



2020

SUSTAINABILITY REPORT

RESILIENCE TO GLOBAL CHALLENGES

EXECUTIVE SUMMARY

Patrick's Message

It is my pleasure to present Chalhoub Group's 2020 Sustainability Report. After reading our report, I am sure you will share my sentiment that, despite 2020 being an incredibly difficult year, we have connected with each other like never before. This is reflected in the great accomplishments of our teams who have remained dedicated to living our core values of respect, excellence, and entrepreneurial spirit. As a result, we have fostered resilience in the face of unprecedented disruption .



Patrick Chalhoub
Group President

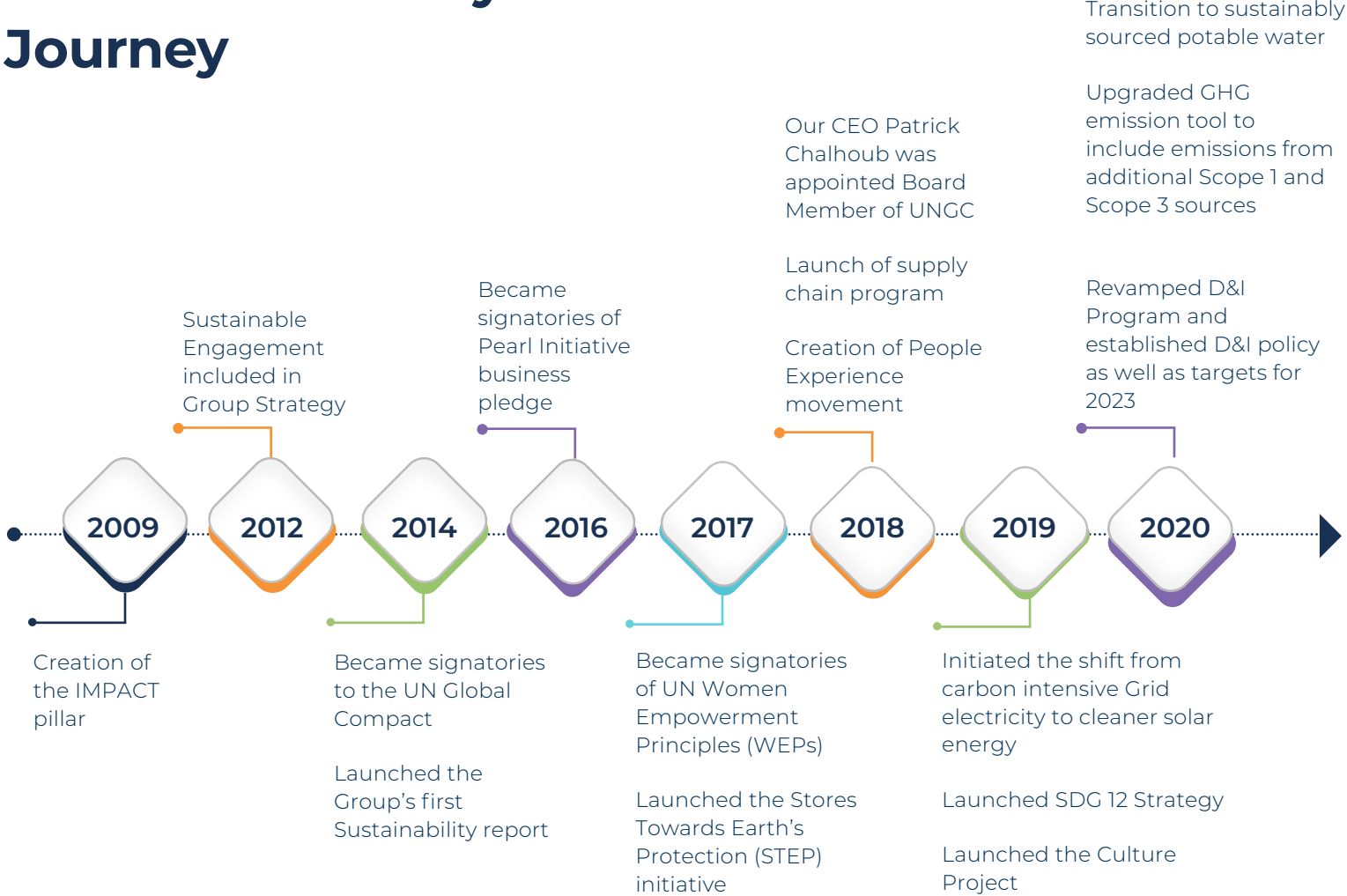
To deal with the economic crisis brought by lockdown it was necessary for us to move with agility, and keep serving our customers in these extraordinary circumstances, particularly through e-commerce.

Our use of digital technology has supported our mission to build a sustainable, secure business and community. In terms of safeguarding and wellbeing, our Speak Up platform has created a safe space for everyone's voice to be heard. Additionally, the efficiency improvements delivered by digital technology have reduced our impact on our planet by helping us to mitigate waste and pollution generated across our operations.

Our digital transformation has been accompanied by a cultural transformation within the Group that has served our people who are at the heart of everything we do. Servant leadership, where our employees' and local communities' needs come first has been integral to this behavioral shift. Throughout this year our leaders have shown authenticity, empathy and transparency and built virtual communities. This has produced digital workspaces enabled through a shift to our new remote working policy and e-learning tools, where people have felt a sense of trust from their managers.

I want to end my welcome message by extending many thanks to our people, who are working hard to keep the business running, and who are serving our customers and meeting their changing needs. Your personification of respect, excellence and entrepreneurial spirit is an inspiration.

Our Sustainability Journey



Status of our 2020 commitments

In 2017, we set the sustainability target for next three years and are happy to report that we have been able to meet 18 out of the 20 commitments.

Pillar	Targets	2017	2018	2019	2020
Leadership	15% of hybrid revenue from e-commerce platforms	-	3%	3.3%	15%
	50% of our employees use our online training	-	32%	39%	97%
	20 'ibtikar' business ideas in funding (in total)	-	5	16	35
People	50% women in middle management	43%	49%	53%	48%
	25% women in senior management	22%	22%	25%	25%
	Hire at least 30 women in our warehouses (in total)	-	22	25	30
	4.5% Emirati nationals in workforce	2.0%	2.3%	4.2%	4.78%
	Increase maternity leave to 90 days	70 days	70 days	90 days	90 days
	Increase paternity leave to 5 days	3 days	5 days	14 days	14 days
	Zero recordable injuries	2	2	2	0
Partners	400 suppliers completed the Supplier Sustainability Scorecard	192	208	354	577
Impact	Reduce electrical energy consumption by 15% against 2016 baseline	1.90%	-7%	-6.7%	-27%
	Increase electricity consumption from renewables to 30%	N/A	N/A	11%	17.6%
	Reduce carbon emissions by 15% against 2016 baseline	0.60%	-14.70%	-20%	-42%
	Reduce utility water consumption by 15% against 2016 baseline	23.70%	10.40%	30%	3%
	Reduce office paper consumption by 25% against 2016 baseline	-32.6%	-40.70%	-64%	-74%
	Increase percentage of stores assessed to 90% (UAE, KSA, Kuwait & Bahrain)	78%	91%	100%	100%
	Increase percentage of stores who obtained STEP certification to 80% in the UAE	65%	59%	100%	100%
Impact	Increase the number of people supported by impact initiatives by 30% against 2016	8.60%	14.80%	52%	136%
	Increase number of volunteers by 25% against 2016 baseline	11.50%	17.60%	40.7%	51%

Our 2023 commitments

With the conclusion of our targets for 2020, it was time for us to reflect back and set targets for 2023. Table below summarizes the targets we have set across the five sustainability pillars.

Pillar	Targets	Scope	2020	2023
Leadership	Conducted at least 1 external assessment on our human rights program	Group-wide	0	1
	ISO Management System implementation in our retail store operations	Group-wide	0	100%
People	Increase women representation	Middle Management	44%	50%
		Senior Management	22%	30%
		Bahrain (Back Office)	27%	33%
		India (Back Office)	37%	50%
		India (Frontline)	33%	50%
		Egypt (Back Office)	24%	50%
	Increase GCC nationals representation	Egypt (Frontline)	34%	50%
		UAE	2.97%	4%
		Qatar	0%	1%
	Increase local nationalisation representation	Kuwait	3.3%	6%
UAE		2.26%	2.50%	
Qatar		0	1 Pax	
Partners	Increase Sustainability Supplier Scorecard response rate	Kuwait	3%	5%
		UAE	27%	50%
		% of suppliers engaged	Group-wide	0%
Planet	Replace fuel-dependant vehicles with electric vehicles	Group-wide	0	12
	Install Solar Panel per site	Group-wide	2 Sites	7 Sites
	GHG emission reduction (tCO2e)	Group-wide	1,500	2,900
	Implement sustainability store program in 50% of stores	Group-wide	0	50%
	Increase recycling rate in UAE offices	UAE	20%	60%
	Impact	Increase the number of people supported by impact initiatives by 30% against 2020	Group-wide	222,941
Increase the number of volunteers by 25%		Group-wide	4,989	6,236

Note: Group-wide includes all Chalhoub owned companies in all countries (Excluding Joint Ventures)

Our 2023 commitments - KSA

Pillar	Targets	Baseline	2023
People	Females in Middle management	29.2%	35%
	Females in Senior Management	20%	50%
	Saudization in BOH	34%	52%
	Saudization in FOH	90.8%	93%
	People of Determination employees	1	9
Partners	Increase suppliers scorecard response rate	8%	50%
	New store openings assessed with the STEP framework	75%	100%
	Stores assessed with STEP framework (managed companies)	0%	100%
	Frontliners who did the sustainability awareness training	0%	90%
	Stores that are STEP certified	0%	60%
Planet	Decrease in Electricity Consumption/Employee (kWh)	4,962*	-16%
	Decrease in Water Consumption/Employee	**	-6%
	Decrease in Paper Consumption/Employee (Kg)	570*	-15%
Impact	Increase in the number of initiatives	13	22
	Increase in the number of volunteers	193	1,300
	Increase in the number of hours volunteered	644	1,300
	Increase in the number of people impacted	16,633	16,000

* Due to COVID-19, 2020 data is not optimal because of lock-downs and work from home, hence 2019 data is being used as baseline

** Due to unavailability of data, we shall consider water consumption in 2021 as baseline



The 5 Pillars

Our sustainability strategy rests on five pillars, Leadership, People, Planet, Partner and Impact. Throughout 2020, we worked tirelessly to improve our performance across these pillars.

Leadership

We instil trust in our customers, partners and people through leading fairly and ethically by example. We constantly strive to improve through a growth mindset, seizing opportunities to move with our customers' dynamic needs and values.

Building resilience to grow-beyond market disruptions	600 Employees trained on CX Program	97% Employees trained on Code of Ethics	459 Stores equipped with FOCUS platform	40 Ibtikar submissions
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People

Our Group owes its success to the talents and experiences that our people from 114 nationalities bring to the table, so we always strive for inclusivity in our workplaces. That's why we have continued to cultivate the personal and professional development that causes our people and business to thrive.

Empowering, enabling and engaging our people	53% Of employees are women	114 Nationalities working with us	5,273 Employees that took part in the L & D programs	58,179 Training hours delivered
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Partner

Synergy with our partners and suppliers is crucial as we drive our sustainability strategy forward. Thus, this year we have expanded the reach of our stakeholder dialogue and scope of our sustainability focus areas. We are ensuring that our strategy is aligned to the values of our partners and suppliers.

Working with partners to promote sustainability across the industry	100% Of stores opened in 2020 were STEP assessed	6,000 Employees trained on cybersecurity	577 Suppliers assessed with CSR Scorecard
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Planet

We remain committed to UNSDG 12, and this is exemplified by the ongoing efforts to reduce our ecological footprint such as the shift to renewable energy, upgrades to our built-in design, waste reduction and water and energy saving initiatives.

Leading low carbon transformation through energy, water and waste management	12.3% Reduction in scope 2 emissions against 2019	28.5% Reduction in paper consumption per employee from 2019	17.6% Increase in electricity consumption from renewables	11.9% Reduction in electricity consumption from grid against 2019
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Impact

Motivated by sustainable community programs that instil resilience, we show our commitment to enhancing our local communities through engagement and providing financial support to diverse community projects, benefitting 100 000s of students, children and people in need every year.

Ensuring positive impact in people's lives through our employee engagement activities	4,989 Number of volunteers in 2020	140,280 Meals donated under 10 million meals campaign	8,015 Healthcare workers supported through our selfless programs	1 Million <small>USD</small> Funds donated to relieve people impacted by Lebanon explosion
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Florence Bulte

Chief Sustainability Officer

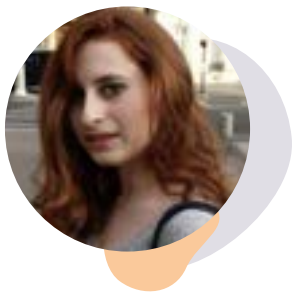
“The pandemic presented many challenges this year. However, for sustainability, it has also presented many opportunities. Across our Group, the necessity to rapidly implement digital technologies has revealed efficiency and sustainability go together. This and our people’s dedication to the long-term vision of our Group has meant that we have continued to make progress in issues like human rights, diversity & inclusion, carbon emissions reduction and renewable energy integration.”



Kevin Chalhoub

Chalhoub family

“Managing our GHG emissions to be on a 1.5°C trajectory is a crucial element of our sustainability strategy. Integration of renewable energy, especially roof-top solar, at our offices and warehouses is key to reducing our climate impact and embracing low carbon growth. We have now installed over 4MW of solar panels, and over 30% of our electricity in 2 sites is renewable. We also aim to do that by installing electric vehicle chargers by the end of 2021, so we can facilitate electric vehicle adoption for Chalhoub employees and for our fleet.”



Aurelia Chalhoub

Chalhoub family

“Positively impacting the lives of people and communities around us is deep-rooted into our values. We consider ourselves fortunate to have been able to extend our support through several initiatives on education, health, wellness, skill development and disaster management.”



www.chalhoubgroup.com

To read our 2020 Sustainability report, visit
www.sustainabilityreport.chalhoubgroup.com

