP) protocol. STEP is our internal audit survey that assesses how environmentally responsible and resource-efficient our newly opened stores are against certain sustainability criteria, including Scope 2 emissions, from design to operation.

To ensure STEP is complied with consistently, a store sustainability steering committee reviews the program's performance regularly. We are proud to announce that 91% of stores that opened in 2020 are now STEP certified across the eight countries we operate in. We will be conducting the audit for all the stores that opened in 2021, beginning next year.



INTEGRATING SOLAR AND ENERGY EFFICIENCY INTERVENTIONS

Integration of renewable energy to replace fossil fuel-based grid electricity is one of the most important intervention towards our shift to net-zero. Our shift to largescale uptake of renewable energy began in 2018 with the award of roof top solar contract for our Head Office and Main Warehouse in UAE. Since then, we have installed roof top solar panels at our second Head Office and Dubai Investments Park (DIP) Warehouse site.

We now meet 34% of our electricity demand at these four buildings through solar energy. Thereby significantly reducing our Scope 2 emissions. To date, we have installed 3,549 KWp of solar capacity and reduced 2,697 tons of CO2-eq emissions. Looking to the future, we are in process of undertaking feasibility study for installation of solar panels at our warehouses in KSA.

To explore opportunities for reducing our indirect (Scope 2) emissions in 2021, we engaged a green building consultant to undertake sustainability

performance assessment of our Head Office 1 and Head Office 2 (HO1, HO2) buildings and our Main Warehouse (MW) in Dubai, UAE. The assessment identified areas of improvements, based on which we have set a plan to improve our energy and water performance of these assets.

We are in the process of upgrading our building facilities to optimize use of our electricity and water resources and provide better indoor air quality for the building's occupants. The assessment also outlined the pathway towards green building certification for the three buildings.

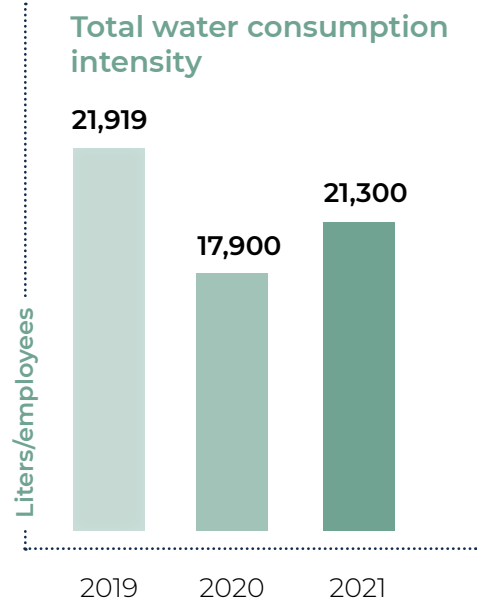
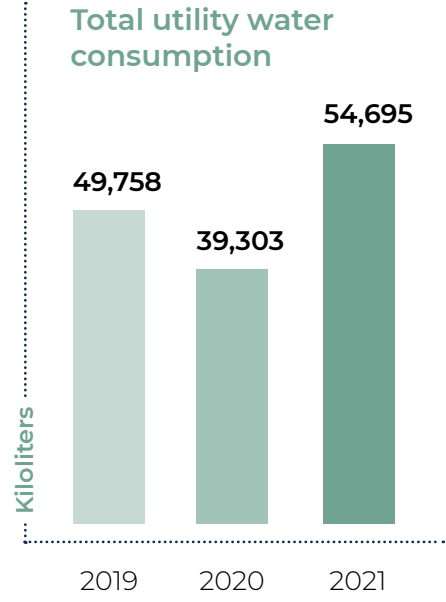
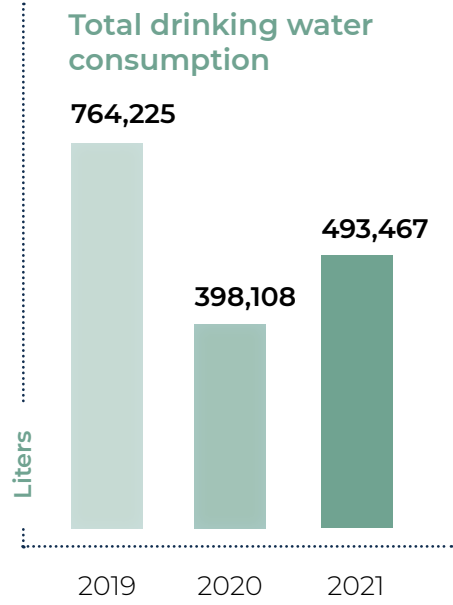
Thus, covering all our assets to optimize energy consumption and reduce utility costs as well as our Scope 2 emissions. Additionally, onsite implementation of LED lights to reduce the electricity consumption, and the associated Scope 2 emissions, has been completed for two warehouses in UAE and KSA, and resources have been allocated for the remaining assets for the year 2022.



WATER EFFICIENCY AND OPTIMISATION

Over the years, we have installed several low flow water fixtures within our buildings. As part of 2021's energy audits and assessments, the auditors also investigated our water consumption intensity, and suggested measures to optimize our consumption. We noted a rise in water consumption for 2021 due to an uptick in our ecommerce business, which resulted in increased employee usage of facilities and regular cleaning of trucks and other equipment.

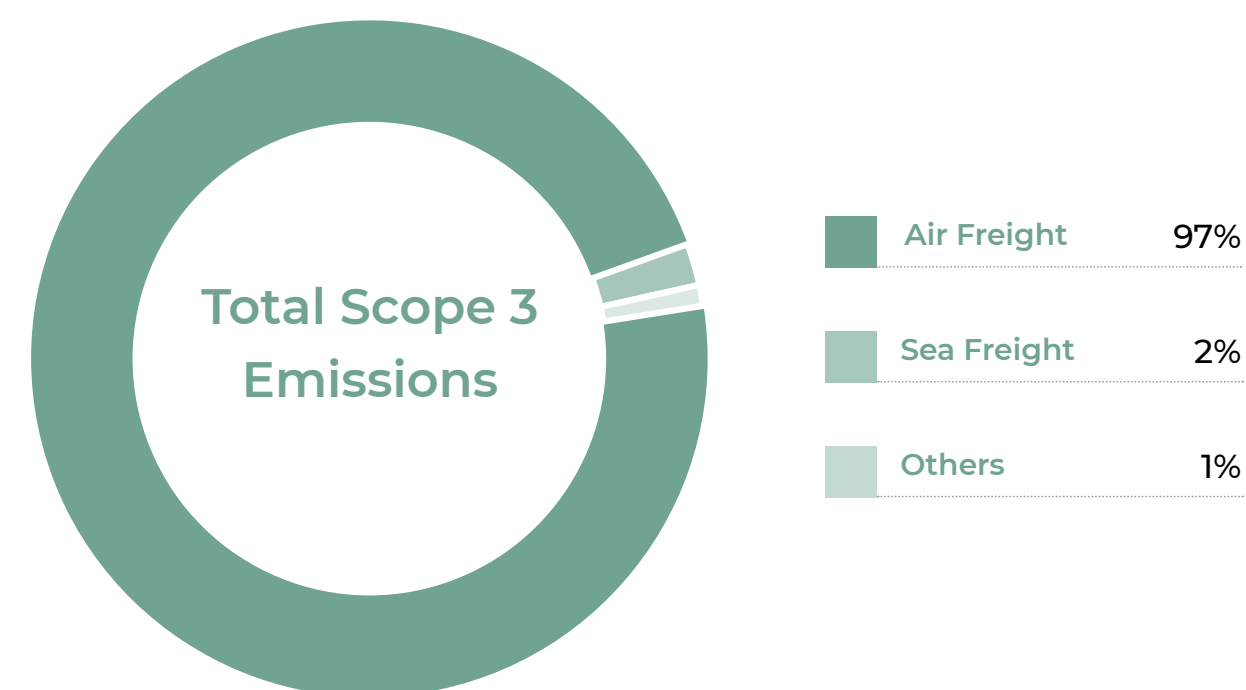
Subsequently, we installed submeters to further understand and monitor where we might be losing efficiency. These measures to reduce our Scope 3 emissions demonstrate our commitment to the ambitious low-carbon growth of the Group that we aspire for.



REDUCING OUR INDIRECT EMISSIONS LINKED TO SCOPE 3

As an employer of thousands of people and having hundreds of suppliers, we must consider the indirect (Scope 3) emissions resulting from our operations. This year we have included air travel and freight emissions related emissions to enhance the coverage of scope 3 emissions. One of the important sources of scope 3 emissions is employee travel, so to reduce emissions we promote the use of electric vehicles by our people commuting to work.

We have installed EV chargers within our sites to support our mission to shift to less GHG intensive commuting. At present, chargers have been installed in priority parking spots at our Head Offices in the UAE. Additionally, most of our staff are provided with transportation facilities such as vans and buses so that, overall, fuel consumption, and our Scope 3 emissions are reduced.



Collaboration with the Ministry of Climate Change

Collaboration between the government, businesses and not for profit organizations will be vital if the UAE is to meet its ambition to reach Net Zero by 2050. The Ministry of Climate Change & Environment in collaboration with Emirates-Nature WWF has created a platform to strengthen carbon footprint and emission reduction capabilities within UAE's private sector.

We are proud to have joined this platform in 2021, which helped us expand our Green House Gas (GHG) inventory tool to include additional emissions sources. We also supported the platform by sharing best practices in GHG management with other participants.



Contributing
TO CIRCULARITY



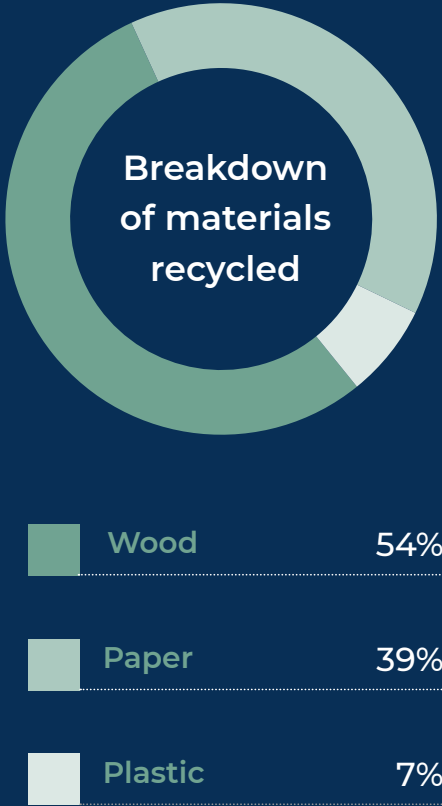
“
Reducing material consumption, improving recycling rate and sustainable business model underpins our journey towards the goal of zero waste to landfill by 2030.”

We contribute to the Circular Economy by adopting circular business models and improving waste management. We have adopted a circular economy strategy and associated actions where we work with our internal and external stakeholders to procure consciously, maximize the life cycle of all our products, use our resources efficiently, and maximize the value of our waste to integrate restorative and regenerative design of our business model.



502 Tons
OF WASTE
RECYCLED

41%
INCREASE IN THE
RECYCLING RATE AT UAE





LOOKING INTO CIRCULAR BUSINESS MODELS

We strongly believe in creating an impact beyond our sphere of influence, and therefore have been experimenting with and integrating sustainable business models to provide our customers with products and services consistent with a circular economy.

We are focusing on three approaches to encourage circular consumption:



Refurbish

Providing our customers with an option to refurbish and repair their products to extend their lifetime, also improving our customer loyalty and long-term relations with our brands.



Rent

We are working with our own concept brands to explore offering our customers rental options. This allows us to make use of our high price high-quality durable products, while minimizing waste and reducing our carbon emissions.



Reuse

We are also exploring selling pre-loved fashion wear and accessories in some of our online and offline shops as part our commitment to embrace circular business models.

All these approaches are completely in sync with the principles of circularity and will reduce the demand for newer products and natural resources. Thus, enabling us to unleash new business opportunities.

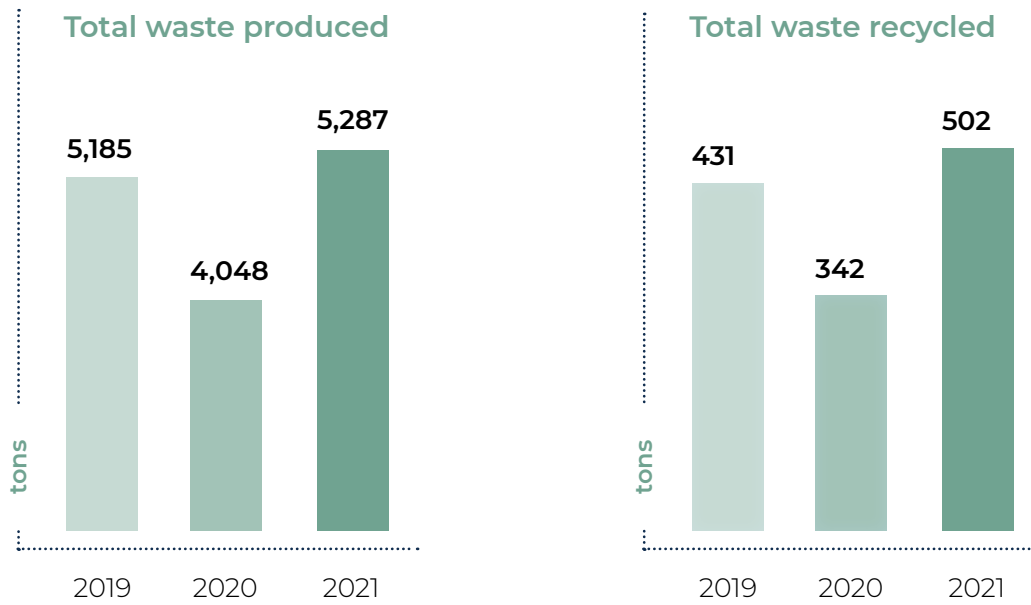
PROMOTING CIRCULARITY BY OPTIMIZING OUR RECYCLING RATES THROUGH STRATEGIC PARTNERSHIPS

Our waste management program is based on the philosophy of “Avoid, Reduce, Reuse and Recycle”. So, each year we explore how we consume resources and identify measures to improve our performance year-on-year. To remain focused on this ethos, we have set a target to send zero waste to landfill by 2030.

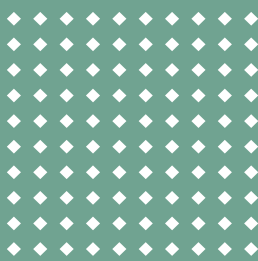
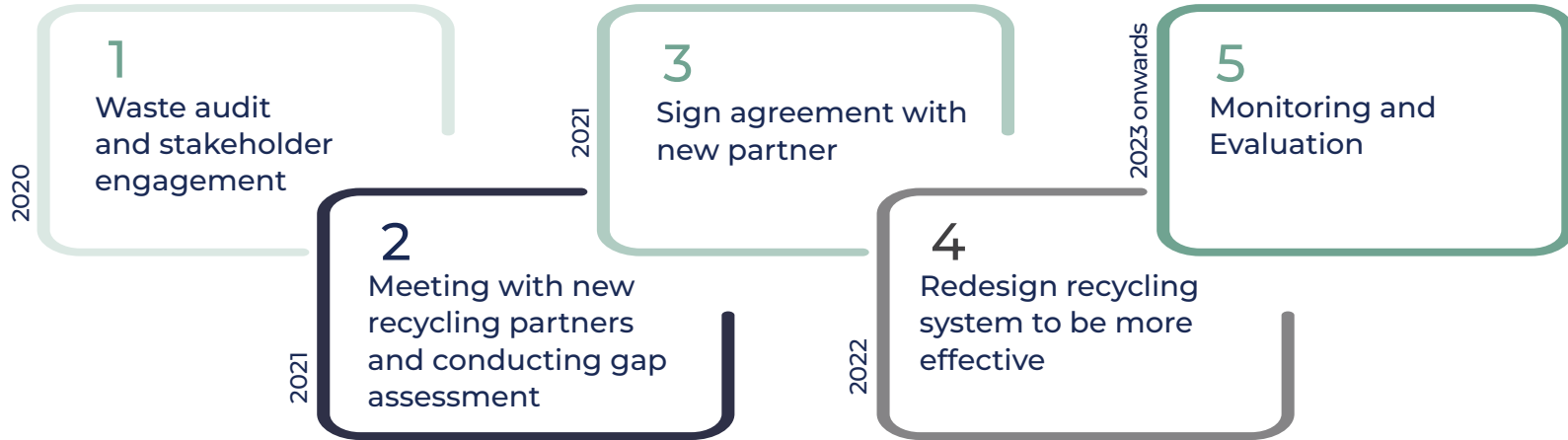
After completing a waste audit in 2020, which showed us that our recycling rates in our offices were between 20-25%, we set a mission to find a recycling partner that can support us in increasing our recycling rates, subsequently reducing our waste to landfill. In 2021, we visited several waste sorting and recycling facilities in Dubai and are happy to report that we have signed an agreement with one the leading recycling providers in the region, Enviroserve.

Enviroserve will take care of collection, segregation, processing of all recycling categories across all our office and store operations in the UAE. This would also entail sharing expertise to build educational campaigns to encourage Chalhoub employees to recycle in office and

at home through the Green Truck initiative. The companies will also be working closely together on extending these efforts to other countries in the region.



Our waste management strategy and actions to enhance our waste performance is depicted in the following flow chart:



ONGOING MONITORING

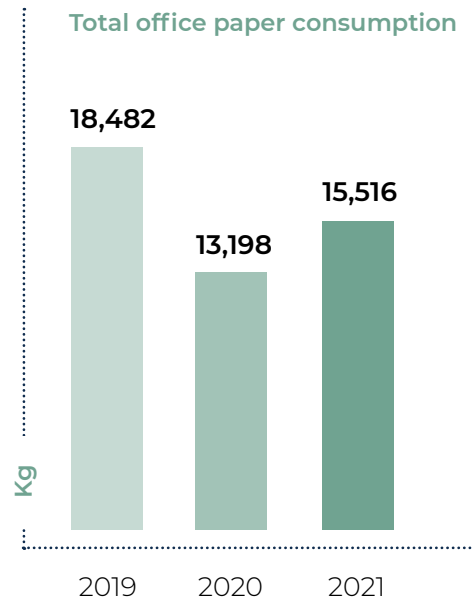
In 2022, we will be focusing all our efforts on improving recycling rates and running several awareness campaigns for our employees and customers.

PROMOTING CIRCULARITY THROUGH DIGITALIZATION

Digital tools, data analytics, networked devices, sensors, and similar digital technologies are changing how energy as well as material is used and consumed across our industry. We have accelerated the adoption of digital technology across all our functions which has helped us to drastically reduce paper consumption.

For example, our STEP protocol is an essential tool for archiving our ambition of transforming to circular business models. The implementation of STEP has enabled us to integrate checklists previously completed on paper into a digital system. This means the checklists can now be completed an unlimited number of times on electronic devices, like tablets, which epitomizes the concept of the Circular Economy.

Similarly, we have introduced Power BI and have created dashboards for several business functions which otherwise would have to be analyzed manually and printed as reports. These are now completed with a click of button and relevant groups across the organization have access to dozens of reports with real-time data. Historically, several administrative tasks in our stores as well as offices used to produce lengthy paper trails, which is now avoided through digitalization.



ACHIEVING CIRCULARITY THROUGH SUSTAINABLE SUPPLIES AND SINGLE USE PLASTIC REDUCTION

We have undertaken several measures to include sustainable materials and consumables within our operations. The installation of water filters in our Head Office and warehouses has enabled us to reduce our water consumption whilst promoting circular use of materials on our premises. Because this enabled our people to switch to reusable drinking vessels, we have been able to eliminate 9,000 kgs of single-use plastic (SUP) bottles from our supply chain.

This produced the added benefit of significant financial savings over four years. We have also significantly reduced the usage of bubble wraps in packaging to reduce the usage of SUP. Additionally, following the successful removal of all SUP items from our supply order forms for our offices and stores, we have completely stopped purchasing SUPs items such as SUP plates, cutlery, cups and bottles in our offices, stores and warehouse.

Thus, a circular approach to supplies and SUP is demonstrably pragmatic both for the environment and our bottom line. Therefore, we now plan to implement this solution more widely across our operations as soon as possible.



The Conscious Collective Initiative

Level Shoes, our leading luxury footwear outlet, is exemplifying our drive to integrate sustainability into everything we do. In 2021, Level Shoes launched The Conscious Collective which encourages our customers to take a step in more sustainable direction. On the platform they will find super-stylish shoes that have been crafted by brands with a more circular and ethical approach to their research, materials, production, and packaging.

As well as championing circular-minded brands, Level Shoes is embracing the Circular Economy concept through its in-store Personalization Hub where our customers can have their favorite shoes resorted or revamped. Thus, extending their life, which reduces waste sent to landfill and material consumption for new shoes. All of this means we can continue to delight our customers whilst reducing our impact on the planet.

Employee engagement
& **VOLUNTEERING**



“
Our volunteers have
the time and heart
to positively impact
the environment and
thousands of people
each year.

Our employees are involved
in various initiatives across
our three sustainability pillars,
such as; support to universities through
guest lectures, mentorships, One Young
World Summit, retail campaigns, career
fairs, support to Jusoos and cancer patients,
crisis relief, active participation in Earth
Hour, beach and mountain clean up drives,
mangrove and tree planting, recycling
and upcycling workshops, and the Group's
fashion and beauty lab.



234

INITIATIVES
+ 33% VS. 2020

13,573

HOURS VOLUNTEERED
+ 53% VS. 2020

10,955

VOLUNTEERS
+ 119% VS. 2020

92,323

PEOPLE IMPACTED

ESG

Disclosures

IDENTIFYING MATERIAL ISSUES

Stakeholder engagement

Regular engagement with our stakeholders enables us to stay current with the sustainability issues that matter to them. Furthermore, it demonstrates that we value our relationships with them. The important stakeholders that we continuously engage with and several modes of communication to open dialogue are presented below;

| | |
|-----------------------------|----------|
| Employees | Internal |
| Government | External |
| Customers | External |
| Suppliers / Sub contractors | External |
| Regulatory bodies | External |
| Communities | External |
| NGOs | External |
| Industry peers | External |
| Society | External |
| Academic Institutions | External |
| Financial institutions | External |
| Government institutions | External |

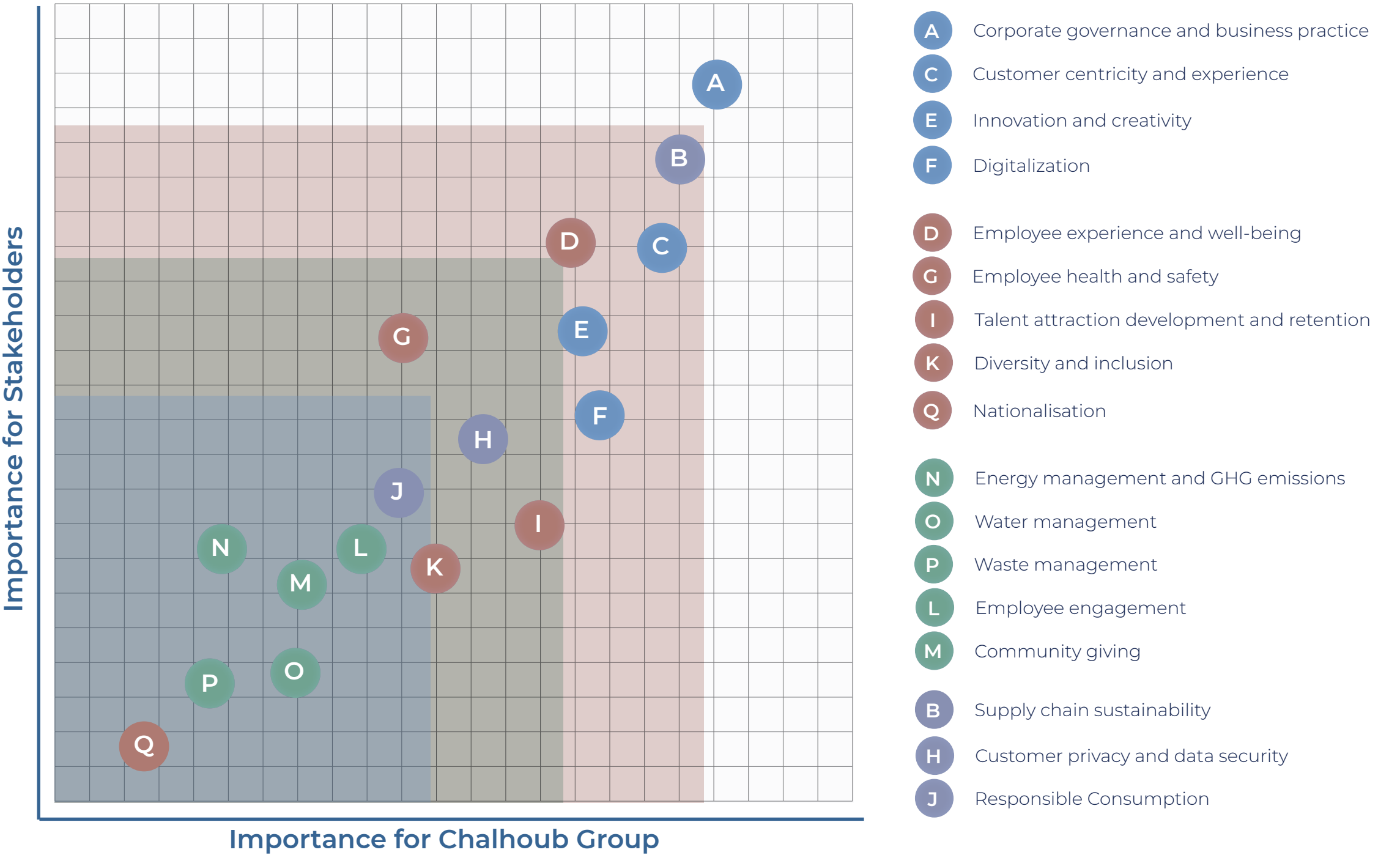


Based on content index of GRI standards

Material topics for our group

We conducted materiality assessment to identify the important sustainability topics that we should focus on and include within our sustainability report. As part of the assessment at frequent intervals we collect feedback from internal and external stakeholders to prioritise sustainability issues.

The figure below provides the list of sustainability topics that are material to us. The Y-axis of the graph reflects the importance of the sustainability topic to our stakeholders, and X-axis represents its importance to our business.



ESG

Disclosures

| Statement of use | | Chalhoub Group has reported in accordance with the GRI Standards for the period Jan-Dec 2021. | | | | |
|------------------------------------|--|---|---|--------------|-------------|------------------------------------|
| Applicable GRI Sector Standard(s) | | Not applicable | | | | |
| | | | | | | |
| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| General disclosures | | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | Page 4 | A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available. | | | |
| | 2-2 Entities included in the organization's sustainability reporting | Chalhoub Group | | | | |
| | 2-3 Reporting period, frequency and contact point | Jan-Dec 2021, Annual. | | | | |
| | 2-4 Restatements of information | Not applicable | | | | |
| | 2-5 External assurance | Not applicable | | | | |
| | 2-6 Activities, value chain and other business relationships | Page 4 | | | | |
| | 2-7 Employees | Page 4 | | | | |
| | 2-8 Workers who are not employees | Not applicable | | | | |
| | 2-9 Governance structure and composition | | | Confidential | | |
| | 2-10 Nomination and selection of the highest governance body | | | Confidential | | |
| | 2-11 Chair of the highest governance body | | | Confidential | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | | | Confidential | | |
| | 2-13 Delegation of responsibility for managing impacts | | | Confidential | | |
| | 2-14 Role of the highest governance body in sustainability reporting | | | Confidential | | |
| | 2-15 Conflicts of interest | | | Confidential | | |
| | 2-16 Communication of critical concerns | | | Confidential | | |
| | 2-17 Collective knowledge of the highest governance body | | | Confidential | | |
| | 2-18 Evaluation of the performance of the highest governance body | | | Confidential | | |
| | 2-19 Remuneration policies | | | Confidential | | |
| | 2-20 Process to determine remuneration | | | Confidential | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---------------------------------------|--|---|---|----------------|-------------|------------------------------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| GRI 2: General Disclosures 2021 | 2-21 Annual total compensation ratio | | | Confidential | | |
| | 2-22 Statement on sustainable development strategy | | | Not applicable | | |
| | 2-23 Policy commitments | Page 6, 7 | | | | |
| | 2-24 Embedding policy commitments | Page 6, 7 | | | | |
| | 2-25 Processes to remediate negative impacts | Page 16, 18, 22-29 | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | Page 8, 31 | | | | |
| | 2-27 Compliance with laws and regulations | Chalhoub complies with all the applicable laws in the country of its operation. | | | | |
| | 2-28 Membership associations | | | Not applicable | | |
| | 2-29 Approach to stakeholder engagement | Page 31 | | | | |
| | 2-30 Collective bargaining agreements | | | Not applicable | | |
| Material topics | | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Page 31 | A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available. | | | |
| | 3-2 List of material topics | Page 31 | | | | |
| Economic performance | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | | | Confidential | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | | | Confidential | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | | | Confidential | | |
| | 201-4 Financial assistance received from government | | | Confidential | | |
| Market presence | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | 1:1 | | | | |
| | 202-2 Proportion of senior management hired from the local community | | | Confidential | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|---|---|---------------------------|-------------------------|-------------|---------------------------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| Indirect economic impacts | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | | | Information Unavailable | | |
| | 203-2 Significant indirect economic impacts | | | Information Unavailable | | |
| Procurement practices | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | | | Confidential | | |
| Anti-corruption | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | | | Confidential | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | Page 5 , 7 | | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | | | Confidential | | |
| Anti-competitive behavior | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | No legal actions were undertaken during the reporting period. | | | | |
| Tax | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 207: Tax 2019 | 207-1 Approach to tax | | | Confidential | | |
| | 207-2 Tax governance, control, and risk management | | | Confidential | | |
| | 207-3 Stakeholder engagement and management of concerns related to tax | | | Confidential | | |
| | 207-4 Country-by-country reporting | | | Confidential | | |
| Materials | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | Page 27 | | | | |
| | 301-2 Recycled input materials used | Page 27 | | | | |
| | 301-3 Reclaimed products and their packaging materials | Page 27 | | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|--------------------------------------|---|---|---------------------------|-------------------------|--|---------------------------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| Energy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Page 22 | | | | |
| | 302-2 Energy consumption outside of the organization | Page 22 | | | | |
| | 302-3 Energy intensity | Page 22 | | | | |
| | 302-4 Reduction of energy consumption | Page 22 | | | | |
| | 302-5 Reductions in energy requirements of products and services | Page 24 | | | | |
| Water and effluents | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Page 25 | | | | |
| | 303-2 Management of water discharge-related impacts | Our operations don not result in industrial waste water discharge. The sewage from our offices and warehouses is disposed through the municipality network. | | | | |
| | 303-3 Water withdrawal | Page 25 | | | | |
| | 303-4 Water discharge | | | Information Unavailable | | |
| | 303-5 Water consumption | Page 25 | | | | |
| | | | | | | |
| Biodiversity | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | | | Not applicable | All our offices and warehouses are within the city or industrial zone. | |
| | 304-2 Significant impacts of activities, products and services on biodiversity | | | Not applicable | | |
| | 304-3 Habitats protected or restored | | | Not applicable | | |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | | | Not applicable | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|---|--|------------|---------------------------|--|--|---------------------------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| Emissions | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Page 22 | | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Page 22 | | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | Page 22 | | | | |
| | 305-4 GHG emissions intensity | Page 22 | | | | |
| | 305-5 Reduction of GHG emissions | Page 24 | | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | | | Not applicable | Information unavailable/ incomplete | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | | | Not applicable | Information unavailable/ incomplete | |
| Waste | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Page 28 | | | | |
| | 306-2 Management of significant waste-related impacts | Page 28 | | | | |
| | 306-3 Waste generated | Page 28,29 | | | | |
| | 306-4 Waste diverted from disposal | Page 28 | | | | |
| | 306-5 Waste directed to disposal | Page 28 | | | | |
| Supplier environmental assessment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | Page 18 | | | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Page 18 | | | | |
| Employment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | | | Information unavailable/ incomplete | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 12 | | | | |
| | 401-3 Parental leave | Page 12 | | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | REQUIREMENT(S) OMITTED | OMISSION REASON | EXPLANATION | GRI SECTOR STANDARD REF. NO. |
|--|---|--|---------------------------|-----------------------------|-------------|---------------------------------|
| Labor/management relations | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | | | Confidentiality constraints | | |
| Occupational health and safety | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Page 16 | | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Page 16 | | | | |
| | 403-3 Occupational health services | Page 16 | | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Page 16 | | | | |
| | 403-5 Worker training on occupational health and safety | Page 16 | | | | |
| | 403-6 Promotion of worker health | Page 16 | | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Page 16 | | | | |
| | 403-8 Workers covered by an occupational health and safety management system | All the employees of the logistics department are covered by OHS management system | | | | |
| | 403-9 Work-related injuries | Page 16 | | | | |
| | 403-10 Work-related ill health | Page 16 | | | | |
| Training and education | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Page 13 | | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Page 13 | | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 100% | | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | REQUIREMENT(S) OMITTED | OMISSION REASON | EXPLANATION | GRI SECTOR STANDARD REF. NO. |
|--|--|-----------------------|---------------------------|------------------------------------|-------------|---------------------------------|
| Diversity and equal opportunity | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | | | Confidentiality constraints | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 1:1 | | | | |
| Non-discrimination | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Page 8 | | | | |
| Freedom of association and collective bargaining | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | | | Information unavailable/incomplete | | |
| Child labor | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | | | Information unavailable/incomplete | | |
| Forced or compulsory labor | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | | | Information unavailable/incomplete | | |
| Security practices | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 410: Security Practices 2016 | 410-1 Security personnel trained in human rights policies or procedures | | | Information unavailable/incomplete | | |
| Rights of indigenous peoples | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 Incidents of violations involving rights of indigenous peoples | No incidents reported | | | | |
| Local communities | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Page 30 | | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | Page 30 | | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. |
|--|--|---------------------------|---------------------------|---|-------------|---------------------------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| General disclosures | | | | | | |
| Supplier social assessment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | Page 18 | | | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | Page 18 | | | | |
| Public policy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | | | Confidentiality constraints | | |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | | | Confidentiality constraints | | |
| Customer health and safety | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | | | Information unavailable/ incomplete | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | | | Information unavailable/ incomplete | | |
| Marketing and labeling | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | Not applicable | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | | | Not applicable | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | | | Not applicable | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | | | Not applicable | | |
| Customer privacy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 31 | | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | No complaints received | | | | |

The Ten Principles of the

UN GLOBAL COMPACT

| UNGC Principle | | Page number(s) |
|-----------------|---|--|
| Human Rights | | |
| Principle 1 | Businesses should support and respect the protection of internationally proclaimed human rights | Page - 7 |
| Principle 2 | Make sure that they are not complicit in human rights abuses | Page - 7 |
| Labour | | |
| Principle 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | Collective bargaining is prohibited in the UAE |
| Principle 4 | The elimination of all forms of forced and compulsory labour | Page - 7 |
| Principle 5 | The effective abolition of child labour | Page - 7 |
| Principle 6 | The elimination of discrimination in respect of employment and occupation | Page - 8, 11, 12 |
| Environment | | |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges | Page - 21 |
| Principle 8 | Undertake initiatives to promote greater environmental responsibility | Page - 24, 27, 30 |
| Principle 9 | Encourage the development and diffusion of environmentally friendly technologies | Page - 24, 27, 29 |
| Anti-Corruption | | |
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery | Page - 8 |

The United Nations Women's

EMPOWERMENT PRINCIPLES

| UN Women's Empowerment Principles | | Page number(s) |
|-----------------------------------|--|----------------|
| Principle 1 | Establish high-level corporate leadership for gender equality | Page - 12 |
| Principle 2 | Treat all women and men fairly at work – respect and support human rights and non-discrimination | Page - 7, 12 |
| Principle 3 | Ensure the health, safety and well-being of all women and men workers | Page - 16 |
| Principle 4 | Implement enterprise development, supply chain and marketing practices that empower women | Page - 12 |
| Principle 5 | Promote equality through community initiatives and advocacy | Page - 12, 30 |
| Principle 6 | The elimination of discrimination in respect of employment and occupation | Page - 7, 12 |
| Principle 7 | Measure and publicly report on progress to achieve gender equality | Page - 9 |

Find more information on our website
www.chalhoubgroup.com



The United Nations Women's

EMPOWERMENT PRINCIPLES

| UN Women's Empowerment Principles | | Page number(s) |
|-----------------------------------|--|----------------|
| Principle 1 | Establish high-level corporate leadership for gender equality | Page - 12 |
| Principle 2 | Treat all women and men fairly at work – respect and support human rights and non-discrimination | Page - 7, 12 |
| Principle 3 | Ensure the health, safety and well-being of all women and men workers | Page - 16 |
| Principle 4 | Implement enterprise development, supply chain and marketing practices that empower women | Page - 12 |
| Principle 5 | Promote equality through community initiatives and advocacy | Page - 12, 30 |
| Principle 6 | The elimination of discrimination in respect of employment and occupation | Page - 7, 12 |
| Principle 7 | Measure and publicly report on progress to achieve gender equality | Page - 9 |

