

CHALHOUB IMPACT

sustainability report 2023



CHALHOUB GROUP
مجموعة شلهوب



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ABOUT THE REPORT

Welcome to Chalhoub Group's tenth Sustainability Report. This 2023 edition is prepared in accordance with the Global Reporting Initiatives (GRI) Standards Core Option. This report highlights our alignment with the United Nations Sustainable Development Goals (SDGs) and our contribution towards achieving them. An impartial third party reviewed and validated our report, performance disclosures, and claims.

Following GRI's methodology for sustainability reporting, this report adheres to the principles below:

Accuracy

Balance

Clarity

Comparability

Completeness

Sustainability Context

Timeliness

Verifiability



CHALHOUB GROUP

WE ARE CHALHOUB

For over six decades, Chalhoub Group has been a partner and creator of luxury experiences in the Middle East. The Group, in its endeavour to excel as a hybrid retailer, has reinforced its distribution and marketing services with a portfolio of ten owned brands and over 450 international brands in the luxury, beauty, fashion, and art de vivre categories. More recently, the Group expanded its expertise into new categories of luxury watches, jewellery, and eyewear.

Every step at Chalhoub Group is taken with the customer at heart. Be it constantly reinventing itself or focusing on innovation to provide luxury experiences at over 750+ experiential retail stores, online and through mobile apps, each touch point leads to delighting the customer.

Today, Chalhoub Group stands for over 16,000 skilled and talented professionals across eight countries, whose cohesive efforts have resulted in the Group being certified as a Great Place to Work® in several countries.

To keep the innovation journey going, the Group has set up "The Greenhouse", which is not just an innovation hub, but also an incubator space and accelerator for start-ups and small businesses in the region and internationally. This is just one of the several initiatives taken by the Group to reinvent itself, catalysed by forward thinking and future-proofing. the Group has also been embedding sustainability at the core of its business strategy with a clear commitment towards people, partners and the planet, and by being a member of the United Nations Global Compact Community and a signatory of the Women's Empowerment Principles.

We are driven by

OUR PURPOSE

THAT DEFINES US AND GIVES US REASON FOR BEING

- ◆ Inspire
- ◆ Exhilarate
- ◆ Delight

...and guided by

OUR VALUES

THAT BRING US TOGETHER

- ◆ Respect
- ◆ Excellence
- ◆ Entrepreneurial Spirit



ESG Highlights from 2023

COMMITTING TO LONG-TERM SUSTAINABILITY

Undertook **sustainability-related loans** in partnership with Mashreq Bank and Emirates NBD Bank.

UNGC FORWARD FASTER EARLY ADOPTER

Recognised as an Early Adopter by the United Nations Global Compact (UNGC).

Took an active role with the UNGC Local Network UAE in the launch of the **Forward Faster Initiative**.

JOINING FORCES FOR SCALING IMPACT

Signed an agreement under **'Unity for Change'** A first of its kind partnership between prominent Middle East retail industry leaders for environmental responsibility.

ADVANCING OUR ACCOUNTABILITY PRACTICES

Our annual sustainability report 'Chalhoub Impact 2022' was verified by a **third-party auditor** for the first time.

INTEGRATING ESG INTO OUR BUSINESS

Developed a 38-page **ESG guide** for business units and brands to support them with their ESG and sustainability integration.

ESG HIGHLIGHTS

PEOPLE

PARTNERS

PLANET

PAY PARITY

Pay parity achieved across The Group based on years of services. (brackets of 5 years) = achieved +/- 15%.

ADOPTING A 'VALUE CHAIN' APPROACH

Strengthened ethical relationships with suppliers through the **Supplier Engagement Programme** and the **Third-Party Partner Code**.

32% SENIOR LEADERS ARE WOMEN

Women represent 32%+ of our Executive Leadership today with **30% women representation** in the Executive Committee, the highest governing body at Chalhoub Group.

REFINING OUR METHODS

Successfully concluded a **Group-wide GHG emission calculation** of the full-year emissions for 2021, 2022 and 2023 while Scope 3 emissions calculation for 2023 is currently in progress.

PIONEERING DE&I

Recognised as **Pioneer in Diversity, Equity, and Inclusivity (DE&I)** by Bain report in 2023.

SCIENCE-BASED TARGETS

Received validation from the Science Based Target Initiative (SBTi) for our near-term science-based carbon reduction targets.

84% WELLBEING SCORE

The Chalhoub Group Voice of People Survey indicates an **84% Employee Well-being Score** for 2023.

8,800 SESSIONS

More than **8,800 training sessions** were conducted, averaging **12.5 training hours** per team member during the same year.





Chalhoub Group at COP 28: Accelerating Climate Action

Chalhoub Group approached COP 28 with a clear vision to capitalize on this platform and advance climate action in the region. We actively engaged stakeholders to identify solutions for tackling climate change under the COP 28 umbrella. We pushed boundaries with an action-driven approach encouraging industry leaders to solidify sustainable practices in the sector. The commitments made by us and our partners during COP 28 have provided the sector with a concrete action plan, measurable KPIs and targets to achieve our shared goal of a greener future.

Chalhoub Group spearheaded the **Unity for Change Pledge**, a one-of-its-kind retail sustainability partnership in the Middle East retail sector between leading retailers and real estate developers in UAE. The pledge involves a commitment to working on clear objectives for malls and retail operations, focusing on water consumption, air conditioning efficiency, use of clean energy, design and construction practices. Signatories to the pledge include Chalhoub Group, LVMH, EMAAR Malls Management (L.L.C), Majid Al Futtaim Properties LLC, and Aldar Properties. This landmark partnership signifies a collective effort towards advancing retail sustainability in the region.



We also partnered with **Schneider Electric** to launch a service agreement for a supplier engagement programme to focus on highest emitting and highest expense suppliers through series of training modules, data collection and analyses across scope 3.

Furthermore, utilising the COP 28 platform, we entered the sustainable finance arena, signing two **sustainability-related loans** with Emirates NBD Bank and Mashreq Bank. This marks a pioneering move in our efforts to source sustainable investments, building the foundation of our Sustainable Finance framework. More importantly, the announcement of the loans at the COP 28 stage opened dialogue between regional stakeholders promoting collaboration in sustainable finance.

Another significant engagement at COP 28 has been the signing of the **UAE Alliance for Climate Action: Road 2.0 Pledge**. Run by WWF and endorsed by UAE's Ministry of Climate Change, this initiative aims to decarbonize commercial transport in the country. UACA is a successful network in bringing together industry leaders and smaller companies, identifying common focus areas and committing to action.

Following Chalhoub Group's identification as an Early Mover, the **'Forward Faster' initiative** was launched in collaboration with the United Nations Global Compact UAE network. It aims to guide companies on making a substantial impact before 2030.



The initiative goes beyond symbolism, reflecting a proactive and urgent approach to tackling the global challenge of achieving the Sustainable Development Goals (SDGs) by 2030. Emphasizing the importance of forward-thinking and action-oriented individuals and leaders, its goal is to accelerate efforts toward meeting the ambitious SDG targets.

In addition to these, the Group participated in several knowledge-sharing networks and events, discussing best practices, and foreseeable global and regional challenges in meeting our shared goals. Chalhoub Group leveraged the COP 28 Platform as a responsible business to propel the sector towards concrete collective action. Through participation in various forums including the **Global Sustainability Forum** and **Circular Packaging Association**, we championed sustainability practices, fostering collaboration and knowledge exchange. Additionally, engagements such as podcasts, panel discussions, and webinars facilitated dialogue on gender equality, retail resilience, and UAE's sustainable retail ambitions.



PATRICK CHALHOUB
Group President

Message from The Group's President

As we reflect on the past year and set our sights on the future, it becomes increasingly evident that sustainability is imperative in today's business landscape. Despite the flourishing luxury goods market in the Middle East, with staggering growth projections, we cannot overlook the environmental toll it takes, especially for industries like fashion, which contribute approximately 10% of global CO2 emissions. At Chalhoub Group, we are committed to aligning our strategy with the UN Sustainable Development Goals and the UN Global Compact principles, emphasising collaboration and partnership to drive meaningful change.

In 2023, we proudly celebrated remarkable double digit growth compared to 2022, with an impressive surge in E-commerce. Despite facing hurdles, our collective efforts yielded commendable performance, leading us to a cautiously optimistic outlook.

We recognise the significance of understanding and adapting to the geopolitical landscape and regional instabilities. Challenges such as increased costs of doing business, high-interest rates, and elevated inventory levels impacted our profitability in 2023, despite strong turnover growth. However, we have learned from our mistakes, swiftly rectifying, and implementing measures of rationalisation and efficiency, including reviewing our organisational design and structure for optimisation.

In 2023, we enhanced our governance landscape, welcoming a new Group Advisory Board and transitioning to a more diverse Executive Committee, which ensures longterm business continuity and resilience. In addition, our recent collaborative efforts to scrutinise costs enhance efficiency, and fortify organisational structures instill confidence and make us more agile, leaner, and stronger in the coming year.

Several significant achievements were accomplished. In a strategic move to support our sustainability goals, Chalhoub Group secured sustainability-linked loans in collaboration with leading banks in the UAE. We signed 'Unity for Change' consortium attesting to the power of collective action towards a common goal. We received certification as a Great Place to Work across all the GCC and India. We launched our 'Circular Fashion Potential in the GCC' report, providing insights into consumer attitudes and behaviours, revealing a promising re-commerce market. As luxury brands and retailers adopt circular business models, we recognise our role and the opportunity to lead consumer needs towards a more circular and sustainable future.

Looking ahead to 2024, despite global uncertainties, we anticipate positive developments in the Middle East, driven by solid oil prices, ambitious government plans, favourable demographics, and robust tourism forecasting high single-digit growth.

Our aspiration is to fulfil our commitment to be a responsible business on its way to being Net Zero by 2040 and achieve 40% women in leadership by 2030. Ultimately, our biggest aspiration is to have peace in the region and a bright future for all.



FLORENCE BULTE
Chief Sustainability Officer

Message from Chief Sustainability Officer

At Chalhoub Group, we are committed to being part of the solution, proudly sharing our advanced vision to mitigate the impact of climate change. Our efforts are focused on mobilising our resources towards commitments for People, Partners, and Planet, demonstrating our leadership in sustainable practices.

The year 2023 has been pivotal for Chalhoub Group, marking a period of systems strengthening towards our sustainability commitments. It has been a year dedicated to building up and reinforcing both existing and new policies and processes. This foundational work sets the stage for the following year, which will be a year of stabilisation. During this time, we will evaluate the adoption of policy changes and initiatives by our team, suppliers, and partners, ensuring that our sustainability efforts are deeply integrated and effectively implemented across the board.

In 2023, we consolidated our governance structure by the establishment of the ESG and Remuneration Committee which acts as a sounding board to challenge assumptions and provide valuable external perspective.

We have established an Environmental Task Force, composed of dedicated stream leaders with clearly defined objectives closely aligned with our science-based carbon reduction targets. Simultaneously, the Diversity, Equity, and Inclusion (DEI) Group Priority Task Force has concentrated on advancing diversity and inclusion, significantly bolstering our organisational culture. Both cross-functional bodies play integral roles in further embedding our strategy, actively engaging internal stakeholders, and holding them accountable.

In addition to these efforts, in the realm of ethics, we conducted 29 'Speak Up' road shows across the region to ensure comprehensive coverage and awareness, and we extended the reach of Speak Up to Christofle globally. Furthermore, our progress in DEI initiatives has been notable, as we successfully achieved our target of having 32% women in leadership roles.

During COP 28, our Group led the way with impactful initiatives that included forging the "Unity for Change", a partnership with major retailers and developers to drive collective environmental objectives and targets. We signed sustainability-linked loans with major banks in the UAE and launched a supplier engagement program to tackle scope 3 emissions.

We are transitioning towards a 'value-chain' approach to corporate sustainability. This approach moves beyond control-focused strategies, pushing our boundaries to encompass broader impacts. The supplier engagement program will target our highest emitting and highest expense suppliers through training modules, data collection, and analysis across scope 3 emissions, which include goods and services, capital investments, commuting, and other categories. This initiative reflects our commitment to leading a Net-Zero future across all our supply chain.

Our achievements within Chalhoub Impact this year underscore our dedication and strides in sustainability. We extend heartfelt gratitude to our partners and suppliers for their unwavering collaboration and commitment to our shared sustainability endeavours. A special appreciation goes out to our dedicated team at Chalhoub Group, whose tireless efforts form the backbone of our sustainability accomplishments.

OUR ESG JOURNEY AND COMMITMENTS

2009-2012

Creation of Chalhoub IMPACT Community giving pillar

- Establishment of the 'Sustainable Engagement' department as part of the core business strategy

FOUNDATION

2014-2016

Signatory of the UNGC & Pearl Initiative

- Development of the People, Partners, Planet (PPP) strategy & Business Integrity



CORPORATE SOCIAL RESPONSIBILITY

2017-2019

UNGC: Board Nomination - Group President

Signatories of UN Women Empowerment Principles



2020-2022

Diversity and Inclusion programme launch

SHARED VALUE

2023 - to date

Committed to SBTi

- Annual Sustainability Report Assurance (AA 1000)
- ESG KPIs set at executive level



ENVIRONMENTAL, SOCIAL, GOVERNANCE

Launched 1st Sustainability Report "Nurturing Engagement"

Launch STEP assessment

Launch supplier scorecard

Transition to renewable energy

Launch of Speak Up Platform

SUP Phase out

Sustainably sourced water

Diagnostics DEI data dashboards

First GHG calculation (Scope 1,2,3)

Near-term targets validated by SBTi

Unity for Change

ESG KPIs part of Executive Committee

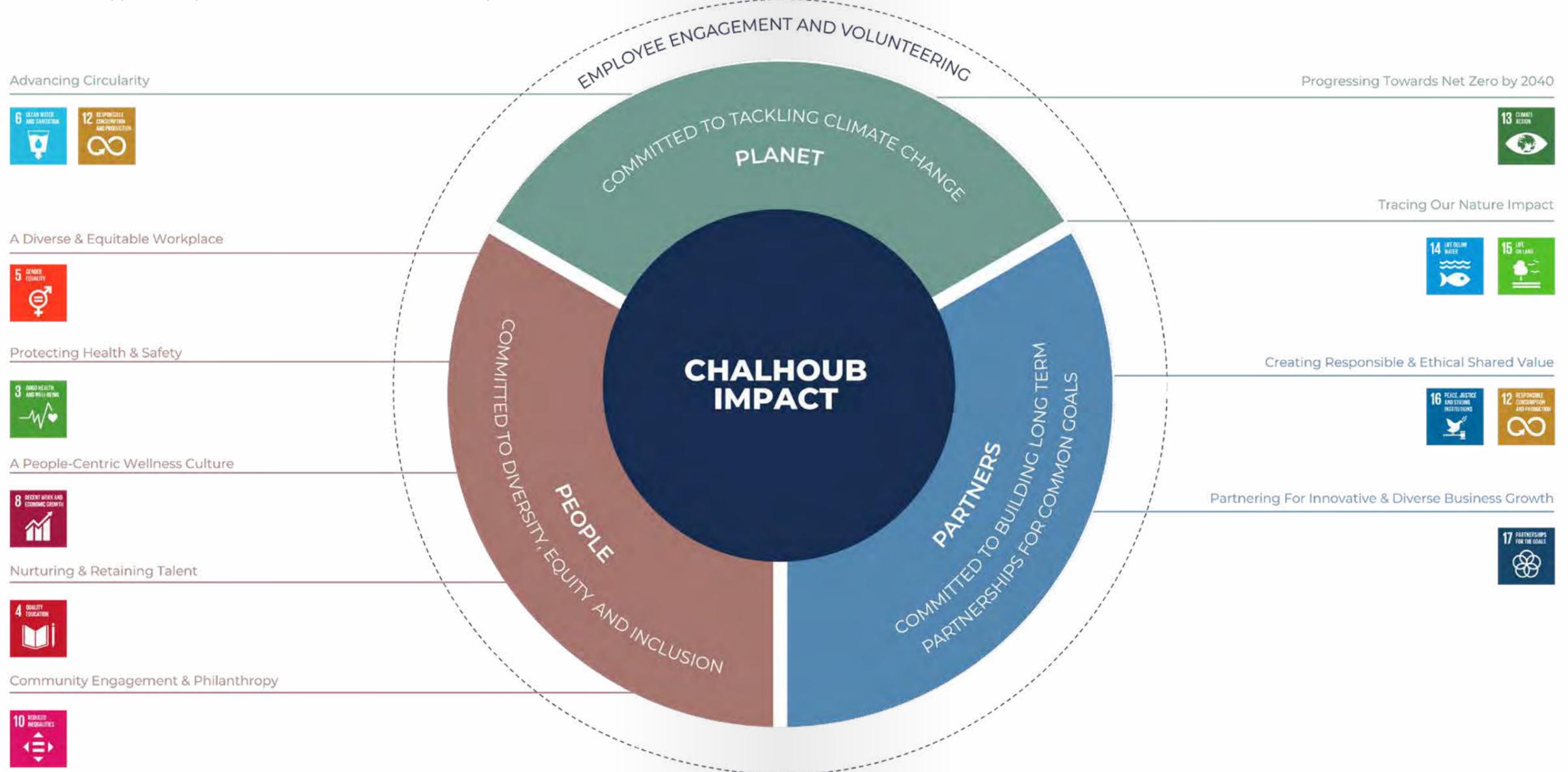
Chalhoub IMPACT

The Chalhoub Impact Sustainability Strategy seamlessly integrates the Group's material ESG issues into our operations, focusing on the pillars of People, Partners, and Planet. Within this framework, our focus is on delivering sustainability impacts and efficiency that extend beyond Environmental, Social, and Governance (ESG) standards. Our investments in people, technologies, and innovations are instrumental in realising this objective. By adopting this approach, we not only promote sustainable development but also secure the long-term viability of our business.

The Chalhoub Impact framework is viewed as a 'continuous improvement framework,' and we are dedicated to enhancing it in every conceivable way. These improvements are informed by stakeholder engagement and a yearly materiality assessment. The current report builds upon the materiality assessment conducted in 2022, which was shaped by an in-depth stakeholder engagement process through workshops and surveys involving relevant teams and leaders across the Group, as well as engaging with external suppliers and partners associated with Chalhoub Group.



CHALHOUB
FAMILY PHILANTHROPY



SDGs Alignments Statement

Upon careful evaluation, we identified the UN SDGs to which we directly contribute through our business and sustainability efforts. This evaluation allows us to strategise short-, mid-, and long-term focus areas for creating positive impact.



SDG 3 - GOOD HEALTH & WELLBEING

Promoting a culture of safety

Group-wide HSSE management systems have been planned and implemented, contributing directly to our team's health and well-being.



SDG 8- DECENT WORK AND ECONOMIC GROWTH

Ensuring our people's well-being

We are proud of an 84% Employee Wellbeing Score in 2023 on the Voice of People Survey. Dedicated teams sitting under the Human Resources umbrella roll out and execute well-being and engagement initiatives across the Group, culminating in 'A Great Place to Work' certification in UAE, KSA, Kuwait, Bahrain, and Qatar.



SDG 13 - CLIMATE ACTION

Progressing towards Net Zero by 2040, integrating circularity in our business, and preserving biodiversity

Our targets are on track in terms of our Net Zero by 2040 trajectory as we actively engage in GHG calculation and reduction and continue our efforts in energy efficiency and resource optimisation.



SDG 17 - PARTNERSHIP FOR THE GOALS

Creating a greener value chain with suppliers and partners

Chalhoub Group maintains long-term ethical relationships, evaluating suppliers based on sustainability principles, reinforcing our support for sustainable development goals.



SDG 4- QUALITY EDUCATION

Nurturing and retaining high-calibre experts

We invest in the career development and growth of our people. Thousands of hours of trainings are recorded each year, aimed at upskilling and ensuring growth.



SDG 10 - REDUCED INEQUALITIES

Sharing our success with our communities through engagement and philanthropy

We work towards reducing inequalities through initiatives dedicated to the improvement of society. In 2023 alone, over 80 social good initiatives were rolled out and 3,600 volunteering hours were dedicated towards various causes by our employees.



SDG 14 - LIFE BELOW WATER

SDG 15 - LIFE ON LAND

Taking ownership of our wider impact

Most recently, biodiversity has been added to our environmental agenda acknowledging that we have an impact on the ecosystem we operate in.



SDG 5 - GENDER EQUALITY

Achieving Gender Balance at Chalhoub Group

We proudly hold 32% women representation in senior management roles. We have policies and procedures to ensure gender equality. This is why we are able to support women into greater diversity of roles at varying levels of hierarchy across the Group.



SDG 12 - RESPONSIBLE PRODUCTION AND CONSUMPTION

Advancing Circularity

Aligned with the objective to have Zero Waste to Landfill by 2030, we are working on minimising packaging, seeking third-party assistance with recycling and implementing group-wide initiatives to close the loop.



SDG 16 - PEACE, JUSTICE & STRONG INSTITUTIONS

Ethical Business Practices

Chalhoub Group operates under a robust governance framework that ensures business resilience, sustainability and ethical business practices.

Stakeholder Engagement and Materiality

Consistently engaging with our stakeholders helps us stay informed about the sustainability concerns that are important to them. Additionally, this reflects our commitment to valuing and nurturing our relationships with them. The key stakeholders we actively involve and various communication methods to maintain open dialogue are outlined below:



This year, we refined our materiality by adopting a focused approach and carefully analysing our stakeholders' expectations. We engaged in one-on-one sessions with all our business units and considered their environmental and social sustainability plans, achievements, and challenges. We also ran a detailed peer review and gaps and opportunities analysis in sustainability. In this process, we considered globally accepted sustainability guidance such as UNGC, GRI, and the Sustainability Standards Accounting Board (SASB). As a result, we realigned our material topics and narrowed them down to nine focus areas that directly match our Chalhoub IMPACT framework and are tied to specific KPIs.



OUR KEY SUSTAINABILITY PERFORMANCE INDICATORS

SCOPE	TOPIC	INDICATOR	BOUNDARIES	BASELINE YEAR	CURRENT STATUS	TARGET	TIMELINE
PEOPLE 	GENDER EQUALITY	Women representation in senior leadership roles (E1,2,3)	Group-wide	2021	32.79%	40%	2030
	HUMAN RIGHTS	Human Rights Due Dilligence of the value chain	UAE	2025	Determined in 2025	100%	2030
			All countries	2025	Determined in 2025	30%	2030
PARTNERS 	SUSTAINABLE SUPPLY CHAIN	Supplier Scorecard Engagement	Group-wide	2021	30%	45%	2026
PLANET 	NET ZERO	Scope 1 and 2 (direct emissions) reduction	Group-wide	2021	8,907 tCO2 (2022)	-50.4%	2032
		Scope 3 (indirect emissions) reduction**	Group-wide	2021	430,967 tCO2 (2022)	-30%	2032
		Halving emissions intensity (emissions per unit revenue)	UAE	2024	Determined in 2024	-50%	2030
	CIRCULARITY	Waste to landfill reduction	UAE offices and warehouses	2023	-10%	-100%	2030
	BIODIVERSITY	Habitat conservation and restoration	Group-wide	2024	Determined in 2024	600 hectares	2030



GOVERNANCE, ETHICS AND INTEGRITY

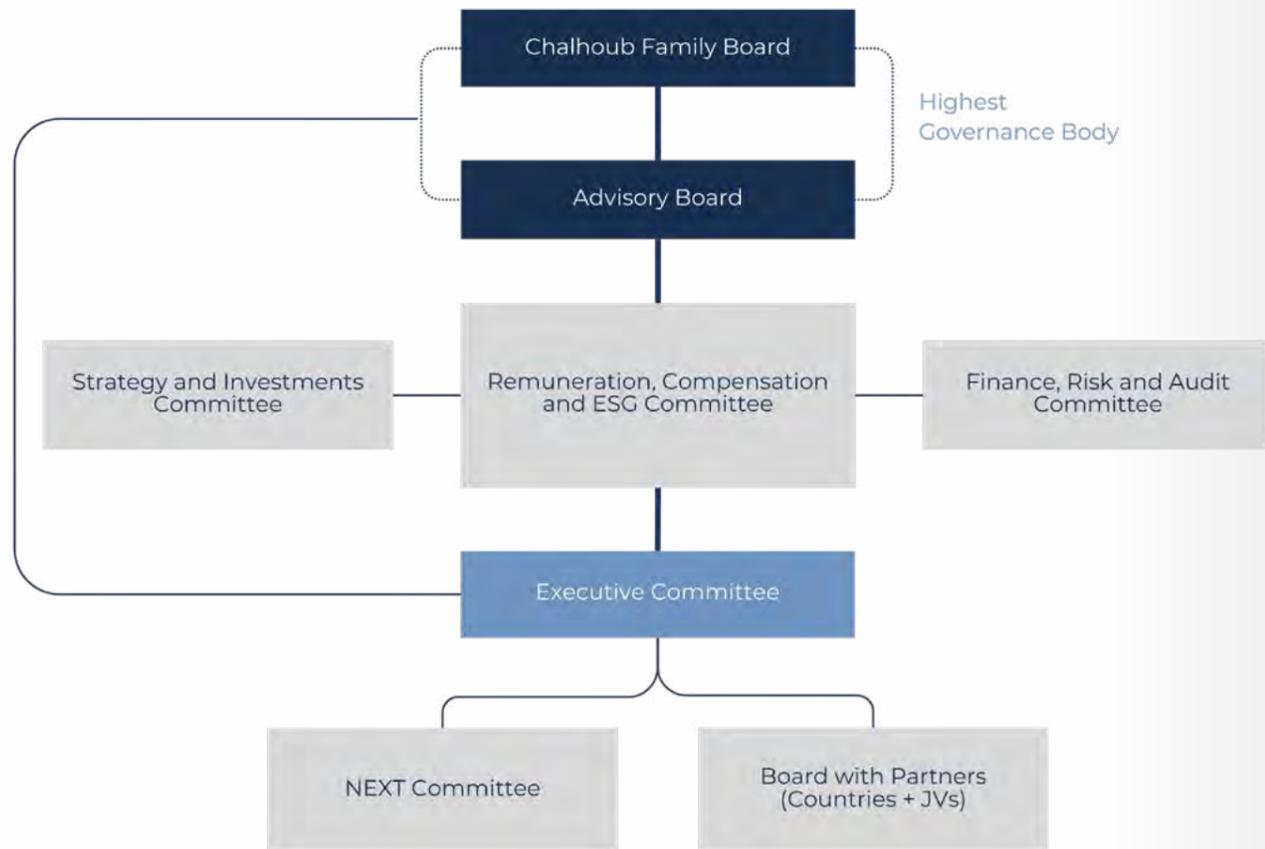
The corporate governance structure of Chalhoub Group aims to precisely outline the allocation of rights and responsibilities among various stakeholders and affiliated subsidiaries. This includes the Chalhoub Family Board supported by the Group Advisory Board, the Executive Committee, the NEXT Committee. These governing bodies and committees play a crucial role in establishing the rules and procedures governing decision-making at the Group level. Guiding the development of our Group objectives, this structure delineates the methods for achieving them and monitors overall performance.

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CHALHOUB GROUP

The ultimate decision-making authority lies with the Chalhoub Family Board, advised and supported by the Group Advisory Board. Depicted below is the operating model of the Group and its subsidiary governance structure.



Executive Committee

In April 2023, the Board of Presidents was converted into an Executive Committee. This governance body was established with a significantly higher focus on diversity. Three out of the ten committee members are women. In addition, the Executive Committee is also a diverse body in terms of representation of expertise from across the Group.

Group Advisory Board

The Group Advisory Board was significantly transformed in 2023. Three independent non-executive directors were hired, and out of these two non-executive directors are women: Mrs Tina Mueller, Mrs Celine Vuillequez, and Mr Alexis Babeau. The Advisory Board comprises six members, three of whom are Chalhoub family members: Patrick Chalhoub, Michael Chalhoub and Michel Chalhoub.

Three committees were formed under the Advisory Board that are in charge of preparing the decisions of the family board, namely

- a) Strategy and Investment Committee
- b) Remuneration, Compensation and ESG Committee
- c) Finance, Risk and Audit Committee.

ESG HIGHLIGHTS

PEOPLE

PARTNERS

PLANET

In each committee, one of the three independent non-executive directors is represented. The Advisory Board has 4 to 6 meetings spanned throughout the year. Modus operandi is defined by a charter. The changes have been done to prepare for the future of Chalhoub Group to enhance business resilience, continuity, and sustainability governance practices and for better alignment with best practices in this realm. Another important driving factor for these governance changes is diversity in the Advisory Board and Executive Committee, working towards more balanced governing bodies. Diversity in expertise is also one of the key focus areas whereby all executives made part of the committees have been onboarded with very clear job descriptions and expertise in strategy, brand-building, finance and sustainability skill sets.

NEXT Committee

The NEXT committee contributes to the Group's strategic agenda to trigger new initiatives and relevant debates. The committee provides a different perspective on the topics discussed by the Executive Committee and challenges recommendations before decision-making. Additionally, it carries out specific initiatives with decision power delegated by COMEX (Executive Committee) to act as a driving force and catalyst for the Group's initiatives. This committee consists of 14 members (6 men and 8 women) representing a strong voice in people and work culture at Chalhoub Group

A separate wing of the NEXT Committee has been set up in KSA. The governing body meets every six weeks to discuss, challenge and brainstorm initiatives relevant to KSA. KSA is an emerging market with new risks and avenues so the KSA wing has been set up so that the Executive Management can pay dedicated attention to this market.

Ethics & Integrity

At Chalhoub Group, we strive to build and develop a culture of business integrity in line with the highest ethical standards.

The Speak Up platform was launched in 2019 to enable our team members to anonymously voice their concerns regarding breaches of the Code of Ethics (CoE). The platform facilitates preventive measures through the analysis and reporting of CoE breaches. It also helps detect trends, types of violations, and concerning activities by country.

In 2023, we conducted 29 ethics roadshows in KSA, Egypt, UAE, and for Christofle in France, Canada, USA, Germany, Spain, UK, Japan, and China, training a total of 825 team members.

Additionally, in 2023, we introduced a series of new policies to strengthen our ethical and governance framework. These include the Philanthropy Policy, Conflict of Interest Policy, Travel Policy (related to Admin), Gifting Policy, and Entertainment and Hospitality for Third Parties Policy. We also introduced the first edition of the Compliance Overview newsletter to communicate updates on the initiatives we have executed and high statistics related to our Speak Up platform to all team members. We have committed to releasing this overview every six months.

Looking ahead, our goals include raising awareness among more team members about the use of the Speak Up platform through continuous roadshows in various countries, ensuring the adoption of the new policies launched, and monitoring the implementation of the policies introduced in 2023.

Financial Strategy

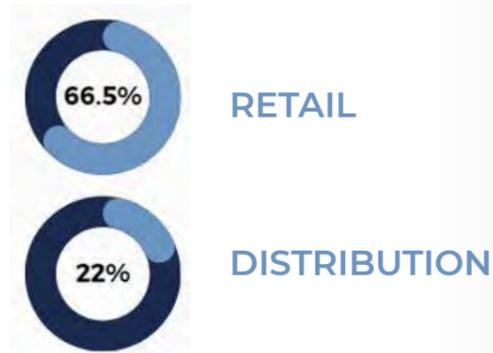
Despite regional geopolitical volatility, Chalhoub Group maintains a growth trajectory and effective management of a high-performing business.

To continue this success, we routinely refresh our strategy, an initiative overseen by our Advisory Board. Annual budgets are collaboratively developed with input from partners, countries, and functions, receiving approval from the Advisory Board. Furthermore, Group-wide financial, business and ESG objectives are set and endorsed by the Advisory Board, cascading down throughout the organisation. In addition, a monthly review of all key financial statements by the Group President and Executive Committee against approved budgets is conducted, with quarterly assessments conducted by the Advisory Board.

Regularly reviewed key performance indicators include Sales growth, Profitability growth, Controlling expenses, Healthy balance sheet, and Net Cash Generation. Additionally, the Audit Committee, chaired by an Independent Director, holds regular meetings with the CFO and Internal Audit team to deliberate on performance and risk management. If needed, the Executive Committee takes appropriate actions to ensure the Group meets financial and operational expectations.

Currently, Chalhoub Group's revenue stream comprises over three major business segments including Retail, Distribution and E-Commerce. A breakdown per business segment over the years is presented below:

In 2023, the retail sector was the largest contributor to our business revenue, comprising 66.5%, while distribution accounted for 22%.



Revenue Share Per Business Segment	2023	2022	2021
Retail	66.5%	67.7%	67.5%
E-commerce	5.5%	3.3%	2.4%
Distribution	22.0%	22.7%	23.5%
Others	6.0%	6.3%	6.6%

SUSTAINABLE FINANCE AT CHALHOUB GROUP

During COP 28, Chalhoub Group marked a significant entry into sustainable finance by securing sustainability-linked loans through collaborative partnerships with Mashreq Bank and Emirates NBD Bank. This marks a pioneering move in our efforts to source sustainable investments, building the foundation of our Sustainable Finance framework. The loans serve as a unique financial instrument that incentivises and rewards our commitment to specific ESG targets, ensuring that our financial success is intricately tied to our sustainability achievements. Moving forward, our aim is not only to utilise these sustainability-linked loans for specific projects but also to grow our portfolio as a sustainable investor. This involves actively seeking and evaluating investment opportunities that align with our sustainability goals, contributing to positive environmental and social outcomes while ensuring financial returns.



Mashreq Bank Sustainability-Linked Loan

Chalhoub Group's collaboration with Mashreq Bank involves a loan structure where rates are intricately tied to the Group's performance on key Sustainable Performance Indicators (SPIs). Mashreq oversees environmental KPIs, including Scope 1, 2, and 3 emissions reduction, and social KPIs, such as increasing women's representation in senior leadership roles. On the governance front, the KPI focuses on improving the Supplier Scorecard Engagement. This commitment not only aligns with our sustainability goals but also underscores our dedication to transparency and accountability in our ESG efforts.

Emirates NBD Sustainability-Linked Loan

With a strategic emphasis on both general corporate needs and sustainability objectives, Chalhoub Group's collaboration with Emirates NBD involves a one-year loan. The interest rates for this loan are tied to our Group's performance on key Sustainable Performance Indicators (SPIs), which are overseen by Emirates NBD. The achievement of these SPIs directly correlates to favourable loan terms, illustrating the concrete impact of sustainable practices on financial outcomes. The funds acquired through this initiative will be directed towards addressing general corporate needs and advancing our sustainability goals.

These collaborative partnerships are a significant milestone, positioning Chalhoub Group as a pioneer in sustainability-focused financial solutions within the Middle East retail industry. They seamlessly align with our net-zero plan and broader sustainability initiatives. Notably, these mark the first sustainability-linked loans to incorporate our science-based SBTi targets, thus aligning our finance KPIs with the Group's net-zero target.

People

At Chalhoub Group, our commitment is to champion Diversity, Equity, and Inclusion throughout our operations, building an environment where success is a collective journey—One Team, One Culture. We go beyond matrices, to ensure inclusion becomes a lived experience, enhancing gender balance and creating a welcoming and inclusive space for people of determination. We support their growth so each one of them can fulfil their own success story. In addition, the well-being, health, and safety of our people, customers, and partners remain a top priority as we strive to maintain safe, functional, and sustainable facilities across our operations.

Our Commitments



A Diverse & Equitable Workforce

Protecting Health & Safety

People-Centric Wellness Culture

Nurturing and Retaining Talent

Community Engagement & Philanthropy

- Ensure equity within our processes and policies
- Drive an inclusive culture through servant leadership
- Support women into a greater diversity of roles across the Group
- Make our working environment more accessible and friendly for people with determination
- Prioritize health and safety standards across all offices, stores, and warehouses
- Build a culture of well-being
- Drive learning, development & training
- Engaging our people to create positive impact in wider communities focusing on humanitarian initiatives and environmental protection and advocacy

In 2023, Chalhoub Group saw a Group-wide 3.9% increase in our workforce compared to 2022.

15,000

Women represent 32% of our Executive Leadership.



In 2023, the total number of People of Determination employed at Chalhoub Group was 18

18



Diverse and Equitable Workplace

We view diversity as a core strength that helps us create extraordinary experiences for our customers every day. In light of our efforts, we have been recognised as a pioneer in DE&I by the Bain Report (2023). As such, our DE&I Strategy has two focus areas: accelerating women's leadership in the Group and building a friendly and welcoming workplace for People of Determination.

Accelerating Women Leadership

An Inclusive Workplace

Accelerating Women Leadership

In continuation of the Women in Leadership program launched in 2022, we focused on fostering the right environment for increased women representation in senior roles this year. The Women in Leadership (WiL) programme comprising of learning modules, mentorship, and coaching has been an ongoing success as we have achieved 32% women's representation in our Executive Leadership team and 33.3% at the boardroom level.

The WIL Programme has been designed in partnership with an external consultancy firm and is part of the Group's Diversity, Equity, and Inclusion commitment. The program allows for our holistic alignment with the United Nations Global Compact (UNGC) principles and Women Empowerment Principles (WEPs).

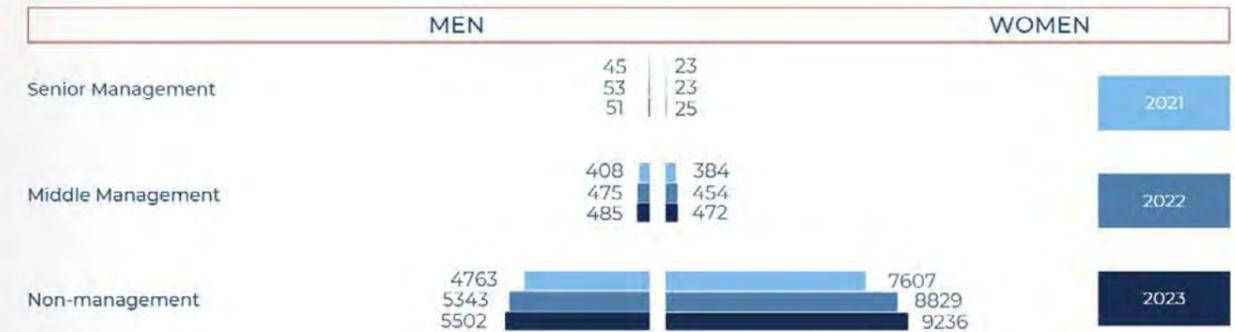
Beyond rhetoric, we ensure that we provide a level playing field, and the right ecosystem for women to succeed, making it conducive for them to balance various roles.

GENDER PAY RATIO MEN:WOMEN	2021	2022	2023
	1:1.02	1:0.96	1:0.95

In 2023, we achieved gender pay parity based on years of service (brackets of 5 years) = achieved +/- 15%. In addition, a total of 171 of our team members took parental leave, and 95% of these women returned to work.

Looking ahead, our focus for the upcoming year will be on further enhancing gender diversity, as we strive to achieve 33% women representation in leadership roles in 2024, and 35% women representation in leadership in 2025.

TOTAL WORKFORCE BY GENDER



Women in Leadership - RAEDA Launched in KSA

The launch event for RAEDA KSA in November 2023 marks a significant milestone in our journey towards building a gender-balanced and equitable workplace, challenging the status quo in the KSA socio-economic landscape. The programme launch was followed by the launch of RAEDA Module 1, developed in light of insights from women in middle management and women leaders. RAEDA, aims to drive the development and upskilling of women in our workforce, empowering them to become the future leaders of tomorrow. Targeting 152 women across Chalhoub Group, the program aligns with KSA Vision 2030's theme of women empowerment, seeking to enhance women's positioning in Saudi society.





Youth-driven Workforce

In 2023, Chalhoub Group prioritised youth employment, with 56% of 4,283 new hires aged 18-30. Over 15,700 of our people hold permanent contracts, fostering stability and growth. A mere 86 work part-time, and 33 are in temporary roles, highlighting our focus on long-term opportunities. With a low turnover rate of 15.4%, we emphasise job security and workforce satisfaction. This approach reflects our commitment to creating a dynamic, inclusive environment where our people can thrive professionally.

The average age of our workforce in 2023 is approximately 35.7.

35.7

33% of our people fall in the age bracket of 18-30 years old and 3.2% are over the age of 51 years old.



18-30 years-old

At the boardroom level, 55% of the seats are represented by members in the 30-50 years age range and 44% by members over 50 years of age.



30-50 years-old

An Inclusive Workplace

We invest in cultural and infrastructural changes to ensure we provide a friendly and welcoming workplace to People of Determination. We routinely roll out ongoing training initiatives focused on PoD inclusivity. In 2022, we designed a PoD playbook outlining design changes required for PoD accessibility. The principles of the Playbook that we have incorporated into 78 of our stores and 2 offices across our regions is attracting more PoD to work with us, improving PoD employees' working environment, and enhancing service to our PoD customers. Chalhoub Group now employs a total of 18 People of Determination.



Hearing Loop installations across 294 GCC Stores

Chalhoub Group, in collaboration with ImInclusive, a UAE-based disability inclusion social enterprise, has **installed hearing induction loops in 294 retail stores** across the UAE, Saudi Arabia, Qatar, Bahrain, and Kuwait. This initiative underscores the Group's commitment to inclusivity, providing an accessible shopping experience for all, particularly for hard-of-hearing customers using cochlear implants or hearing aids.

ImInclusive trainers are also conducting hard-of-hearing culture and **Sign language communication training** for our team members, enhancing the overall shopping experience. The discreetly placed loops, identifiable by blue signage, support customers requiring assistive hearing technology. For our efforts towards our inclusivity commitment, we were **awarded the 'Inclusion Trail Blazers Award'** by ImInclusive and the Ministry of Community and Development.



Inclusion Etiquette

The Inclusion Etiquette Training hosted by Al Noor fostered a deeper understanding and respect for people of determination. Participants, having been carefully chosen, joined the team from **Al Noor Rehabilitation & Welfare Association** for a one-hour session. There, they gained invaluable insights, practical knowledge, and essential skills which enabled them to interact more effectively and respectfully with individuals of determination. It was an enriching experience that contributed to **widening the circles of inclusion** within our community.



Mowaamah Certification in KSA

We obtained our Mowaamah certification in the Kingdom of Saudi Arabia, officially qualifying our Group as an inclusive workplace. Designed to support the development of work environments to become more inclusive and supportive of **People of Determination**, Mowaamah is an initiative by the Ministry of Human Resources and Social Development (HRSD) of Saudi Arabia and its certification can be renewed on an annual basis.

Protecting Health and Safety

Our goal is to operate safe, sustainable, and functional facilities for our people. This encompasses Chalhoub Group's offices, warehouses and retail stores.

Protecting Health and Safety Under a Group-wide Framework

Navigating and Minimising Health and Safety Risks

Protecting Health and Safety Under a Group-wide Framework

In 2023, we strategically planned Group-wide HSSE management systems, unifying health and safety practices across all operating countries under one umbrella. Recognising that our logistics function faces the highest occupational health risk, we have carefully renewed our **ISO 45001 Health and Safety Management** certification to provide the best possible protection to our logistics team across the region. Next, having implemented the **Integrated Management System** (IMS; ISO 9001, 45001, 140001), we ensure that we remain up-to-date with yearly renewals of health and safety standards.

These systems ensure that every individual working within or on behalf of Chalhoub Group adheres to the same stringent safety standards.

In 2024, we will turn our attention to training and awareness, featuring an intensive plan based on a specific competency matrix and supported by a year-long delivery calendar.

Navigating and Minimising Health and Safety Risks

In our journey to navigate and minimise health and safety risks, we adhere to the Hierarchy of Risk Control. We start by identifying and eliminating potential risks, and substituting them with safer alternatives whenever possible. Engineering solutions are implemented to enhance the physical environment's safety, leveraging technology and innovation. Prioritising Personal Protective Equipment (PPE) processes ensures our workforce has the necessary tools and gear to navigate potential risks.

Our **Hazard Identification and Risk Assessment Framework** actively engages our people in open dialogue on health and safety, routine audits and inspections. Furthermore, we foster a culture of safety through comprehensive inductions for newcomers, daily reminders, and regular Toolbox Talks.

Finally, our commitment to our people's health, safety and well-being extends beyond protocols to encompass continuous improvement, learning from challenges encountered, and providing a safety net that extends to comprehensive health insurance and wellness programs for our workforce, as well as safety measures integrated throughout our supply chain.

HIERARCHY OF RISK CONTROL

- ◆ Eliminate
- ◆ Substitute
- ◆ Replace
- ◆ Engineering Control
- ◆ PPE Processes for Hazard Management

OHS TRAININGS OFFERED

- ◆ Monthly HSSE Toolbox Talks
- ◆ First Aid
- ◆ Fire Warden
- ◆ Mechanical Handling Safety Training
- ◆ IOSH Managing Safely

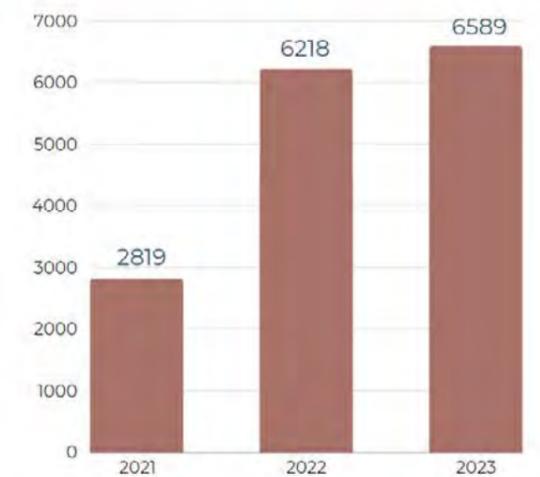
In addressing work-related injuries and ill-health, we have implemented proactive measures. For instance, incidents in forklift operations and loading-unloading activities prompted the enhancement of safety features on forklifts and the introduction of strict administrative protocols. Safety training on ladder usage was provided to front liners in Retail Stores, along with internal reviews to ensure compliance with safety standards.

Moreover, respiratory and musculoskeletal issues prompted the introduction of automated systems, improved ventilation, task rotation, regular health assessments, and the provision of suitable PPE. These initiatives aim to mitigate risks and ensure the well-being of our people and can be attributed to the **significant decrease in recordable and lost-time injuries over the past three years.**

HSSE in Numbers

- 0 fatalities due to work-related ill-health
- 0 work-related ill-health cases

TOTAL OHS TRAINING HOURS COMPLETED



People-Centric Wellbeing Culture

In 2023, we zoomed in on our people's wellbeing, experiences and their perception of Chalhoub Groups' efforts to achieve diversity, equal opportunity and inclusion. Our strategic vision is shaping and facilitating the evolution of Chalhoub Group's One Team, One Culture. This vision aims to create an engaging and healthy work environment. We want to enable and support our people to take ownership of their workplace experience.

Prioritising Our People's Well-Being

Evolving Our Organizational Culture

Prioritising Our People's Well-Being

In 2020, we launched our Flexible Working policy as an agile response to the impact of the COVID-19 pandemic. Following an internal survey, which conveyed a consensus for the need to maintain a flexible working environment, the policy was revised with its 2023 guidelines and structure to standardise its implementation across the Group. Built on three main pillars, the new policy is designed to serve our people through **Flexitime, Working from Home, and Working from Abroad**, offering varying levels of flexibility in terms of start time and the option to work from home and/or abroad for specific time periods.

We also continue to implement a 'Two Days Off' policy for our store teams in the UAE and KSA. In a segment where most retail staff in the region receive just one day off a week, this exceeds retail industry standards.



Additionally, we launched **The Chalhoub Group Well-being Academy** to enhance well-being literacy amongst our people across mental, physical, financial, and social aspects. The Academy comprises a rich repository of resources, including learning courses, workshops, articles, guides, webinars, and toolkits.

All of our efforts have resulted in the creation of a **well-being-centred culture** where our people receive 360 degrees support for their mental and physical well-being, which in turn creates a healthy work ecosystem and community.

Awards and Recognition

1 Silver Stevie® Award Winner for Great Employers for our Achievement in Workplace Health & Wellbeing

2 Outstanding Mental Health Support in the Retail Sector Award

3 Best Innovative Flexible Working Initiative (Future Workplace Awards)

4 Finalist for Best Employee Wellbeing Program (Future Workplace Awards)

5 Seamless Workplace of the Year for our Flexible Working Policy (GCC Gov HR Awards)

6 Parent-Friendly Label (2023 – 2025)

Well-being Week

Chalhoub Group's Well-being Week offers a diverse range of physical and virtual activities to nurture the holistic health of our workforce. This initiative provides medical check-ups, mental health interventions, financial consultations, and more, empowering our people to prioritise their well-being. Collaborations with healthcare providers and well-being partners ensure access to services like dental and BMI assessments, as well as mental health support sessions. In 2023, the event saw significant success, with a **66% increase in participation compared to the previous year, reaching 2700 participants across eight countries of operation**. Looking forward, we will expand the initiative across designated countries for back-office, frontline, and warehouse teams. We also aim to seek continued collaborations and feedback-driven improvements to ensure high-quality well-being services for our people.

'Voice of the People' Survey

The survey empowers our people to share feedback on their workplace experiences and well-being, serving as a crucial tool for evaluating the Group's cultural evolution and informing strategies across business units. It provides comprehensive people analytics, identifying patterns and trends to shape the Group's culture.

This year's survey update introduced new metrics to capture culture priorities and engagement attributes, including assessments of appreciation, recognition, career growth, and well-being aspects like flexible working policies and mental health support. With an 81% response rate, the survey highlighted areas needing attention, leading to action plans for implementation. In 2023, our Group's Voice of the People Survey indicated an **84% well-being score, 84% Culture Score, and 87% Engagement Score** for 2023, falling within the "Good" range of 81% to 90%.

By incorporating these new dimensions, the aim is to cultivate a more engaged, supportive, and resilient culture where our people's voices are valued.

Evolving our Organisational Culture

Our vision to continue evolving our organisational culture has culminated in a group-wide culture movement, spearheaded by culture activists, who are volunteers from varying dimensions of our workforce who role model the culture edge pillars of Chalhoub Group. The main role of our culture activists is to promote culture conversations and initiatives and participate in culture labs. To support the culture evolution journey, we offer an immersion into the Group culture through a culture bootcamp, where we address the enablers & blockers of the culture through culture labs, and we collectively solve culture challenges through a culture hackathon.

Chalhoub Group Culture Hackathon

The 2023 Culture Hackathon was a design sprint where team members from across the Group got together to solve two group-wide culture challenges. Fueled with creative thinking, participants brainstormed, ideated and prototyped five different solutions. After the pitch two winning solutions were identified and task forces were set up to develop each of the solutions. The collaboration platform “Collabor8+” is currently being piloted across two different verticals to facilitate borderless collaboration, breaking silos and fostering visibility for our people on Group-wide projects. The platform provides an ideal opportunity for internal mobility and knowledge-sharing, allowing our team members to participate in projects based on their skill sets. These solutions have been designed by our people from a wide array of departments and different countries. This to us, is a perfect example of collaboration in action.



RECOGNITION AS A 'GREAT PLACE TO WORK®'



Chalhoub Group takes pride in maintaining the 'Great Place to Work®' certification, a testament to our commitment in fostering an exceptional workplace environment. This recognition extends to eight countries where we operate, including UAE, KSA, Kuwait, Bahrain, Qatar, Egypt, India, and Jordan.

Our dedication to prioritising people within the Group remains unwavering. Through comprehensive policies and programs, we actively promote diversity, equity, and inclusion, support the growth of talent, and foster innovation. Our commitment is exemplified by initiatives that provide our team members with the necessary time and space to unleash their creativity, ensuring a workplace culture that thrives on collaboration and individual expression.

'GREAT PLACE TO WORK®' RANKING ACROSS DIFFERENT COUNTRIES



Nurturing and Retaining Talent

For Chalhoub Group's success to be a collective journey, we nurture national talent, facilitate the growth of our workforce through education, development, and training, and encourage innovative thinking. This commitment extends into our **Talent Management and Retention strategy**, where transformative initiatives such as Chalhoub University and LeadForward, form the foundation for cultivating a dynamic, empowered and future-ready workforce.

Driving Learning and Development of Our People

Strategic Alignment between Individual Performance and Business Objectives

Promoting Local Talent



Driving Learning and Development of Our People

In 2023, more than 8,000 training sessions were conducted, averaging 13 sessions per person during the same year, with total learning hours of 144,324 hours.

8,000
training
sessions

144,324
hours

Chalhoub University pioneers the evolution of Learning and Development, breaking barriers of budget and geography through its five academies, learner-led culture, and subscription-based model. Simultaneously, LeadForward spearheads the cultivation of a high-performing leadership pipeline, offering an 18-month program fostering social learning, mindset transformation, and personalised growth experiences for a community of 200 leaders.

Cultivating A Pipeline of Ready-Now Leaders: LeadForward

Our LeadForward Programme is strategically designed with three core objectives: **Talent Identification, Talent Development, and Succession Planning.**

Following a comprehensive evaluation of performance, potential, individual needs, and business requirements, 205 participants were selected in the pursuit of transparency and effectiveness. The programme's implementation involved personalised development planning conversations, tailoring individual plans to nurture strengths and areas for growth.

Commencing with the impactful **'Live Your Potential'** event, the programme also included virtual 'Expert Insights' sessions and Growth Circles, fostering mutual learning and community among participants.

Notably successful, the programme received overwhelmingly positive feedback, with an overall **satisfaction rate of 92%.**

Empowering Advancement: Internal Mobility Success Stories Initiative

Our Internal Mobility Success Story Campaign has been designed to inspire our people, provide visibility on growth opportunities within the Group, and showcase our diverse talents, perspectives, and departments.

The campaign yielded high engagement levels across the Group, transcending various hierarchy levels. Not only did it succeed in inspiring our workforce, but it also significantly **increased awareness of the internal mobility policies and procedures.** There was a notable surge in active applications for internal roles, demonstrating the tangible impact of the campaign in fostering a culture of growth and opportunity within our Group.

Post-campaign internal hires Group-wide All Bands, excluding entry-level roles



Strategic Alignment between Individual Performance and Business Objectives

A strategic objective in our talent management and retention strategy is to align individual performance with business objectives, fostering a culture of purposeful contribution to our Group's collective success. This involves providing transparency to our people about the Group's strategy and annual objectives for each business line. In addition, we encourage Continuous Performance Management, which is an ongoing dialogue between managers and their teams. Notably, 100% of our people receive a minimum of one performance review annually. Accompanying this strategy is the 'It Starts with You' campaign. This campaign empowers teams and leaders at all levels to take ownership of their performance and development. It ensures a dynamic blend of current accomplishments and future growth. The campaign includes digital tools, in-person workshops, comprehensive communication strategies, podcasts, and leadership endorsement.

Finally, a second program, 'Building High Performing Teams,' has been executed targeting managers, empowering them with tools and knowledge to create high performers while coaching low performers to get back on track.



Learning Pathways

In 2023, we prioritised enhancing our workforce's skill sets, aligning with the Group's Functional and Core competencies. Through strategic initiatives, we aimed to equip our team with both foundational and advanced skills, ensuring readiness for emerging roles.

Personalised learning offers cater to individual needs, strengths, and interests, enhancing technical skills and preparing for the future. Key milestones included the launch of Learning Pathways based on the new Skills Taxonomy approach for the People & Culture (P&C) Job family and Brand Trainers. Additional pathways were rolled out for departments like Legal, Compliance, Visual Merchandising, Finance & Treasury, and Procurement, ensuring all aspects of our business are supported by highly skilled professionals, fostering growth and innovation.

Promoting Local Talent

By forming strategic alliances with academic institutions as well as providing traineeships and internships, we are dedicated to fostering the growth and development of the region's millennial and Gen Z demographics. In 2023, Chalhoub Group signed a Memorandum of Understanding with King Abdulaziz University in Saudi Arabia to bridge the gap between academia and the industry - creating a pool of talented graduates who can actively contribute to the sector's growth and expansion. The partnership comes as part of the "My Bold Future" campaign - launched by Chalhoub Group earlier this year - to highlight limitless career opportunities for the new generation of Saudi youth in the retail sector.

Further, this partnership also solidifies the Group's commitment to contribute to youth employability and employment opportunities. The collaboration will include workshops, mentorship, training, and other activations to improve academic and creative abilities, in partnership with the University's Student Development & Career Services Unit.

In 2023, the Group's Emiratisation quota reached 3.05% while Saudisation reached 73%.

Across the Group, our localisation team is committed to attracting local talent and making sure they stay engaged and grow over time through tailored talent acquisition, engagement and development strategies. The focus is on establishing the Group as a preferred workplace by collaborating with internal partners and extending efforts beyond local mandates. **Our efforts have increased the number of local talents welcomed to the Group across the region by 1.61% in 2023 vs. 2022**, occupying 31.5% of the total positions at Chalhoub Group. Out of the total number of 4,969 local team members, 3,906 are women, while local representation in our senior management stands at 6.5%.



Community Engagement and Philanthropy

Engaging our people to give back is at the heart of our Community Engagement and Philanthropy efforts. Our vision is to facilitate behavioural change inspiring our people to contribute meaningfully and support local communities. Holistic community engagement drives satisfaction, fosters a sense of purpose and contributes to a healthy working environment. By championing different causes under people, planet and philanthropy pillars, we aspire to be a successful business and a positive force for change in the broader socio-economic landscape.

Touching Lives through people-focused initiatives

Protecting the Environment through environmental advocacy and awareness

Serving our Communities through Philanthropy

Our 2023 Achievements

Initiatives
265

Volunteers
9,871

Hours
10,510

Trees
3,275

People Impacted
480,716



IMPACT LEADERS PROGRAMME

Building upon the success of our Impact Ambassadors Programme, this year we have launched the Impact Leaders Programme with **313 Impact Leaders across the Group, representing a 40% increase from last year.** The goal is to encourage our people to take ownership of the Group's sustainability goals with a focus on creating positive change in our local communities and for the planet. For instance, in 2023, Impact leaders were tasked with improving recycling habits within their teams through advocacy and awareness enhancement initiatives at the team level.

Essentially, Impact Leaders are expected to serve as a role model with regards to making sustainable lifestyle choices. They must seize opportunities to participate and spearhead impact initiatives within the Group, and are invited to exclusive volunteering events. The Impact Leaders Programme is a **powerful avenue for engaging our people** in giving back to our communities and planet, fostering a culture of active citizenship and sustainable stewardship.

Sustainability Week

To deepen our people's connection with our sustainability vision and foster community engagement, Chalhoub Group annually observes 'Sustainability Week'. This employee-driven initiative features champions and colleagues leading conversations on topics of **People, Planet, and Family Philanthropy**.

The week plays a crucial role in raising awareness and engaging the wider community in different initiatives while showcasing the progress Chalhoub Impact has made across all our pillars.

As part of the Sustainability Week, we have embarked on an array of people-centered initiatives dedicated to the improvement of society and the well-being of our people. These encompassed a diverse range of activities, workshops on inclusion, knowledge-sharing workshops and guest lectures.

43	1154
Initiatives	Participants
1117	1440
Initiative hours	External impact

Some of the initiatives during the week:

- Chalhoub Carbon Reduction Targets** | Webinar
- Sustain-O-Rama** | Sustainability-themed Game Show
- Save Paper, Go Digital** | e-Receipts Campaign
- E-waste & Beauty recycling Campaigns** | UAE, KSA, Kuwait, India, Qatar
- Sustainable Stress Busters** Workshop for Kids
- Bottle Cap Recycling Mural & Precious Plastics Recycling** | Workshops in Kuwait
- Tree Planting** | Activity in Qatar
- Composting 101** | A Step-by-step guide to Soil Enrichment session in Bahrain
- Beach & Dam Clean-Up Activity** | India and Jordan
- Recycling Awareness Sessions** | Egypt & KSA



Community Blood Donation Drive

Our blood donation drive turned into a powerful demonstration of **community and compassion**, showcasing the remarkable impact individuals can have. The initiative not only helped in stocking the blood banks but also emphasised the vital importance of regular blood donations in saving lives.

Embracing the Spirit of Giving

In a collaboration with The Big Heart Foundation and Rawafed Development & Learning Center, our Eid Al Adha shopping event became a beacon of joy and support for children from low-income families. During Sustainability Week, **reinforcing our commitment to social responsibility**, our teams took part in an Eid initiative to buy children new clothes during the festive period..



Empowering Youth

In a bid to empower youth, we concentrate on initiatives aimed at enhancing youth employment opportunities within the region. By forging creative collaborations with academia and implementing educational programs, as well as offering traineeships and internships, we pledge our support to the region's millennial and Gen Z demographics.

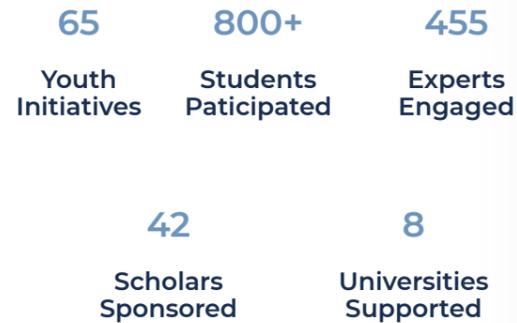
Our engagements with universities in the form of workshops, guest lectures, and mentorships have been focused on sharing our knowledge and expertise with students, and offering support whenever possible.

Advancing Luxury Education

During the academic year 2022-2023, our **Professorship in Luxury Brand Management** program at the American University of Sharjah (AUS) promoted excellence in luxury marketing teaching and research. Since its start, the premium curriculum has registered over 800 pupils, with 104 registrations last year alone.

Collaborations with premium companies such as Van Cleef & Arpels, as well as **mentoring programmes with our senior professionals**, helped to deepen the courses.

In 2023, a total of 65 such initiatives were executed with the help of over 455 experts who dedicated their time.



A **Masterclass on Sustainability** with Panerai and an International Conference on Luxury in the Circular Economy was held by our team. The Professorship also contributed to credible research, including publications in high-impact journals and presentations at important conferences.



Youth summit

The One Young World 2023 Summit in Belfast saw active participation from our team members among global young leaders. Addressing critical issues like peace, climate change, food security, education, and mental health, they engaged in a robust agenda of speeches and workshops led by influential figures.

Our team emerged empowered, joining the One Young World Ambassadors, poised to **drive positive impact in their professional spheres and communities**, leveraging insights and inspiration from this transformative four-day event.

Youth Impact Lab

The Youth Impact Lab successfully engaged and empowered UAE youth in a 2-day competition. During the event, six shortlisted teams from universities across the UAE developed innovative solutions to address challenges under different ESG themes, guided by expert mentors.

We delivered a session on the significance of **ESG in fostering a sustainable future**, highlighting Chalhoub Group's strategies and the necessity for collaborative action across sectors.



University support in KSA

We established a Memorandum of Understanding (MoU) with Dar Al-Hekma, focusing on **creating educational and training opportunities for female students**. The MoU supported the participation in and collaboration on Dar Al-Hekma's annual Career Fair. We also offered workshops and engaged students with career opportunities such as internships and job placements, fostering professional growth and opening pathways for future employment within the Group.

Protecting the Environment Through Environmental Advocacy and Awareness

In line with the Group's commitment to tackling climate change, we seek to advocate for the protection of our environment by increasing awareness and engaging our people in environmental initiatives that serve that purpose. Essentially, the focus is on educating our people about pressing environmental issues and equipping them with the right tools and initiatives to create a difference.

The year 2023, saw us spotlighting environmental responsibility via tree planting drives, Group-wide recycling, waste reduction, and responsible consumption initiatives. In further engaging our people to care for the environment, we conducted beach, desert and park cleanups and Mangrove Tree Planting.

Notably, we planted a total of 3,275 trees and successfully collected 4,374 kilograms of waste through cleanup initiatives throughout the year.

3,275
Trees Planted

4,374
kg
of waste
collected



Plastic-free July

We embarked on the Plastic Free July campaign, ambitiously targeting a reduction in plastic consumption across all operations. The campaign employed a **multifaceted approach**, including informative questionnaires and a pledge to cut down on plastic usage, which resonated across various countries, especially the UAE. Feedback suggested **promoting a plastic-free culture** through awards, reusable items, and executive education. Looking into the future, we will build on the feedback to move towards an always-plastic-free environment.



Transitioning to Digital

We launched a paper-saving initiative aimed at increasing our e-receipt adoption to 50%, marking the beginning of our journey towards **paperless stores**. With current digital receipt usage at approximately 4%, we set a goal for half of all receipts to be electronic for at least one full week of the year.

Cultivating a Greener Generation

We hosted an unforgettable journey of creativity, teamwork, and green living at our eco-friendly art workshop. Designed for parents and their children, this unique event harnessed sustainable materials to spark creativity while **instilling values of environmental responsibility** and social skills. Together, we explored the beauty of diversity through art, created lasting memories, and laid the groundwork for a more sustainable future.



Serving Our Communities Through Philanthropy

We are committed to identifying the socio-economic needs of the communities where we operate. This enables us to engage our people in meaningful and charitable initiatives that serve humanity and extend beyond merely relieving negative impacts. Our philanthropy initiatives aim to make sustainable development a reality in these communities, ensuring that no one is left behind. Notably, our focus includes stepping in to support our community whenever a crisis strikes in our region. In 2023, we actively engaged our people in various initiatives, such as making toys for refugees, organizing blood donation drives, facilitating Eid shopping, hosting garage sales, and organising clothing drives.

Earthquake Relief in Syria and Turkiye

Swiftly responding to the devastating earthquake in Syria and Turkiye in February 2023, we joined forces with eight NGOs regionally, contributing over 1 million USD, supporting over 62,000 people. Our commitment goes beyond financial and in-kind contributions; we actively involved more than **3,000 team members in volunteering** to pack donation boxes, reflecting our dedication to hands-on support.

Furthermore, our efforts are ongoing as we continue our collaboration with the French NGO L'Œuvre d'Orient. Together, we are working to establish training centres for young Syrians, aiming to facilitate their employment within the Syrian job market. This initiative underscores our commitment to not only providing immediate relief but also **fostering sustainable solutions** for the communities affected by the earthquake.



Fostering Long-term Community Support

Since 2014 we have successfully been running the **Jusoor-Chalhoub Educational Center** in Jeb Jenin, with the mission to provide education to Syrian refugee children and to give them hope and concrete tools to build a strong future. To date, we have been able to impact the lives of over **34,000 children** across three key programs: the Literacy Program, Summer Program and Homework Club. Our commitment goes beyond education as we actively contribute to the holistic well-being of these children. This includes initiatives such as donating school bags with stationary, providing winter clothing, facilitating medical exams, and offering psychosocial support. Through these comprehensive efforts, we aim to address not only educational needs but also to enhance the overall quality of life for the communities we engage with.

Ramadan Brings Us Together

The 'Ramadan Brings Us Together' campaign was designed to support the less fortunate in our communities, during the Holy Month, whilst simultaneously **engaging our people to give back** by donating food and clothing. A wide variety of initiatives were rolled out during the campaign including the distribution of iftar meals, iftar tents for the blue-collar community, the Dry Food Boxes Fundraiser and an Eid Clothing Drive, amongst others.

Over 750 of our team members came together, dedicating over 1,000 hours to directly impact over 385,000 people in need. Moving forward, we aim to accelerate the impact of this annual initiative, **paying homage to the culture** of the region.

750	1,000	385,000
Volunteers	Hours	People impacted



Partners

At Chalhoub Group, our vision of creating shared value propels us to work collaboratively with suppliers and partners. Our dedication extends to evaluating suppliers based on circular economy principles, reinforcing our support for sustainability. Additionally, our incubator and accelerator programs foster collaborations with those pioneering innovative solutions, contributing to a more inclusive, sustainable future while fortifying the Group for the challenges ahead. The 'Partners' pillar of our sustainability strategy entails two commitments:

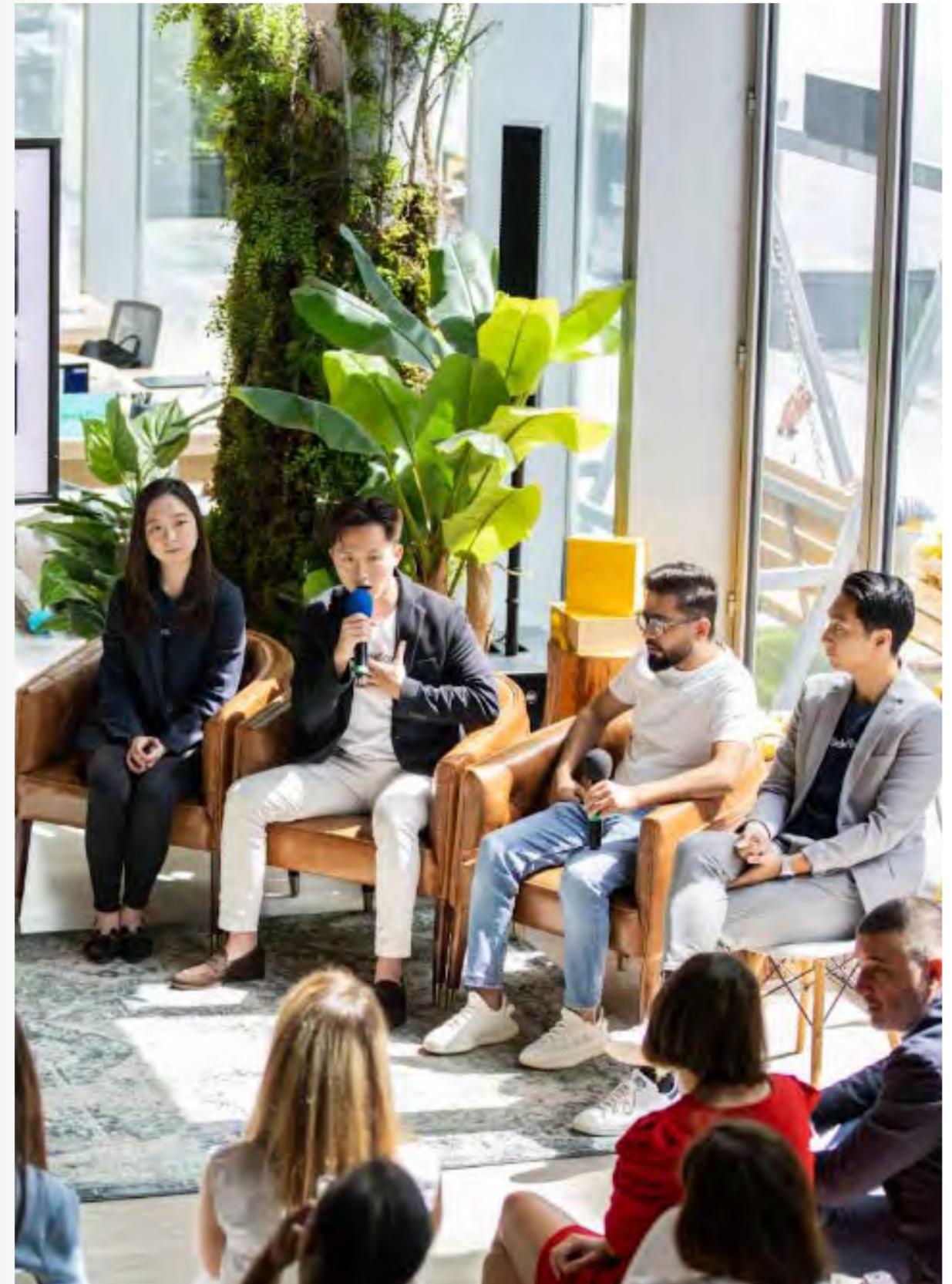
Our Commitments



Creating Responsible & Ethical Shared Value

Partnering for Innovative & Diverse Business Growth

- PERFORMING DUE DILIGENCE, RISK MAPPING AND ASSESSMENT OF ANY PARTNERS AND SUPPLIERS ACROSS THE VALUE CHAIN
- BUILDING LONG-TERM ETHICAL RELATIONSHIPS
- BUILDING RESPONSIBILITY WITH PARTNERS THROUGH DEDICATED ENGAGEMENT PROGRAMMES
- UTILISING NEW TECHNOLOGIES AND BUSINESS MODELS TO ENHANCE CURRENT VALUE OF THE GROUP FOR PARTNERS
- PUSHING BOUNDARIES TO ENHANCE OUR VALUE PROPOSITION TO END CONSUMERS



Creating Responsible & Ethical Shared Value

We are committed to building long-term relationships in the interest of strengthening the sustainability ecosystem in the region. Chalhoub Group works closely with partners to foster enduring and ethical relationships through our Supplier Engagement Programme. In 2022, the introduction of our Third-Party Partner Code and its implementation in 2023 marked significant steps in reinforcing this commitment.

We leverage our influence as a luxury retailer to foster a responsible value chain, as our third party partner code outlines expected conduct in the areas of labour and human rights, health, safety and security, ethics and compliance, confidentiality, privacy and intellectual property, quality systems and the environment.

Working with the Right Partners

We are determined to interact only with partners that share and uphold the Group's values and sustainability commitments. This is why in 2023, we strengthened our relationship with our partners with the addition of our **Third Party Partner Code**. The Third-Party Partner Code was made part of the partner agreement ensuring adherence to it and value alignment with our partners.

Foundational Principles of Our Third Party Partner Code



The Conventions of the International Labour Organization



The Universal Declaration of Human Rights



The United Nations Global Compact



The OECD Guidelines for Multinational Enterprises

Maintaining Ethical Relationships

The Sustainability Supplier Scorecard that was introduced in 2019 serves as a tool for evaluating suppliers in alignment with the UNGC principles of Human Rights, Labour Rights, Anti-Corruption, Transparency, and Environment. Through a series of questionnaires, it provides insights into suppliers' adherence to these critical aspects.

This facilitates open dialogue where we engage with suppliers to discuss their standings and areas for improvement. Furthermore, the scorecard enables us to rate suppliers and share these ratings with them, fostering transparency and encouraging enhancement in their practices.

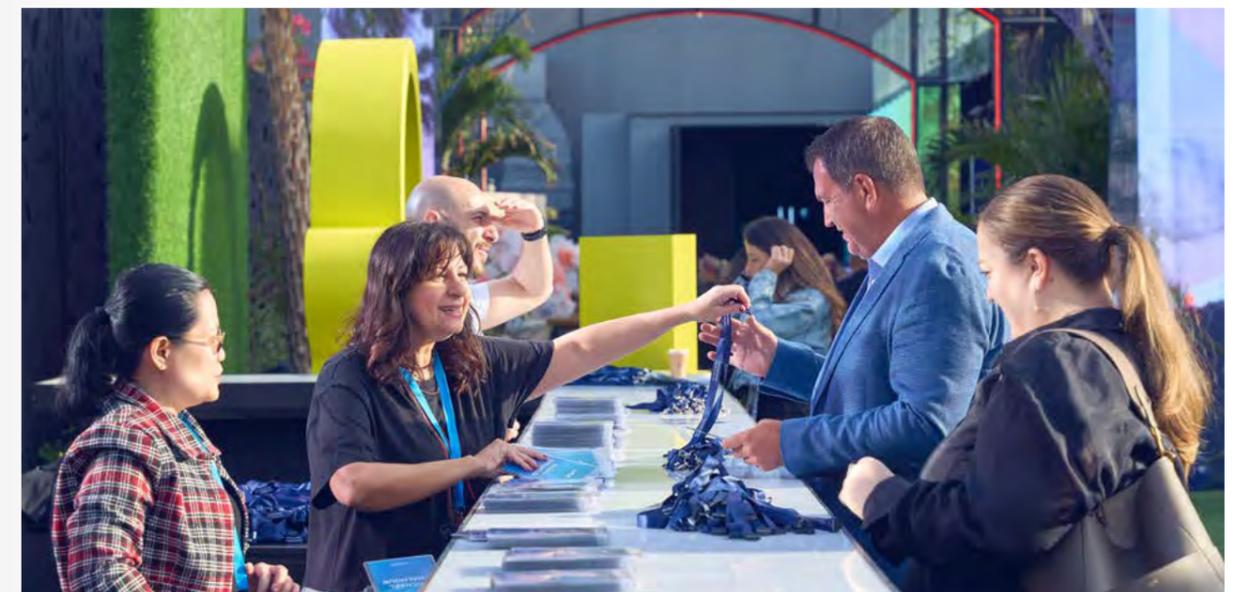
Following the scorecard exercise, we meticulously analyse the results, focusing on suppliers who scored 59% or lower in the Human Rights & Anti-corruption sections, initiating targeted communication and one-on-one meetings, to encourage the adoption of more sustainable and responsible practices, particularly crucial for larger suppliers whose performance falls below our standards or responds negatively to high-risk questions.

In 2023, we engaged in discussions with flagged suppliers from medium to large companies, meeting our spending threshold. Together, we identified scorecard gaps and devised corrective actions.

These collaborative efforts not only foster stronger relationships with our partners but also lays the groundwork for more robust due diligence processes slated for development in 2025.

Supplier Scorecard Overview

Number of suppliers onboarded regionally since 2020	5,537
Sustainability scorecards completed	1686
Suppliers screened through Supplier Scorecard	30%



Partnering for Innovative & Diverse Business Growth

Chalhoub Group's innovation strategy aligns closely with our sustainability goals and serves as a proactive approach to future-proofing the Group. The focus is on creating new business models, experimenting with emerging technologies, and staying ahead of the curve. In addition to this, the focus areas of Chalhoub Group's innovation strategy are;

Innovation to Stay Ahead of the Curve

Supporting Local Startup Landscape

Leading the Regional Wellness Industry

Key achievements of The Greenhouse in 2023

\$5M \$5 million generated in revenue

3 A total of seven ideas were tested, leading to the creation of three new startups

5 The Greenhouse hit the 5-year milestone

3 Three follow-up investments were made

8 8 Innovation Workshops successfully conducted

KSA The Greenhouse launched in KSA in February 2023

Innovation to Stay Ahead of the Curve

We look out for new technologies that not only could enhance the current value of the Group for our partners but also enhance our value proposition as a Group to our end customer—Utilising new technologies that are in the market to get better information and enhance our relationship with our customers, via sustainable solutions.

Our Innovation hub - **The Greenhouse**, sits at the centre of our innovation journey. The Greenhouse has two key pillars, each one adding distinct value to solidify the Group's presence as a leader amongst regional startups. These are **The Incubator**, and **the The Startup Studio**.

The Startup Studio attracts top start-up founders and co-creates value-creating ventures. Through the Startup Studio, we aim to explore new industries, explore novel co-investment models and launch new scalable startups. Meanwhile, through the Incubator, we aim to create value for new stakeholders through tailored programs while strengthening our relationships with key players in the ecosystem. Notably, in 2023, we launched The Greenhouse in KSA with a vision to accelerate growth in the Kingdom's startup landscape in 2024 and beyond.



Launch of the Web3 Sneaker Label SOL3MATES

SOL3MATES, a visionary platform under Chalhoub Group based in Dubai, pioneers a strategic innovation partnership with indie sneaker designers.

Departing from traditional collaborations, SOL3MATES shares ownership with designers, directing 5% of pre-order revenues to NFT owners. This initiative allows designers to focus solely on creative work and community engagement, similar to how a record label supports music artists. SOL3MATES manages all other aspects, offering a unique model for sneaker design collaboration.

Future 100 Initiative

The Greenhouse partnered with the Future 100 Initiative by the Ministry of Economy, as a community partner. This initiative aims to enhance readiness for the future, solidifying the UAE's position as a hub for new companies and the driver for their growth. The initiative also focuses on situating the Greenhouse at the forefront for local startups, entrepreneurs, and founders.





Supporting Local Startup Landscape

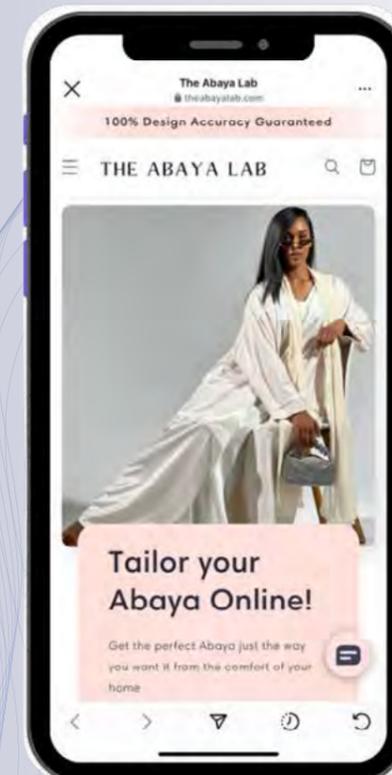
While consumer demands are evolving each day, responding to these demands is risky for startups. Under our **Startup Studio**, we absorb the risks, provide funding, mentorship, and everything a startup needs to grow. Together with internal and external entrepreneurs from the Group, we act as co-founders with a vision to facilitate and support regional talent, support sustainable innovations and highlight local culture, paying homage to the culture of the region we operate in.

House of Wisdom

House of Wisdom channels the essence of ancestral healing into a unique, scientifically-backed range of 100% natural wellness products, strategically positioned to disrupt the health-conscious consumer market. The brand accumulated \$182,000 in revenue with over 700 new customers in 2023.

The Abaya Lab

The Abaya Lab is redefining the GCC market with a digital-first, on-demand, made-to-order tailoring platform, merging high-margin potential with operational efficiency for scalable growth. With over \$190,000 in sales in 2023, The Abaya Lab has sold over 2500 Abayas to date.



Leading the Regional Wellness Industry

Wellness, particularly in the realm of clean beauty, is identified as a **strategic focus area** within the innovation framework of the Greenhouse. To cater to this niche, the Beauty Lab Initiative was launched by the Incubator. Through partnerships with emerging beauty and skincare startups, the Group's Beauty Lab Initiative aims to accelerate the growth of the clean beauty category in the MENA region, promoting **sustainability and innovation in the beauty industry**. Essentially, we drive and transform the regional beauty landscape with clean skincare and global market innovation.



FACES x Counter Culture Store

The Beauty Lab spearheads a groundbreaking collaboration between FACES and Counter Culture Store from the UK, focused on promoting **sustainability, skincare, and clean beauty** in the UAE and Saudi Arabia. FACES introduced Counter Culture's eco-conscious brands to the region, addressing consumer concerns about traditional beauty products' harmful effects and revolutionising the cosmetic industry. This partnership elevates clean beauty and wellness, **reshaping the region's cosmetic landscape** with high-quality, ethical products.

FACES x The Detox Market

FACES teamed up with The Detox Market, a leading green beauty retailer in North America, to spotlight clean beauty and wellness globally. Through FACES' online platform and consumer channels, the partnership offers curated selections from top brands like True Botanicals and Goop, alongside a **comprehensive awareness campaign**. Plans include expanding The Detox Market's presence in FACES stores and potentially opening its flagship in the region, marking a significant step in promoting clean beauty in the international market.

Planet

We are dedicated to reaching Net Zero status by 2040, aligning GHG reduction targets with IPCC guidelines to limit temperature rise below 1.5°C. We focus on transitioning to renewable energy, promoting circular economy models, and managing waste to achieve Zero Waste to Landfill by 2030. Our Environmental Taskforce drives initiatives spanning energy efficiency, water conservation, and waste reduction. In 2023, we enhanced environmental data management with Diagnostic Power BI dashboards, thereby bolstering our sustainability strategy.

Our Commitments



Progressing Towards Net Zero by 2040

Advancing Circularity

- REDUCING OUR DIRECT CARBON EMISSIONS ACROSS ALL OUR OPERATIONS
- SHIFTING TO RENEWABLE ENERGY SOURCES
- EXTENDING CARBON REDUCTION MECHANISMS TO OUR SCOPE 3
- MANAGING OUR WASTE & RECYCLING WITH OBJECTIVE TO HAVE ZERO WASTE TO LANDFILL BY 2030
- SWITCHING TO SUSTAINABLE SUPPLIES AND REDUCING OUR RELIANCE ON SINGLE-USE PLASTICS
- GOING PAPERLESS BY MOVING TO DIGITAL TECHNOLOGIES
- INVESTING IN SUSTAINABLE BUSINESS MODELS THAT EMBRACE CIRCULAR APPROACHES

Our Planet pillar is founded on globally-accepted environmental responsibility guidance.



Sustainability Agreement with Our Own Brand Stores

We have established a Sustainability Agreement with our 'Own Concept' brands, aligning with the overarching goals of achieving Net-Zero by 2040 and Zero Waste to Landfill by 2030. This agreement outlines a comprehensive framework that mandates adherence for all of the Group's own-concept stores on areas such as energy, water, recycling performance, paper and plastic consumption, business travel, training, and sustainability customer campaigns.

It encompasses clearly defined objectives, KPIs, and ambitious targets seamlessly integrated into operational practices. With accountability resting on the leadership and respective teams, the commitment extends to fostering innovation, responsible practices, and a collective dedication to building a more sustainable future.

Progressing Towards Net Zero by 2040

Our decarbonisation targets have been validated in alignment with the SBTi Criteria and Recommendations (version 5). The SBTi's Target Validation Team has classified our Scope 1 and 2 target ambition and has determined that it **is in line with a 1.5°C trajectory** for near-term carbon reduction targets.



2021 - 2022: Foundational Analysis of Our Emissions

We completed the calculation of our Group-wide emissions across three scopes in 2021, designating this year as the foundational year for measurement. In 2022, a Group-wide GHG emission calculation was performed with greater accuracy of data sets using the evaluator tool CEDA software.

We recognise the complexity of calculating and managing Scope 3 emissions. In 2022, we saw a surge in detailed activity data collection for all scopes, and accordingly, an enhanced precision in emission factors of our analysis. Activity data now constitutes over **22% of our dataset**, a significant improvement from 6% in 2021, translating to heightened precision.

2022: Hybrid Methodology Adoption and Rebasing

We expanded our Scope 3 emissions assessment by employing a hybrid methodology in 2022, encompassing a broader spectrum of categories. For 'Purchased Goods and Services' and 'Capital Goods' categories, which contribute to high portion of our scope 3 emissions, we increased granularity of data by 50% allowing for **significant improvement and fine tuning**.

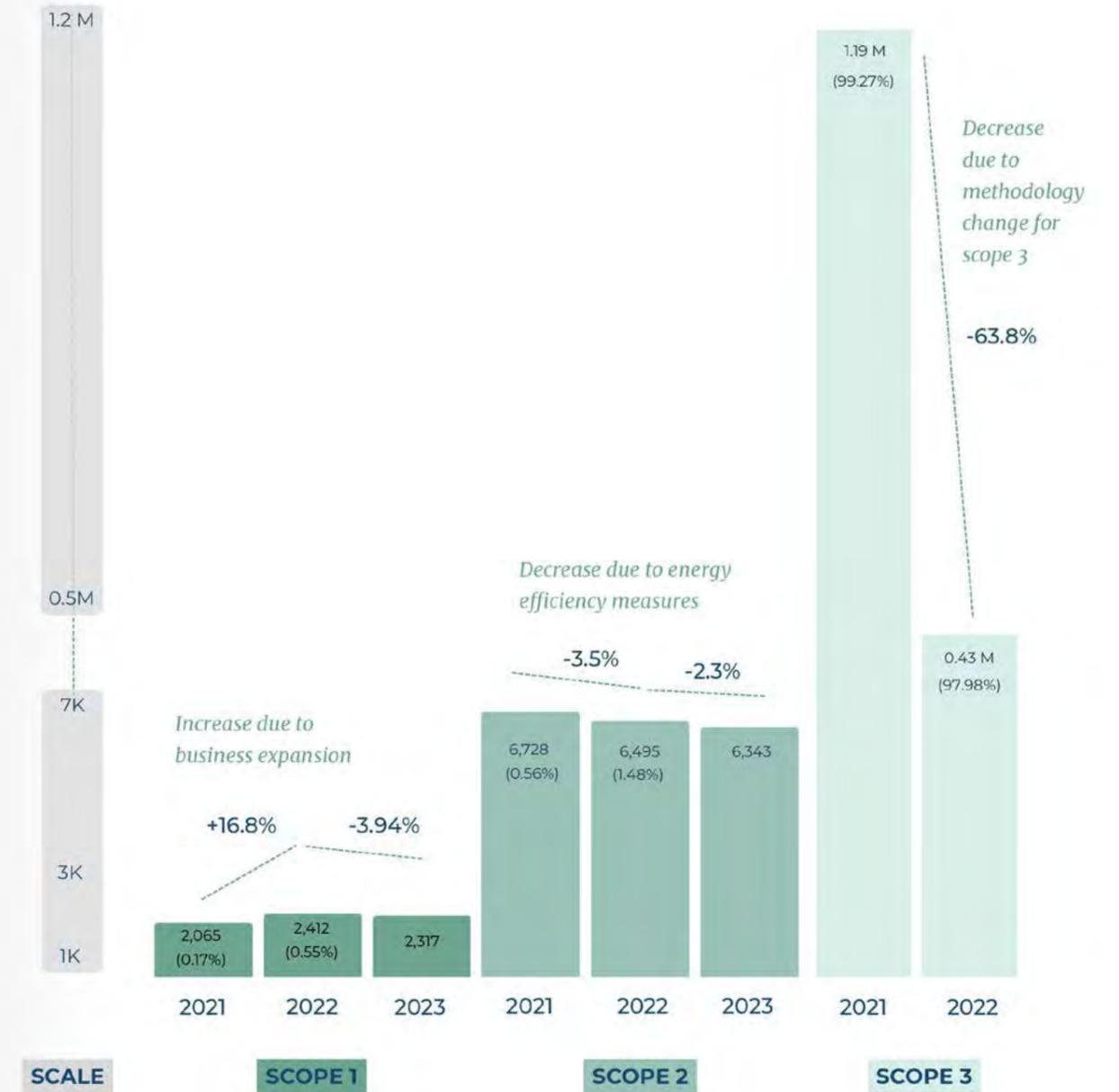
Due to a wider variety of categories and precise emission factors, we were able to mark a reduction in total emissions in 2022.

While Scope 1 and 2 calculations for 2023 have been completed, Scope 3 calculation is slated for completion by mid-2024. The reason for this altered annual calculation plan is the availability of new activity data and a change in our methodology which will yield a more accurate results. These results will be available in our 2024 report.

By using a mix of methods and understanding our supply chain well, along enhanced data, we are on track towards our Net Zero ambition, ready to make real changes for a greener future.

EMISSIONS IN TCO2E*

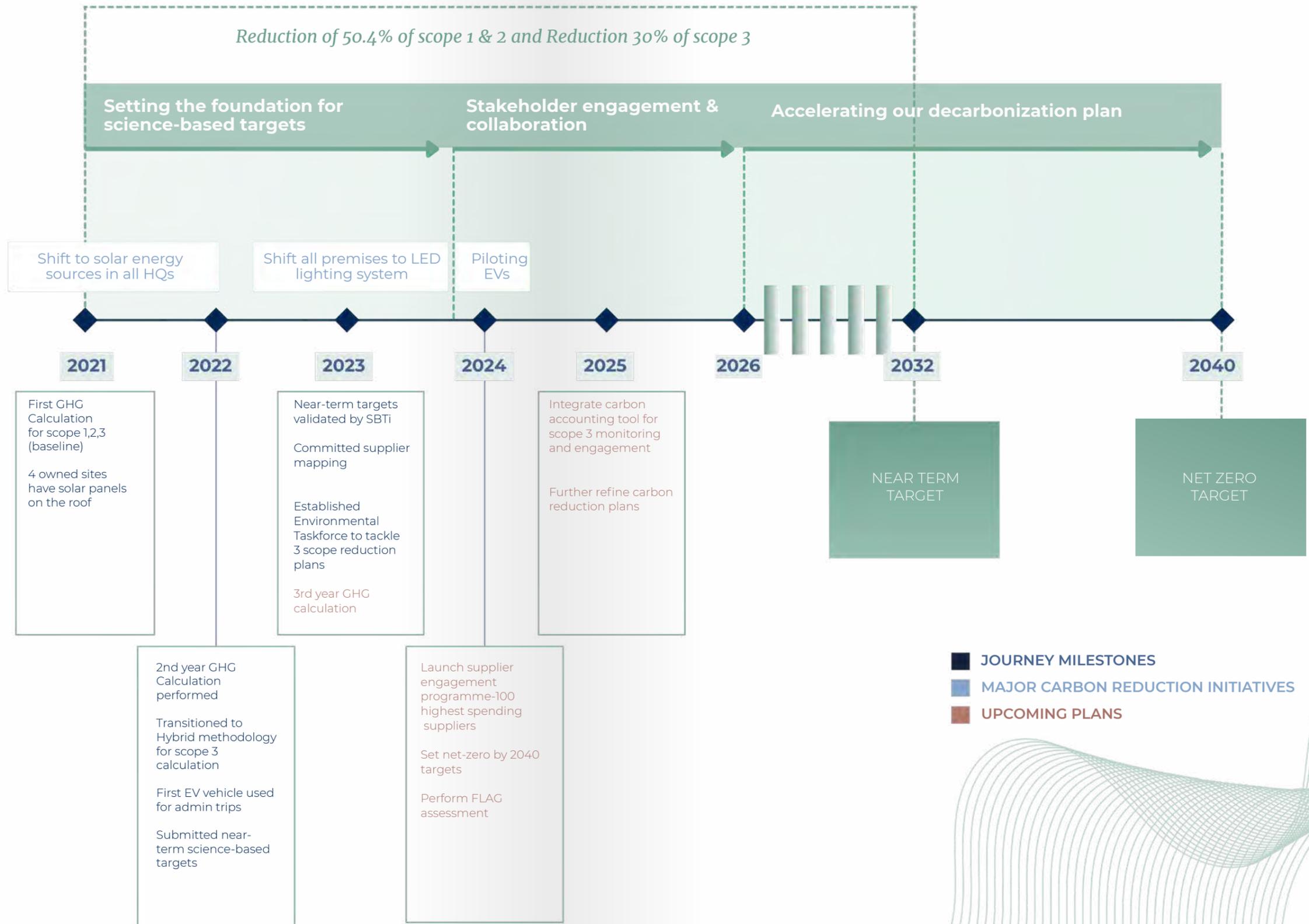
In 2023, the total Scope 1 & 2 emissions were 8,660 tonnes of CO2e. This represents a 2.8% decrease compared to 2022. While the UAE still holds the largest share of emissions (78%), its relative share in the total has decreased while Saudi Arabia's share has increased from 19% to 22%.



The left grey bar denotes the scale of the charts. Moving from left to right, the sets of green bars represent Scope 1, Scope 2, and Scope 3 emissions, respectively. The figures within each bar signify the metric tonnes of emissions (above) and the proportion of these emissions relative to the respective year (below). The trendlines indicate the year-on-year increase for the respective scope.

*Due to differences in the numerical scale of the data presented, the scale of the graphic does not represent the actual scale
 **Refrigerants emissions have been excluded as per SBTi allowance to exclude up to 5% of emissions from the GHG Inventory

NEAR-TERM TARGETS



Decarbonising Our Operations

Besides setting meticulously calculated targets, we also take proactive measures to actualise them. Reducing our environmental footprint has always been a priority in our operations, and 2023 has been a year of achievements and milestones for decarbonisation initiatives.

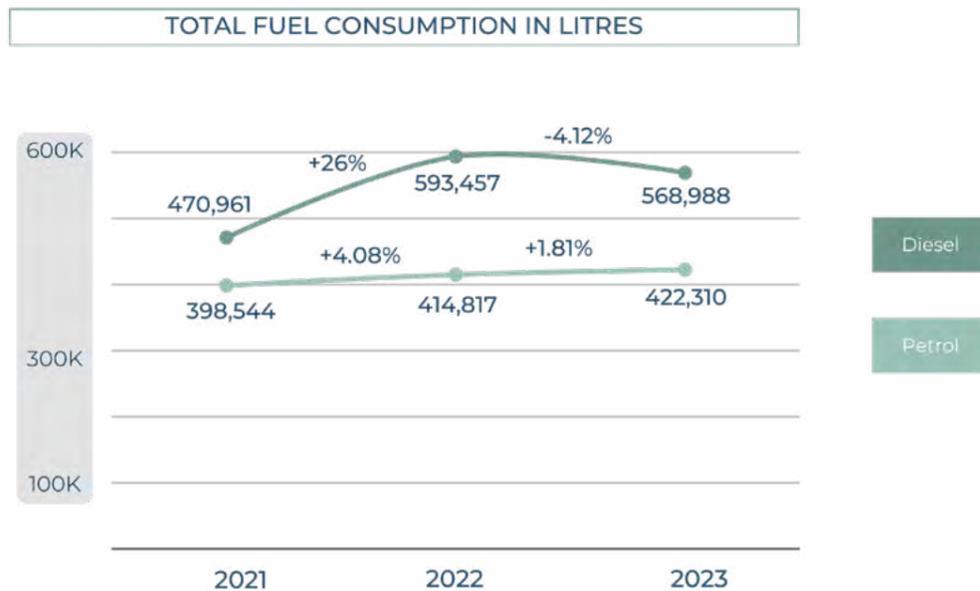
We adopt a **comprehensive emissions reduction strategy**, encompassing investments and upgrades in operational efficiency, renewable deployment, transportation, as well as waste reduction.

In line with our commitment to the UACA ROAD 2.0 initiative, we align our operations with commercial transport decarbonisation. By encouraging and collaborating with early adopters and non-state actors in the coming years, we aim to create a ripple effect in the reach and impact of EVs and eco-fueled vehicles.

SUSTAINABLE TRANSPORTATION AND LOGISTICS

SCOPE 1 (DIRECT) EMISSION REDUCTION STRATEGIES

We are aware that our direct fuel consumption and related emissions have risen in the past years. This surge is due to increased business activity. We are dedicated to reducing our energy intensity per delivery by adopting decarbonisation and efficiency measures in our fleet, and ultimately accelerating our efforts to meet our SBTi targets.



Fleet Fuel and Delivery Schedule Optimisation

We handle **all B2B deliveries** internally and manage over **70% of B2C deliveries**. We are actively **transitioning delivery vehicles to ecofuel** to reduce emissions per order delivered. Despite increased energy costs, we remain committed to our sustainability goals, aiming for a **full transition to electric vehicles (EV) by 2030**.

Our scope 1 emission reduction efforts also include strategies that help **reduce fleet trips by 20 to 25%**:

ROUTE OPTIMISATION

NIGHT DELIVERIES FOR B2B

PRIORITISED ORDER DENSITY

Electrification of Fleet and Vehicles

FLEET

In 2022, we have embarked on a transition to EVs across various operations.

Currently, our electrification feasibility study is ongoing with a step-by-step approach that will drive significant scope 1 emission reduction in the coming years:

- testing,
- implementation,
- expansion
- installation of EV chargers.

According to our EV test drive experience, we marked a potential annual savings worth AED 21,500, ROI in 8 years and 77% less carbon emissions after 160,000 km.

To date, around 1% of owned vehicles are EVs. The coming years will see a potential surge in our fleet's transition to EVs in both Egypt and KSA markets through leasing options.

COMPANY VEHICLES

We completed the installation of 2 additional EV chargers in Head Office 2 & the 2 safety bollards.

In 2024, we will install more EV chargers to ensure our facilities are equipped and ready for transition of both our fleet as well as our team's vehicles.



SCOPE 2 (INDIRECT) EMISSION REDUCTION STRATEGIES

ENERGY EFFICIENCY IMPROVEMENTS

RENEWABLE ENERGY INTEGRATION

GREEN BUILDING DESIGN

Reducing Our Indirect Energy Consumption

Our facilities management team has consistently focused on improving the energy efficiency of our built environment. We have implemented various **retrofitting and operational measures** over time to decrease the energy consumption of our infrastructure.

Our continued efforts have resulted in a 22.2% reduction in electricity consumption between 2021 and 2022. This is due to **solar panel installations and green building practices**.

100%

Regionally, **100%** of our warehouses are equipped with LED lights and in the UAE, all offices and warehouses are 100% equipped with LED lights.

30%

In 2019 Chalhoub Group started its transition to a cleaner energy source by installing solar panels. In UAE 4 of our premises are running on solar energy, which makes over **30%** of our total energy consumption.

TOTAL ELECTRICITY CONSUMPTION IN KWH*



*Data presented portrays only the consumption coming from electricity of non-renewable sources



Air Quality Management at Head Office

We manage air quality through regular maintenance of cooling systems and periodic indoor and outdoor air quality testing at Head Office 1. To align with sustainability standards, a double-door entry has been installed to **reduce energy consumption and minimise contaminants**.

Future plans include introducing air purification tools, and undertaking air-tightness activities to enhance indoor air quality and ensure a safe working environment.

Building Management Systems Upgrade

We have automated air conditioning systems in our UAE head offices, maintaining a comfortable 24°C during working hours and adjusting to 27-28°C after hours and weekends to optimise energy use. This approach, supported by cost and environmental analysis, projects a **10 to 15% reduction in AC energy consumption**, prompting upgrades to the Building Management Systems in both Head Office 1 and Head Office 2 in UAE..

Efficient Lights (LED)

We conducted lighting audits across our offices and warehouses globally to enhance energy efficiency and reduce our scope 2 emissions. Regionally, **all warehouses have transitioned to LED lighting**, while in the UAE, LED lighting is implemented across both warehouses and office spaces.

Energy and Air Quality Monitoring System

Collaborating with suppliers, we initiated a pilot energy and air quality monitoring simulation phase at Head Office 1, which provided detailed understanding down to the equipment level at unprecedented clarity. Customising the reporting of energy and air quality KPIs from this effort has been invaluable, especially in **identifying less efficient assets**. Building on this achievement, we are expanding the implementation of this system to retail stores in 2024.

SCOPE 3 (INDIRECT) EMISSION REDUCTION STRATEGIES

ENGAGING WITH OUR VALUE CHAIN

Our strategy in engaging with our value chain partners is centred around the imperative to significantly reduce our Scope 3 emissions, which constitute the largest portion of our carbon footprint. By actively collaborating with our suppliers and partners, we aim to create a synergy that drives down emissions across the entire supply chain. Recognising that each entity in the supply chain contributes to the overall emissions, we focus on **shared accountability and mutual goals for sustainability**.

Reducing Our Collective Footprint

Our focus on international inbound shipments to manage our scope 3 emissions involves

- optimising collaboration with brands to consolidate shipments from various destinations,
- prioritising ocean freight over air transport.

This shift not only enhances efficiency but also aligns with our commitment to sustainable logistics solutions. Additionally, we have engaged with our third-party partner to assess and explore options for offsetting the CO2 emissions generated during product transport.

63.8% decrease in Scope 3 emissions between 2021 and 2022 due to methodology enhancements



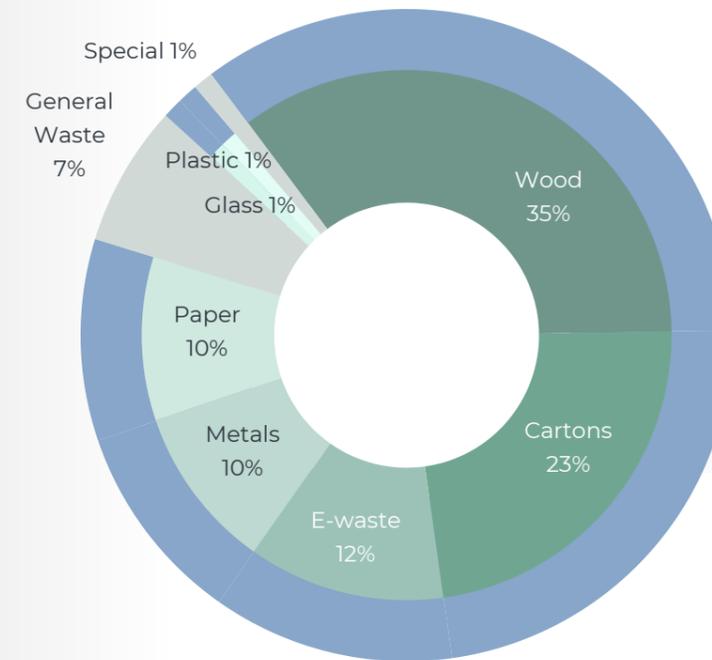
Supplier Engagement Program for Scope 3

In collaboration with Schneider Electric, we launched a service agreement for a Supplier Engagement Program. This program targets our highest emitting and highest expense suppliers through training modules, data collection, and analysis across scope 3 emissions. Our analysis includes comprehensive activity data, including:

- PURCHASING
- TRANSPORTATION
- TRAVEL & COMMUTE
- WASTE & PRODUCT DISPOSAL

In 2023, we have conducted a rigorous **analysis of over 5000 suppliers** against the SBTi list which encompasses companies taking action by setting science-based targets or committing to developing the targets. This approach has enabled us to identify key partners committed to sustainability, while also pinpointing areas where targeted support is essential for advancing our **collective sustainability agenda**. The study also proved important in identifying the non-committed brands with the highest CO2 emissions. We aim to work together on advancing collective carbon reduction initiatives in 2024 and onwards.

WASTE BREAKDOWN - UAE



92%

92% of the waste from our UAE premises are segregated and recycled through a third party partner.

In the coming years, we will have greater visibility over our waste management in other countries.

■ RECYCLED
■ LANDFILL

*These figures pertain exclusively to the waste deposited into our recycling skips in the UAE and do not encompass contaminated waste from our general waste skips, which we are actively endeavouring to diminish.

Advancing Circularity

We drive circularity within and beyond our ecosystem through proactive waste management, water conservation and climate action initiatives. Our commitment to sustainability is exemplified by strategic waste reduction goals, aiming for Zero Waste to landfill by 2030. Additionally, we champion sustainable packaging solutions, optimise food waste management, and promote circular fashion with groundbreaking partnerships and studies. Our comprehensive approach underscores our dedication to shaping a more sustainable future.



REDUCING OUR WASTE FOOTPRINT

We have worked on closing the loop in our premises through the adoption of recycling practices in our offices. Currently, **85% of our offices in the UAE are equipped with recycling stations**, complemented by employee training on proper recycling practices. Simultaneously, we have phased out general waste bins in favour of recycling options, with plans to expand this initiative region-wide.

Additionally, the **Paper Cups Removal Initiative replaced 1 million paper cups** with reusable mugs. Meanwhile, **food waste reduction efforts have yielded a 30-40% decrease**. Furthermore, we have invested in a pilot project with biodigesters for the canteen in our Dubai Design District (D3) premises, which will convert all wasted food into grey water that can then be repurposed for irrigation.

In stores, all new employees receive training on minimizing plastic and paper use. Recycling bin stations have been installed in 19 shopping destinations, **promoting responsible waste disposal**. We have also conducted comprehensive environmental audits and are working on further **eliminating single-use plastics** in stores as part of our phase-out strategy. Our E-Receipts campaign has led to an increase in email receipts versus printed receipts, reducing our paper consumption across our operations.

+130% E-receipt adoption in stores
4.4% digital receipts in 8 countries

Expanding Our Recycling Efforts

Last year as part of our ongoing commitment to expanding recycling initiatives across regions where the Group operates, we successfully launched a recycling system in KSA for both offices and warehouses by partnering with a waste management company in KSA. In 2023 we started reporting on our recycling performance in KSA with the aim of significantly reducing waste generation and enhancing our overall recycling rate.

Total recycled waste from the back office and warehouses in KSA	62,601 KG
Equivalent of trees saved	1,064 TREES
Emission prevented	93,901 KG CO2e
Water saved	438,207 GALLONS
Energy saved	361,458 kW

Empty Your Pouches Campaign

In 2023, we launched the second edition of the **Cosmetics Recycling Campaign** to raise awareness and collect makeup, cosmetics, perfume, and hair care containers from employees for recycling. We collaborated with the beauty department to establish a **permanent cosmetic recycling stations** in their office, fostering a culture of responsible consumption. **80 kg** of beauty product containers were collected and sent to our recycling partner for material segregation, diverting them from landfills.

176
kg of e-waste
from teams

2820
kg of e-waste
recycled in total

Empty Your Drawer Campaign

We launched an e-waste campaign to heighten awareness and gather e-waste from employees and operations. To sustain the campaign's impact, permanent **e-waste** bins, including a **dedicated battery category**, were placed next to Tech Bars, where team members seek IT support. To enhance e-waste disposal efficiency, an innovative automated collection feature was integrated into the IT asset management tool, allowing seamless management of e-waste disposals.

Product and Visual Merchandising Stock Cleanup

A dedicated task force was formed to address product and visual merchandising stock cleanup, initiating an audit of existing stock in both the UAE and the KSA. This involved reaching out to brands with the largest visual merchandising stock that had been sitting in warehouses for extended periods. Subsequently, a comprehensive effort was made to deplete this stock **through the recycling of all visual merchandising materials and furniture.**

A 2.5-hour workshop, attended by over 20 brands from diverse verticals and featuring two external visual merchandising experts, focused on sustainable sourcing and disposal practices. Following the workshop, a **pilot visual merchandising recycling initiative** was implemented, leading to the following results:

Total weight of Visual Merchandising recycled in 2023	74,292 KG
• UAE	19,622 KG
• KSA	54,669 KG





SUSTAINABLE PACKAGING OPTIMISATION

In 2023, we continued our focus on sustainable packaging practices, with significant progress made across various own brands through the Packaging Optimisation project.

The project started with a feasibility study, assessing the value proposition and ecofriendliness of different alternative packaging options. During this study, we collected samples from the stores, used a pointing system to quantify brand sustainability, and displayed adoption data. This analysis yielded results emphasising efficiency, waste volume reduction, and best practices.

Following the project, we selected four preferred suppliers, resulting in estimated **cost savings of 10% to 20%, ensuring sustainability standards are upheld.** Looking ahead, efforts are underway to secure approval for selected suppliers across all brands.

100%

Tanagra shifted to 100% plastic-free e-commerce packaging that is recyclable & biodegradable.

Tanagra successfully implemented the Eco Box for e-commerce following a successful pilot. Furthermore, sustainable bags samples were shared with Faces and Tryano, and are being reviewed internally by the brands. Level Shoes has also introduced a new packaging elevated with augmented reality, composed of environmentally friendly materials, and is fully recyclable.

CIRCULAR BUSINESS MODELS

Moving beyond traditional retail paradigms, we are embracing innovative circular business models to redefine luxury fashion in the region. We are leading the realm of sustainable luxury with initiatives such as the Level Shoes Pre-Loved Buyback service the Tanagra Rental Programme and the recently launched Swarovski Rental Programme. These initiatives not only cater to evolving **consumer preferences** but also contribute to reducing fashion's **environmental footprint**. As part of our broader vision, in 2023, we delved deeper by studying the market's readiness and potential in circular fashion. Our findings have inspired the Group to amplify its investments in circular business endeavors, for a more sustainable future.



Stores Towards Earth's Protection: 2023 Revamp

The STEP Program, launched in 2017, aims to reduce the Group's environmental footprint in line with **LEED and Green Star** standards. Integrated into our internal FOCUS platform in 2020, STEP assessments are now mandatory for all new store openings, with plans to expand to all stores by 2024. In 2023, the programme underwent a revamp, further aligning assessment questions with international standards, transitioning to a rating system, and enhancing the FOCUS platform usability.

Our efforts are led by joining the forces of three dedicated teams with sets of relevant skills that support our stores in transforming their environmental practices.

Design & Architecture

- Innovation and design process
- Energy and water management
- Materials & resources management

Retail Store Operation

- Waste management & recycling
- Sustainable behaviour & training
- Inclusivity

Sustainability

- Sustainable administration
- Our brand's commitment to sustainability initiatives

The 'Circular Fashion Potential in GCC' Study



In 2023, Chalhoub Group explored circularity with a comprehensive study titled 'Circular Fashion Potential in GCC.' This insightful report goes beyond consumer behaviours, shedding light on the increasing adoption of circular business models by luxury retailers in the GCC, the substantial growth of the re-commerce market, and the evolving consumer preferences for pre-loved items. The report findings serve as a compelling business case for circularity, clarifying the current landscape and contributing to reshaping the future of the regional fashion industry. More details about this one-of-a-kind study can be found [here](#).

Some insights from the report include:

GCC consumers show a strong interest in buying pre-loved, particularly bags (20%), watches (18%), and jewellery (16%).

Top reasons for buying pre-loved include affordability (43%), investment potential (42%), and access to limited editions (40%).

A significant 70% have resold in the past year, driven by a desire to earn money (42%) and finance new purchases (41%).



Key Water Efficiency and Management Initiatives

Water Flow Rate Reduction

We have successfully **reduced tap water flow** from 6 litres per minute to 1.9 litres per minute in washrooms and pantries across all UAE sites, establishing a new baseline for water consumption of fixtures and fittings between 1.9 to 1.6 litres per minute.

Eco-friendly Car Wash

Transitioned to **waterless car wash** services at two of our sites, significantly reducing water usage from an average of 10-12 litres to only 2-4 litres per car wash.

Water System Upgrade

Upgraded taps in Head Office 2 from manual to sensor taps, **minimising water wastage**.

Utility Water Tank Cleaning and Lab Testing

Ensured the **cleanliness and safety** of our water supply through regular utility water tank cleaning and quarterly laboratory testing.

Optimising Irrigation

Installed sub-meters to **monitor irrigation** water consumption at Head Office 1 and introduced a greywater system at Head Office 2 for irrigation, utilising recycled discharge water.

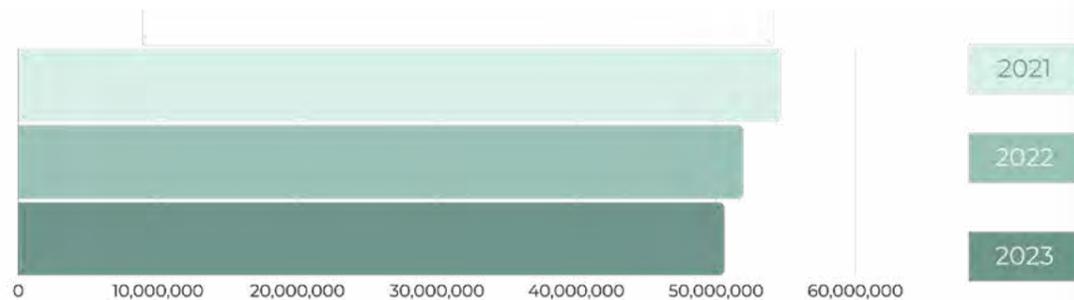
WATER EFFICIENCY AND CONSERVATION

Chalhoub Group is dedicated to enhancing water efficiency and management across all our premises. This is in line with our corporate culture and environmental stewardship, as well as an extended effort to reduce our scope 3 emissions through water consumption, especially in the GCC region due to desalination.

By meticulously tracking our water utility consumption quarterly, based on the monthly bills, we gain a deeper understanding of water usage patterns at each location and its environmental impact.

Our **data-driven approach** has enabled us to devise and implement targeted action plans aimed at **upgrading our water management** systems, thereby improving our water efficiency significantly. Our commitment to these initiatives is in line with our goal to meet LEED international standards for water efficiency.

Total Water Consumption*



* The data above exclusively encompasses UAE offices and warehouses

We are currently evaluating the installation of water leak detection systems and digital submeters across all locations to promptly identify and repair leaks, preventing potential damage and costly repairs.

Additionally, we are refining our data collection and analysis methods to distinguish between indoor and outdoor water usage more accurately.

Data Performance Tables

People

Employment

Description	Scope	Unit	2021	2022	2023
Total workforce (excluding trainees, students and outsourced staff)	Group-wide	Number	13230	15177	15771
Full-time employees		Number	13192	15116	15685
Part-time employees		Number	38	61	86
Employees on an indefinite or permanent contract		Number	13198	15137	15738
Employees on a fixed term or temporary contract		Number	32	40	33
Senior management employees		Number	68	76	76
Middle management employees		Number	792	929	957
Non-management employees		Number	12370	14172	14738
Employees age 18-30		Number	4360	5159	5231
Employees age 31-50		Number	8447	9525	10022
Employees age +51		Number	423	493	518
Trainees and sponsored students		Number	174	180	126
Total New Employee Hires		Number	4085	5415	4283
Age 18-30		Number	2447	3200	2453
Age 31-50		Number	1695	2321	1839
Age +51		Number	29	38	57
Full-time employees		Number	4029	5354	4194
Part-time employees		Number	56	61	89
Total employee turnover (voluntary)		Excluding Joint Ventures	Number	15.30%	16.70%
Employee absentee rate	Group-wide	Number			
Number of female employees that took parental leave		Number	N/A	N/A	171
% of female employees who returned to work after maternity leave		Number	N/A	N/A	95%
Number of female employees returned from parental leave who were still employed twelve months after return to work (retention)		Number	N/A	N/A	163
Return to work rate (%)		Number	N/A	N/A	96%

Gender Equality

Description	Scope	Unit	2021	2022	2023
Women representation in total workforce	Group-wide	%	60.52%	61.07%	61.61%
Women representation in senior leadership roles (E1, 2, 3)		%	33.87%	31.34%	32.79%
Gender Pay Ratio (Men:Women)		Ratio	1:1.02	1:0.96	1:0.95

Localisation

Description	Scope	Unit	2021	2022	2023
Localisation of senior management	Group-wide	%	2.90%	5.20%	6.50%
Localisation among total workforce		%	31.00%	31%	31.50%
Total number of local employees		Number	4095	4717	4969
Number of female local employees		Number	3271	3731	3906

Local Communities

Description	Scope	Unit	2021	2022	2023
Total trees planted	Group-wide	Number	1,505	1,533	3,275
Total rubbish collected		KC's	1,556	3,638	4,374
Total number of initiatives		Number	234	225	265
Impact - Retrieved from report 2022		Number	92,323	88,827	480,716
Total number of employee volunteering hours		Hours	13,573	9,275	10,510
Total number of company volunteers (employees + friends and family)		Number	10,955	5,097	9,871

Learning & Development

Description	Scope	Unit	2021	2022	2023
Total training delivered	Group-wide	Hours	33,973	96,458	144,512
Senior management employees		Hours	959	949	1,453
Middle management employees		Hours	8,694	24,416	24,725
Non-management employees		Hours	24,140	71,093	118,335
Male employees		Hours	13,359	57,168	56,437
Female employees		Hours	20,434	39,290	88,075
Average training per employee		Hours	4.78	13.65	13.00
Number of e-learning training hours delivered		Hours	13,924	27,429	30,332
Amount invested in training		AED	12,298,923.94	17,945,124.15	20,981,489.01

Data Performance Tables

Diversity & Inclusion – Female representation in senior positions

Description	Scope	Unit	2021	2022	2023
E2+ Women Representation	Group-wide	%			38%
E1+ Women Representation		%			32%
M3+ Women Representation		%			35%

NGO Partners – Donations Raised

Name of NGO	Scope	Donation Raised
Emirates Red Crescent	Group-wide	\$78,641
King Salman Humanitarian Aid and Relief Center		\$14,938
Kuwait Red Crescent		\$966
Qatar Red Crescent		\$1,635
Jordan Hashemite Charity Organization		\$6,300
Bahrain Red Crescent Society		\$1,216

Partners

Scorecard Completion

Description	Scope	Unit	2021	2022	2023
Number of Scorecards Completed	Group-wide	Number	1055	1447	1689
Completion Rate of Scorecards Over Time		%	25% (Q4)	24% (Q4)	30% (Q4)

Environment

Emissions

Description	Scope	Unit	2021	2022	2023
Scope of the emission: Scope 1	Group-wide*	tCO2e	2,065.00	2,412.00	2,317.00
Scope of the emission: Scope 2		tCO2e	6,728.00	6,495.00	6,343.00
Scope of the emission: Scope 3		tCO2e	1,190,355.00	430,967.00	-
Direct CO2 from diesel		Tonnes	1,181.30	1,515.56	1,429.00
Direct CO2 from gasoline		Tonnes	883.98	896.83	888.00
Indirect CO2 from electricity		Tonnes	6,728.00	6,495.00	6,343.00

Energy

Description	Scope	Unit	2021	2022	2023
Total petrol consumption	Group-wide*	Liters	398,544	414,817	422,310
Total diesel consumption		Liters	470,961	593,457	568,988
Total electricity consumption		KWh	15,702,016	15,245,990	16,024,277
Refrigerants		kg	130	132	292.34

*Emissions and Energy data are complete for UAE and Saudi Arabia only. Qatar, Kuwait, and Egypt data only include direct fuel consumption from the local fleet, and accordingly, scope 1 emissions.

Waste

Description	Scope	Unit	2021	2022	2023
Total weight of waste generated	UAE	Tonnes	5,837.6	7,036.7	7,287.8
Total weight of waste diverted from disposal		Tonnes	550.7	614.1	698.5

Water

Description	Scope	Unit	2021	2022	2023
Total water consumption	UAE	Liters	54,605,709	51,984,873	50,606,253

GRI Index

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
GRI 2: General Disclosures 2021	2-1 Organizational details	6-7	
	2-2 Entities included in the organization's sustainability reporting	4	
	2-3 Reporting period, frequency and contact point	4	
	2-4 Restatements of information	47	
	2-5 External assurance		
	2-6 Activities, value chain and other business relationships	6, 62-71	
	2-7 Employees	32-35	
	2-8 Workers who are not employees		
	2-9 Governance structure and composition	28	
	2-10 Nomination and selection of the highest governance body	28-29	
	2-11 Chair of the highest governance body	12-13	
	2-12 Role of the highest governance body in overseeing the management of impacts	29	
	2-13 Delegation of responsibility for managing impacts	29	
	2-14 Role of the highest governance body in sustainability reporting	13	
	2-15 Conflicts of interest		
	2-16 Communication of critical concerns	22	
	2-17 Collective knowledge of the highest governance body	12-13	
	2-18 Evaluation of the performance of the highest governance body	29	
	2-19 Remuneration policies		
	2-20 Process to determine remuneration		
	2-21 Annual total compensation ratio		
	2-22 Statement on sustainable development strategy		
	2-23 Policy commitments	18-19	
	2-24 Embedding policy commitments		
	2-25 Processes to remediate negative impacts		
	2-26 Mechanisms for seeking advice and raising concerns	22	
	2-27 Compliance with laws and regulations	18-19	
	2-28 Membership associations	Not applicable	
	2-29 Approach to stakeholder engagement	22	
	2-30 Collective bargaining agreements	Omitted - Collective bargaining is not allowed within the UAE laws	

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	25	
	3-2 List of material topics		
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	51	
	202-2 Proportion of senior management hired from the local community		
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	82	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	65	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	87	
GRI 301: Materials 2016	301-1 Materials used by weight or volume		
	301-2 Recycled input materials used		
	301-3 Reclaimed products and their packaging materials		
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	75	
GRI 302: Energy 2016	302-1 Energy consumption within the organization		
	302-2 Energy consumption outside of the organization		
	302-3 Energy intensity		
	302-4 Reduction of energy consumption		
	302-5 Reductions in energy requirements of products and services		

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GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	84	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
	303-4 Water discharge		
	303-5 Water consumption		
Emissions			
GRI 305: Emissions 2016	3-3 Management of material topics	72-83	
	305-1 Direct (Scope 1) GHG emissions		
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions		
	305-4 GHG emissions intensity		
	305-5 Reduction of GHG emissions		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		NA
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	86-87	
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated		
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	65	
	308-2 Negative environmental impacts in the supply chain and actions taken		
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	34-37	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		
	401-3 Parental leave		

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	40-41	
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	46-51	
	404-2 Programs for upgrading employee skills and transition assistance programs		
	404-3 Percentage of employees receiving regular performance and career development reviews		
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	34-35	
	405-2 Ratio of basic salary and remuneration of women to men		
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	51	
	413-2 Operations with significant actual and potential negative impacts on local communities		
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	65	
	414-2 Negative social impacts in the supply chain and actions taken		

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GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	33-35	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		

Annex: Changes in methodology 2021 vs 2022

Due to change in calculation methodology, switching from Scope 3 Evaluator tool (Quantis, used in 2021) to CEDA (used in 2022), and mainly due to better data quality there are some visible improvements:

- Hybrid approach for categories 3 - 1 Purchased goods & services & 3 - 15 Investments
- Better accuracy especially for categories C1 Purchased goods and services and C2 Capital goods. In the base year, 2021, from 36 categories 14 were used, while in 2022 from 400 categories 54 were used allowing better accuracy. Significant improvement in granularity and chance for fine tuning. A similar situation is in C2 Capital goods, of the 36 categories 4 were used in base year while in 2022 significant improvement and better granularity by using 47 categories from 400.
- Due to better accuracy and granularity of data and bigger variety of categories there is reduction in emission based on emission factors.
- In more than 50 items are calculated based on activity data and appropriate industry emission factor by using Ecoinvent V3.9.1, white papers and research.
- One of the most significant improvements was switching from spend data to activity-based calculation for “eua de parfume”, “eua de cologne” and “eua de toilette”. As these items are expensive and therefore spend based calculation is remarkably high compared to activity based and calculation of actual ingredients.
- In based year 2021, for 3 - 1 Purchased goods & services we had 731.5 million spend and no activity data, so everything was calculated based on spend data. While in 2022 we had 861.9 million of spent but 323 million was covered with activity data, 38% of spent data in this category was covered by activity data, huge improvement from 0% in 2021.
- Comparing emissions in 2021 and 2022 we see substantial improvement in activity-based calculation and jump from 6% to 22% due to implementation of hybrid methodology (3 - 1 Purchased goods & services & 3 - 15 Investments). This 6% in 2021 are coming from categories that are not spend data, categories that are asking for activity data in the first place.
- More than 5000 suppliers that are working with Chalhoub Group are checked against SBTi list and we found out that from listed suppliers in 2022: 71 suppliers are committed to the SBTi. They send the commitment letter, and they might be in the process of target validation.
- 37 suppliers are with set targets (targets validated)
- 2 suppliers are removed from the list. They sent commitment letters but didn't verify their targets in the granted two-year period.

	Quantis	CEDA
What is it	The Scope 3 Evaluator is a free, web-based tool from Greenhouse Gas Protocol and Quantis that makes it easier for companies to measure, report, and reduce emissions throughout their value chain.	Environmentally-Extended Input-Output Life Cycle Inventory for the U.S., designed to assist LCAs, carbon, energy, water, waste and toxic impact assessments throughout the supply chain. CEDA represents over 380 unique industries.
Last time used	2021 Baseline/Screening	2022 Scope 3 calculation
Cost to use	Free (decommissioned 30.08.2023)	Paid
C1 Purchased goods and services	36 categories / used 14	400 categories / used 54
C2 Capital goods	36 categories / used 4	400 categories / used 47
C15 Investments	36 categories / used 8	400 categories / used 7
Emission factor example	Textiles and Textile Products 1.1 kgCO2e/USD	Apparel manufacturing 0.145 kgCO2e/USD
Emission factor example	Leather, Leather and Footwear 0.97 kgCO2e/USD	Leather and allied product manufacturing 0.256 kgCO2e/USD
Change in activity vs spend	Complete spend-based Cat. 1,2,4,6,15 Activity based 6% of total Scope 3	Complete spend-based Cat. 2,4,6, The mix of Spend and Activity 1&15 Activity based 22% of total Scope 3

	Quantis	CEDA
Change in activity vs spend	Complete spend based Cat. 1,2,4,6,15	Complete spend based Cat. 2,4,6, The mix of Spend and Activity 1&15

Carbon emission (tCO2e) change 2021 vs 2022

Category number & name	Activity data per category by emissions (%) 2021	Activity data per category by emissions (%) CEDA 2022
3 - 1 Purchased goods & services	6%	22%
3 - 2 Capital goods	0%	0%
3 - 3 Fuel and energy related activities	100%	100%
3 - 4 Upstream transportation and distribution	0%	0%
3 - 5 Waste generated in operations	100%	100%
3 - 6 Business travel	0%	0%
3 - 7 Employee commuting	100%	100%
3 - 8 Upstream leased assets	100%	100%
3 - 9 Downstream transportation and distribution	Not applicable	Not applicable
3 - 10 Processing of sold products	Not applicable	Not applicable
3 - 11 Use of sold products	100%	100%
3 - 12 End-of-life treatment of sold products	100%	100%
3 - 13 Downstream leased assets	Not applicable	Not applicable
3 - 14 Franchises	Not applicable	Not applicable
3 - 15 Investments	0%	8%

Spend (USD) change 2021 vs 2022

Category number & name	Activity data USD 2021 Quantis	Activity data % covered by USD 2021	Activity data USD 2022 CEDA	Activity data % covered by USD
3 - 1 Purchased goods & services	0	0	417,616,689	32%
3 - 2 Capital goods	0	0	323,180,088	38%
3 - 3 Fuel and energy related activities	0	0	-	0%
3 - 4 Upstream transportation and distribution	0	0	-	0%
3 - 5 Waste generated in operations	0	0	-	0%
3 - 6 Business travel	0	0	-	0%
3 - 7 Employee commuting	0	0	-	0%
3 - 8 Upstream leased assets	0	0	-	0%
3 - 9 Downstream transportation and distribution	Not Applicable	Not Applicable	Not applicable	Not applicable
3 - 10 Processing of sold products	Not Applicable	Not Applicable	Not applicable	Not applicable
3 - 11 Use of sold products	0	0	-	0%
3 - 12 End-of-life treatment of sold products	0	0	-	0%
3 - 13 Downstream leased assets	Not Applicable	Not Applicable	Not applicable	Not applicable
3 - 14 Franchises	Not Applicable	Not Applicable	Not applicable	Not applicable
3 - 15 Investments	0	0	94,436,601	24%

CSE Independent Assurance Statement

CSE has been engaged by Chalhoub Group (Chalhoub) to provide independent assurance over the Sustainability Report 2023. The aim of this process is to provide reassurance to Chalhoub’s stakeholders over the accuracy, reliability and objectivity of the reported information and the coverage of the material issues regarding the business and the stakeholders. The “Chalhoub Impact” Sustainability Report 2023 is in compliance with the requirements of the GRI STANDARDS Guidelines at ‘In Accordance level’.

Scope of work

The scope of work included a review of the Chalhoub 2023 Sustainability Report activities and performance data related to the 2023 year that ended December 31, 2023.

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard v3 and applied a Type 2 ‘moderate’ level of assurance. Type 2 requires assessment of organization’s adherence with the AA1000 AS Principles and shall additionally assess and evidence the reliability and quality of specified sustainability performance and disclosed information. The principles that the assurance process is focused on are:

- Inclusivity, Materiality, Responsiveness, and Impact.

The scope of work included a review of the 2023 Sustainability Report activities and performance data.

Specifically, this included:

- Statements, information and performance data contained within the Sustainability Report.

- Chalhoub’s process for determining material aspects for reporting and the management approach to material issues.
- Chalhoub’s reported data and information as per the requirements of the Global Reporting Initiative (GRI) STANDARDS Sustainability Reporting Guidelines as indicated in the Report index.

Methodology

In order to verify the content of the 2023 Sustainability Report we undertook the following activities to inform our independent assurance engagement:

- Conducted document reviews, data sampling and associated reporting systems as they relate to selected content and performance data.
- Reviewed the outcomes of Chalhoub’s stakeholder engagement activities in 2023.
- Reviewed the materiality analysis and its outputs.
- Evaluated Chalhoub’s public disclosures against the GRI standards.

More details on the specific information and data that were verified are presented in the following sections of the present independent assurance report.

General Conclusions

With respect to the scope of work, we conclude that:

- The account of Chalhoub’s activities and performance during 2023 and the way they are presented in the 2023 Sustainability Report is accurate.
- Chalhoub adheres to the principles of inclusivity, materiality, responsiveness, and impact as per the AA1000 Accountability Principles Standard.

Any errors or misstatements identified during the engagement were corrected prior to the publication of the 2023 Sustainability Report.

Key Observations and Recommendations

Based on the observations and concluding remarks derived from the assurance engagement, our key observations, and recommendations for the improvement of Chalhoub's future Sustainability Reports are:

- With respect to the principle of inclusivity, Chalhoub maintains a comprehensive communication process with its key stakeholders. It is suggested that Chalhoub builds on this model to maximize its effectiveness and results and streamline ESG learning for all employees.
- With respect to the principle of materiality, it is suggested that Chalhoub continues to enhance its Impact framework by focusing on stakeholder engagement in the yearly materiality assessment.
- With respect to the principle of responsiveness Chalhoub had incorporated the concerns and preferences of its key stakeholder groups.
- With respect to the principle of impact, Chalhoub shows adequate monitoring, measuring and accountability for its actions and their impact on its broader natural and human ecosystems.
- With respect to performance indicators, it is recommended to continue showing performance from previous years in most indicators, and to be able to show the progress made in managing all material issues.

Findings and conclusions concerning adherence to the AA1000AS principles of Inclusivity, Materiality, Responsiveness and Specific Performance Information

Inclusivity – how the key stakeholder groups were identified and engaged regarding sustainability issues. All the key stakeholder groups were engaged. Chalhoub applied widely accepted principles in developing its approach to stakeholder engagement and sustainability.

Materiality – how the assessment of the importance of each sustainability topic took place. Chalhoub's approach to identifying material issues offers a balanced perspective on the key aspects of its sustainability performance and impacts.

Responsiveness – how the company responded to the issues that were pointed out by each stakeholder group, and how this response is described in the 2023 Sustainability Report. Chalhoub has applied the principle of responsiveness during the selection of the issues to be included in the Report, as well as to the manner those are represented in the Report. Chalhoub has adequately addressed the issues of significant concern to its stakeholders, and this response is appropriately and sufficiently detailed in the Chalhoub 2023 Sustainability Report. It is recommended to continue performing the existing Employee "Voice of the People" survey while working with the enablers and high-performance limiters already identified.

Impact – how the company monitors, measures, and is accountable for how its actions affect its broader ecosystems. Chalhoub provides adequate information in its 2023 Sustainability Report on how it monitors its impacts on the natural and human ecosystems. The performance indicators used are based on commonly accepted standards and local/global best practices.

Specific Performance Information – The Specific Performance Information (quantitative data related to GRI metrics and indicators) has been collected and presented in a commonly acceptable manner in the 2023 Sustainability Report and the 'general and specific disclosures' have been reviewed during the assurance process.

Specifically, during the independent assurance process, CSE examined evidence and documentation regarding:

- A description of other means, besides the materiality assessment, of identifying and verifying important sustainability topics for the 2023 fiscal year.
- A description (along with any supporting evidence and documentation) of the stakeholder

engagement process, including the materiality assessment process.

- Evidence and documentation about Chalhoub's Sustainability Strategy and KPIs.
- Evidence and documentation regarding material ESG topics, included in the report:
 - o Diversity, equal opportunities and human rights
 - o Emissions
 - o Energy
 - o Waste and biodiversity
 - o Responsible and ethical share value
 - o People-centric Wellness culture
 - o Occupational health and safety
 - o Employee training
 - o Community support
 - o Sustainable supply chain.

• Verification that no allegations were made against Chalhoub Group regarding corruption, as well as that no confirmed incidents under any applicable corruption laws were reported during the reporting period.

- Evidence and documentation regarding Chalhoub Group Integrated Management System (IMS; ISO 9001, 45001, 14001).
- Evidence and documentation about employee work environment and wellbeing index and people satisfaction.
- Evidence and documentation about supplier engagement.
- Evidence and documentation about community support activities.

Overall, the report is in accordance with the GRI STANDARDS. It is recommended, for further improvement in future reports, that Chalhoub outlines a 5-year plan for all its ESG Goals, as well as includes Scope 3 emissions on an annual basis in order to track progress in a more holistic manner.

Exclusions and Limitations

Excluded from the scope of our work is information relating to:

- Activities outside the defined reporting period or scope.
- Company position statements.
- Financial data taken from Chalhoub's 2023 Annual Report.
- Content of external websites or documents.
- Any other issue or policy was not referred in the documentation.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the 2023 Sustainability Report. The scope of our work was defined and agreed in consultation with Chalhoub.

Statement of CSE Independence, Impartiality and Competence

This is the second year that CSE has provided independent assurance services in relation to the Chalhoub Sustainability Report. Our assurance team completing the work for Chalhoub has extensive knowledge of conducting assurance over environmental, social, health, safety and ethical information and systems, and through its combined experience in this field, an excellent understanding of good practice in Sustainability Reporting and assurance.



On behalf of the Assurance Team

Marina Alonistioti

Head of Assurance Services

Center For Sustainability and Excellence (CSE)

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