



**CHALHOUB
GROUP**

SINCE 1955

CSR PHILANTHROPY POLICY

JANUARY 2023



Purpose

Corporate Social Responsibility (CSR) refers to the initiatives that we take within our organization to increase our accountability towards the society and environment. The purpose of this CSR Philanthropy policy is to ensure we achieve positive impact with the support we give to our communities by creating structure and guidance ensuring engagement with our employees and adherence to local regulations, laws, ethical standards, cultural norms and values.

Corporate philanthropy is part of the Group's sustainability strategy and is managed by the Sustainable Engagement team. All participating units are encouraged to get in contact with our team to align on our CSR goals and increase our positive impact.

This policy applies to all Chalhoub Group's business units and partners. It also gives guidance for local policies.

Our approach to community-giving

Our Group aims to be a reliable, long-term and active partner. Accordingly, we focus our resources on a small number of selected projects where our engagement can make a significant difference rather than spread the limited funds available among a vast number of projects. Philanthropic donations and non-commercial sponsorship are made only to duly registered or accredited independent nongovernmental organizations (NGOs) or not-for-profit entities or charities, thereby excluding governmental, political and religious entities as well as companies or other commercial entities.

Financial resources are not the sole decisive success factor for any community-giving project. Entities are encouraged to follow these components for a successful CSR initiative:

- *Employee engagement: providing opportunities and encouraging participation of your team-members in CSR-related activities has shown to increase employee morale and value in the organization which translates to increase wellbeing and productivity.*
- *Measurable: tracking and measuring activities helps us make better decisions about which social initiatives to support and to improve impact and efficiency of our CSR programs.*
- **Long-term partnerships:** developing long-term relationships with trusted and reliable societal, environmental and/or charity organizations will allow for more sustainable impact.

United Nations Sustainable Development Goals (SDGs)

The UNSDG serves as a global framework for joint policy formation and decision-making. The UNSDGs are a collection of 17 Global Goals which serve “as a blueprint to achieve a better and more sustainable future for all”. They address the interconnected global challenges we face and the joining of different public and private sector to achieve these goals.

We have aligned our CSR Philanthropy strategy to the UNSDGs, and we are committed to working in collaboration with our partners to achieving these global goals.



Chalhoub IMPACT is aligned to UNSDGs

Chalhoub IMPACT is our community giving strategy and is focused on three interconnected areas:

Education

Education provides people all the necessary tools to live a virtuous life and it is strongest weapon to fight against poverty and socio-political unrest. Our areas of focus are:

- *Enable access to quality education through donation of education materials, tools and technologies*
- *Provide training, lectures, life skill learnings and practical opportunities to students from primary to university level education, as well as entrepreneurs.*
- *Contribute towards educational programs in poverty-stricken communities*

Corresponding SDGs:

Goal 4: Quality education; Goal 5: Gender equality

Environment

Climate change, due to increasing carbon emissions, continues to be one of the biggest threats that our world faces today, and we need to play our part in joining global efforts to combat it. Our areas of focus are:

- *Engage our employees in various environmental protection and cleaning activities (beach cleaning, recycling games etc.)*
- *Educate through awareness campaigns and activities on environmental stewardship*
- *Support local and international environmental organizations through collaborations and partnerships*

Corresponding SDGs:

Goal 6: Clean water and sanitation; Goal 14: Life below water; Goal 13: Climate action

Humanitarian

It is our responsibility to support and give back to those who are in need. Our areas of focus are:

- *Contribute monetary and in-kind donations to humanitarian and charity organizations*
- *Engage our employees in volunteering activities to support communities in need*
- *Support local and international charity organizations through collaborations and partnerships*

Corresponding SDGs:

Goal 2: No hunger; Goal 3: Good health and wellbeing; Goal 11: Sustainable cities and communities

Activation

Our goal is to drive employee engagement through strategic community giving. To achieve this, they must address these components:

- *Immediate socio-economic needs and/or sustainable community development needs*
- *Relevant and meaningful to our organization*
- *Geographically focused where our Group operates*

Our philanthropy strategy is activated through corporate donations, licensed fundraising, volunteering and employee engagement.

Monetary and in-kind donations

A monetary donation is a cash gift given to a charity organization, to provide humanitarian aid, or to contribute to a social or environmental cause. An in-kind donation takes the form of goods such as clothing, toys, food, education material or any of our branded products in support of the community or environment.

Donations and sponsorships must never be offered or provided in circumstances in which an impartial observer could reasonably conclude that the charitable donation or sponsorship was aimed at creating a duty of gratitude, influencing the recipient to misuse his or her position, or to gain any advantage in an improper way. Donations and sponsorships must not be provided as a promise, encouragement, or reward for any improper business advantage or to use, purchase, order, recommend, advocate for, support, prescribe or provide Chalhoub products or favor, support or adopt any view favorable to Chalhoub.

Donations and sponsorships proposal and approval must be objective and unrelated to any business relationship Chalhoub has or may have with the recipient and its members. The provision of donations and sponsorships must never be linked to a commercial transaction or interaction. Donations and sponsorships are philanthropic activities and therefore it is inappropriate to perform any return-on-investment analyses or other tracking for commercial, promotional impact or sales generation.

Donations and sponsorships must be reasonable and proportional in value for the activity being supported and this must be explained with granularity in the funding proposal submitted.

All payments related to donations and sponsorships must be made via bank transfer to the recipient's official bank account. No funds can be transferred to an individual's bank account. No cash payments are allowed.

Chalhoub support through donations and sponsorships must be disclosed by the recipient in the relevant documentation (e.g., invitations, posters, agendas, websites, mailings) depending on the nature of the donations and sponsorships, for example at events relevant to the funded activity.

Any unlawful act in regard to gifting that violates our [Code of Ethics](#) or our Anticorruption Policy will be subject to disciplinary measures. It is a duty of every employee to report such behaviour to your line manager, HR or Speak up platform.

A corporate donation is a gift given directly by our Group/Business Unit to a charity organization. Monetary donations are strictly funded from a corporate account and do not

include any amounts that have been gathered through fundraising or employee contributions. Donations are given without return consideration.

Donations that are collected through fundraising must strictly adhere to local fundraising regulations. In the likelihood that local policies stipulate a requirement to apply for a license or permit, applying entities must follow exact steps administered by local governing bodies prior to any collection of monetary/in-kind donations or communication of such.

CSR Sponsorships

Sponsorships are when our Group makes a payment or provides a benefit in kind, to associate our name with an activity or organization, with a social, environmental or humanitarian cause, and receives, in consideration for the sponsorship fee, employee engagement and awareness activities.

Approvals

Approval of donations made by the Chalhoub Family

A donation financed by Chalhoub Family is a gift given directly by the Chalhoub Family Office to a charity organization, towards humanitarian aid, or to contribute to a social or environmental cause. Monetary donations are strictly funded from Chalhoub Family office and do not include any amounts that have been raised through fundraising or employee contributions. Donations are given without return consideration.

They are strictly approved by Patrick Chalhoub, based on the Non-Governmental Organisation proposal (NGO due diligence has to be carried out) and should aligned with the Group Philanthropy strategy as well as the recommendations and budget reviewal of Chief Sustainability Officer. These donations are provided by the Family Office or a fund raising carried out in alignment with the country applicable laws

Approval of donations made by Business Units / Brands

Business Units or brands donations' funds are strictly approved by Vice President, or the General Manager only, based on the Non-Governmental Organisation proposal (NGO due diligence has to be carried out) and should aligned with the Group Philanthropy strategy as well as the recommendations and budget reviewal of the Head Office and Chalhoub. These donations are provided by the Business Units or Brands from a validated budget or fund raising carried out in alignment with the country applicable laws.

Employee engagement

Engaging team-members is central to our philanthropic strategy. This is done by providing them with opportunities to volunteer on-site CSR initiatives, or participate in engagement activities in office settings or virtually through our social media platforms.

Volunteering

Volunteering refers to our employees freely giving their time, including sharing their expertise, talent and know-how in support of communities and people in need. Volunteering activities happen both during working hours as well as non-working hours. All team-members are authorized to participate in volunteering action during his/her working hours without deduction of salary nor leave day on the discretion that it does not interfere with work deliverables, and under manager's consent.

Our Group supports employee volunteerism in many ways including:

- *Community and environmental activities organized and managed by Chalhoub IMPACT or by respective Business Unit; for example, beach cleaning, tree planting, fun and educational activities with kids and people with determination, distribution of donations and others.*
- *Community and environmental activities organized by any of our Group's partnered associations that will require our support and participation; for example, marathon and walks in support of social and environmental causes, nation-wide humanitarian or environmental initiatives,*
- *Talent, knowledge and skill sharing activities at any of our partner universities, schools, institutes or community centers; for example, university lectures and workshops, mentorship and coaching of entrepreneurs, jussor summer camp and others.*

Regional and local engagement campaigns

Our team-members are encouraged to participate in regional and local CSR engagement campaigns initiated by Chalhoub IMPACT. These activations will include awareness and knowledge-sharing events in Group offices, stores, and warehouses through in-person initiatives or virtually, through our social media platforms. Examples include sustainability week, earth hour, showing solidarity to cancer awareness by wearing pink or growing moustache or any other causes alike, online environmental competitions and many others.

Measurement, reporting and communication

CSR or charity event organizers are encouraged to report their activities to Chalhoub IMPACT. To achieve a sustainable impact, we are encouraged to measure input and output indicators of each initiative such as:

Input

- *Number of in-kind goods donation or amount donated (in USD) (financial)*
- *Employee and family/friends' volunteers who participated (human resources)*
- *Number of hours volunteered or participated (time resources)*

Output

- *Number of families, kids, students, entrepreneurs etc. impacted (beneficiaries)*
- *Weight of trash collected, trees planted, energy savings etc.*

It is highly compulsory for CSR initiative organizers to track, prepare or request detailed reports for all donations and activities from partnered associations and to communicate these results internally and/or externally for increased transparency and accountability. Our aim is to maximize our impact and ensure sustainable development of our communities and environment.

Accountability

All team members are responsible for staying informed of the Group's policies and local regulations when it comes to philanthropic activities. People managers are responsible for implementing, reviewing and ensuring that all team-members reporting to them are aware of the provisions in this document.