

**CHALHOUB
IMPACT**
sustainability report 2022

CHALHOUB GROUP
مجموعة شلهوب

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ABOUT THE REPORT

Our annual Sustainability Report 2022 has been produced in accordance with the GRI standards (June 2022) and demonstrates our contribution to, and alignment with, the global UN Sustainable Development Goals (SDGs) sustainability objectives.

The report, performance disclosures and claims have been verified and assured by an independent third party.

Reporting Principles

The report has been produced in full compliance with the following principles of the internationally recognised Global Reporting Initiative (GRI) Standards:

Accuracy

Balance

Clarity

Comparability

Completeness

Sustainability Context

Timeliness

Verifiability

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 eight owned brands and over 300 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 14,000 skilled and talented professionals across seven countries, whose cohesive efforts have resulted in the Group being ranked third in the Middle East and second in Saudi Arabia as a Great Place to Work®.

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 signatory of the Women's Empowerment Principles.

14,000

TEAM MEMBERS

680+

RETAIL STORES

6.4M

UNIQUE CUSTOMER RECORDS

39%*

WOMEN IN MANAGEMENT

108

NATIONALITIES

80+

ECOMMERCE WEBSITES & APPS



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

- ◆ Inspire
- ◆ Exhilarate
- ◆ Delight

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

- ◆ Respect
- ◆ Excellence
- ◆ Entrepreneurial Spirit

Message from our Group President

The extreme flooding, wildfires and droughts of 2022 that have devastated ecosystems and communities globally are a glimpse of what is to come if we fail to act immediately. Therefore, it is my duty to ensure that our Group continues to transition to Net Zero by 2040.

In 2022, we responded robustly to the threats posed by climate change by aligning our science-based Greenhouse Gas (GHG) reduction targets to the Intergovernmental Panel on Climate Change (IPCC)'s pathway to keeping global temperature rises well below 1.5°C above pre-industrial levels. We set our targets after undertaking a comprehensive assessment of our Greenhouse Gas (GHG) emissions, from which we developed a complete Scope 1, 2 and 3 GHG inventory for our entire operations across all countries including all JVs for the years 2021 and 2022. You can read about the measures we implemented to meet our targets in the Planet section of this report.

We are proud to embrace more sustainable business models that maintain our commitment to customer centricity and experience. We have responded to our customers' increasing desire to consume ethically by expanding our business in the wellness market and introducing products, services and platforms based on principles of the circular economy.

Moreover, we are nurturing partnerships with industry experts, who have transparent and responsible processes for managing the complexities of waste to strengthen our approach

to waste management. This is keeping us on-track to meet our waste reduction targets while advancing our journey towards Zero Waste to Landfill by 2030. Additionally, we are developing more circular products which is further reducing our material consumption and our carbon emissions associated with waste.

Our commitment to our peoples' health, safety and wellbeing remains steadfast in 2022. We will prioritise establishing a strong group-wide Health and Safety management framework that will encompass all areas of our business including logistics, store and back-office operation. Additionally, we took a holistic approach to supporting people wellbeing through initiatives throughout the year promoting our four pillars of wellbeing: Mental, Physical, Financial and Social.

We continue to make our infrastructure more accessible to People of Determination and strengthen our culture of inclusivity. We are also providing a path for more women to reach the most senior roles across our Group. Moreover, we introduced initiatives to attract and retain young and local talent and have fully implemented our Servant Leadership principles. I believe that our people-first culture is the main

reason we were awarded 'Best Place to Work' in 7 countries.

We not only ensure that our internal operations support environmental protection and contribute positively to society's needs, but we have also enhanced our efforts to share our values of ethical corporate governance and business practices with our partners and suppliers. All these efforts, along with many others, form the foundation of our sustainability journey, as we continuously develop clear objectives and measure our performance against ESG indicators. Our passion for innovation and technologies will continue to enhance operational efficiencies, responding to customer desires and growing our business.

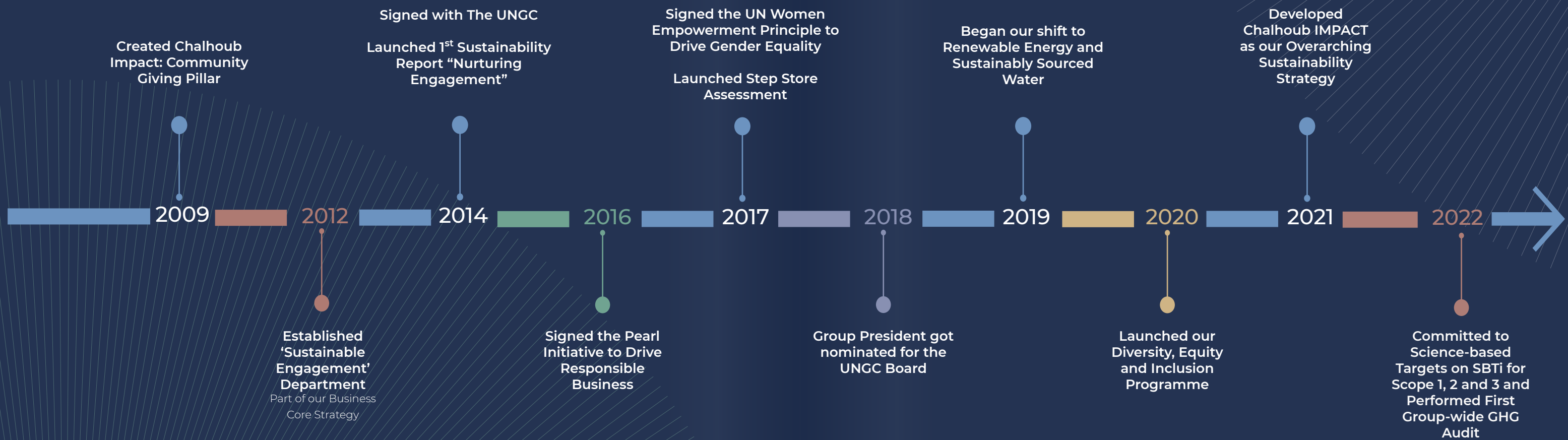
I want to thank our colleagues and partners for their continued dedication to upholding our sustainability commitments and driving the success of our organization. We continue to navigate 2023 with cautious optimism, and foster collaboration to always live up to our values of Respect, Excellence and Entrepreneurial Spirit.

PATRICK CHALHOUB
Group President



As we continue to embed sustainability at the core of our business, we recognize the challenges that lie ahead. The United Nations has warned that to prevent a climate catastrophe, humanity must mobilize swiftly and decisively to reduce its carbon emissions to Net Zero.

Our Journey



Message from our Chief Sustainability Officer



FLORENCE BULTE
Chief Sustainability Officer

We have taken a significant step towards achieving the objectives of our Chalhoub Impact framework by strengthening the integration of Environmental, Social, and Governance (ESG) principles into our business model. In 2022, our primary focus has been on paving the way towards being a Net Zero Group by 2040, in line with our commitment to tackling climate change. We also ensured that our 10-year carbon reduction targets have been validated by SBTi, which will accelerate the Group's electrification and operational efficiency efforts.

We will continue to collaborate with our partners and suppliers to reduce our carbon footprint across our supply chain network. Business ethics and integrity has also been at the forefront of our business decisions, and we strive for greater resilience through our anti-corruption and human rights programmes, which are continuously driven by education and engagement of our people and partners.

In 2023 and beyond, we aim to build a culture of diversity, equity, and inclusion by ensuring that our robust policies are put into practice and that all our peoples' voices are heard. It is also important to establish cross functional collaborations, sectoral alliances, and private-public partnerships to further achieve our sustainability goals. Moving forward, we will continue to create a positive impact on our society and environment, in accordance with the 17 United Nations Sustainable Development Goals (UNSDGs), and the principles of the United Nations Global Compact (UNGC).

ESG Strategy

Chalhoub Group is a private, family-owned company whose leaders are invested in ensuring that the business adheres to regional and global standards for sustainable development.



Our Chalhoub Impact Sustainability framework, constructed around the pillars of People, Partners and Planet, incorporates the Group's material ESG topics into our operations.

Through this framework, we work towards delivering sustainability impacts and efficiency that go beyond ESG. Our investments in people, technologies and innovations enable us to achieve this objective. This approach helps promote sustainable development whilst ensuring

the long-term viability of our business. We also consider the Chalhoub Impact framework as a 'continuous improvement framework' and work towards bettering it in every way possible. This is done through annual stakeholder engagements and materiality assessments that inform

our ESG priorities. Last year, we conducted an in-depth stakeholder engagement process through a series of workshops and surveys with relevant teams and leaders from across the Group. We also engaged with our external partners through surveys and one-on-one discussions.

Such activities have been greatly enriching in terms of the insights gained. The process revealed that we should prioritize health, safety and wellbeing as key focus areas in our strategy, under our People pillar. This ensured that the commitments and focus areas of our sustainability framework remain aligned to our primary business, and our industrial, socio-economic and geographical needs.

We are committed to driving the UNGC local network in the UAE.

In 2022, we had pledged to uphold its Principles in the Kingdom of Saudi Arabia.

Today, we continue to work with our valued members with a focus on finding viable solutions to our most complex environmental and social issues through these networks.

Leveraging circular strategies and business models have helped us stay tuned to our customers' increasing demands for goods and services that

are both innovative and sustainable, and contribute to wider sustainable development of our region's economy.

From 2022, our primary commitment has been to play a role in tackling climate change by creating a roadmap towards being a Net Zero business by 2040. We are delighted that this year's United Nations Climate Change Conference (COP 28) will be hosted in Dubai.

Since this is the first time a COP is being held in the GCC, the event is a great opportunity for us to come together and exchange ideas with fellow organizations sharing our passion for addressing humanity's principal challenge.

We are looking forward to utilizing COP 28 as a catalyst for forging local alliances to share the challenges of addressing climate change. Our objective is to build the partnerships required to expediate the necessary policy adoptions that will help us realize organizational, national, and global sustainability agendas for addressing climate change and social challenges.



CHALHOUB
FAMILY PHILANTHROPY

The graphic illustrates how we assign commitments and focus areas to each pillar.

Paving the way towards Net Zero by 2040



Protecting health, safety and wellbeing



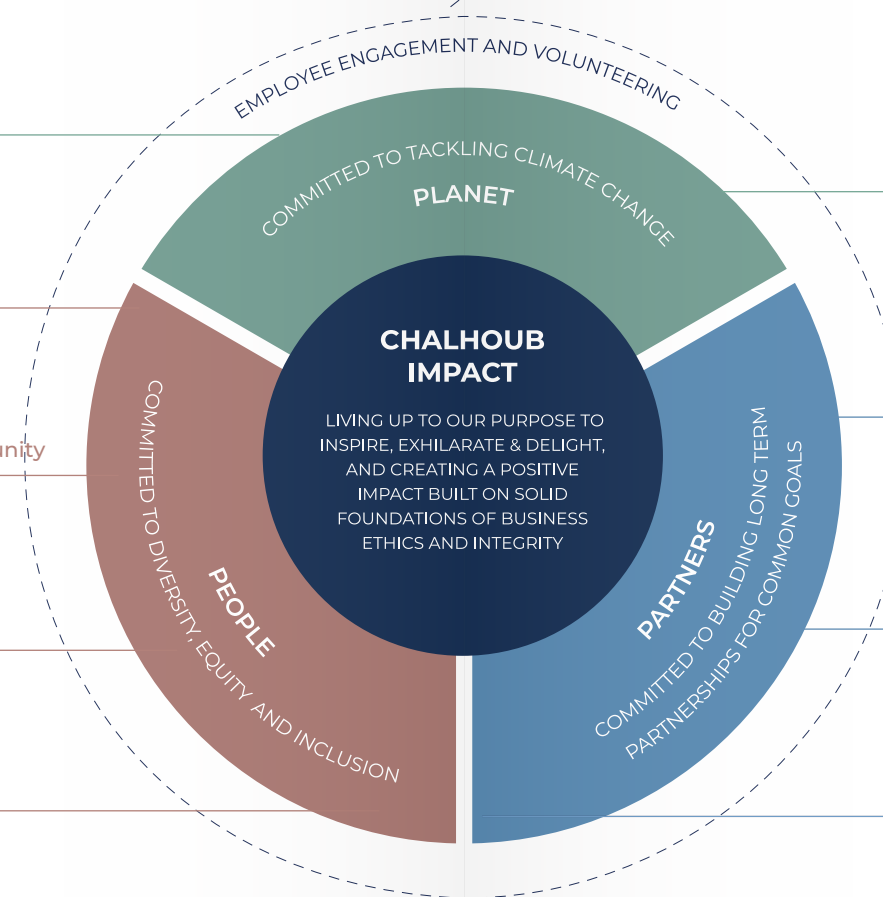
Creating the right environment for equal opportunity



Driving people growth



Supporting youth empowerment



Contributing to circularity



Building ethical transparent partnership



Partnering for innovative and diverse business growth



Leading the way in wellness in the region, in the luxury industry



SUSTAINABILITY OBJECTIVES AND TARGETS

Embedding sustainability at the core of our business, requires us to set SMART objectives that can drive us all towards the sustainability goals we have set for the Group.

The table provides an overview of the high level objectives for each pillar of our sustainability framework.

	Targets	Scope	2020	2021	2022	Target Year	% Achieved
PEOPLE	Achieve Integrated Management System (IMS) for stores and offices	Group-wide	0	0	0	2024	0 %
	Increase women representation in middle management (50%) and senior management (35%)	Middle Management*	44%	47%	48%	2023	96%
		Senior Management*	22%	30%	31%	2024	88%
	Increase GCC nationals representation within UAE (6.8%)* <small>*UAE target has been updated as per UAE government guidelines</small>	UAE*	2.97%	3%	4.8%	2023	70%
	Increase the number of people supported by Chalhoub Impact volunteering and philanthropic initiatives by 30% against 2021* <small>*Target baseline has been updated to 2021 due to early achievement</small>	Group-wide	38,398	78,566	87,798	2023	85%
Increase the number of volunteers by 30% against 2020 baseline	Group-wide	4,989	10,955	6,083	2023	93%	
PARTNERS	Increase Sustainability Supplier Scorecard response rate to 50%	Group-wide	27%	25%	24%	2025	48%
	15% of low performing suppliers engaged through group and individual sessions <small>*Targets to be updated to 30%</small>	Group-wide	0%	8%	23%	2023	153%
	Conduct at least 1 external assessment on our Human Rights Programme	Group-wide	0	0	0	2023	-
	Launch 100 innovative start ups	Group-wide	2	1	6	2032	9%
PLANET	Replace 4 fuel-dependent vehicles with electric vehicles	Group-wide	0	0	1	2023	25%
	Install Solar Panels in 7 sites	Group-wide	2	4	4	2025	57%
	Scope 1 and 2 (direct emissions) reduction by 50% from 2021 baseline (excluding refrigerant)	Group-wide	-	8,793	8,908	2032	-
	Scope 3 (indirect emissions) reduction by 30% from 2021 baseline	Group-wide	-	1,190,356	-	2032	-
	Implement sustainability store program in 100% of our stores	Group-wide	0%	50%	100%	2023	100%
	Increase recycling quantity in UAE offices to 60% from 2019 baseline (431 tonnes)	UAE	-20%	16%	44%	2023	73%
	Zero waste to landfill across UAE Chalhoub Group office and warehouse operations	UAE	-	-	-	2030	-

*Percentage is excluding JVs



Governance

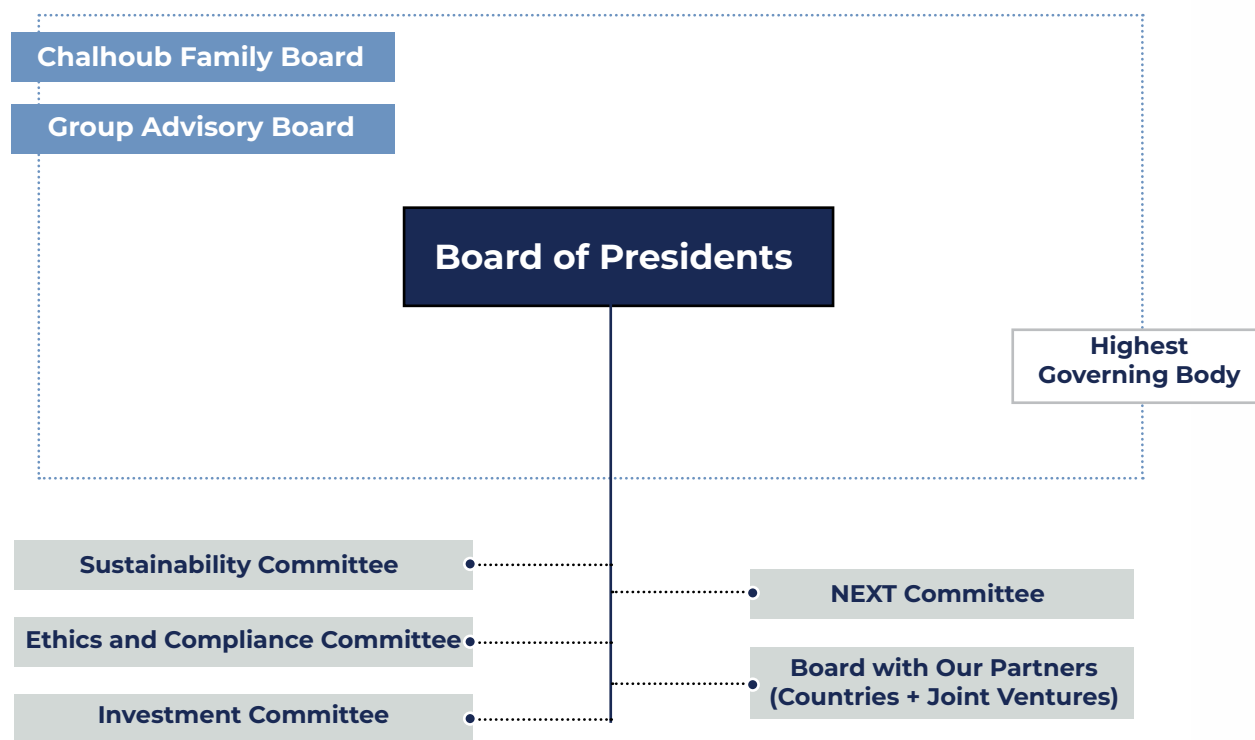
We have implemented robust governance structure policies and frameworks to ensure we operate with ethics and integrity.

The Group's corporate governance structure aims to clearly define the distribution of rights and responsibilities among different stakeholders and related subsidiaries, such as the Chalhoub Family Board, Group Advisory Board, Sustainability Committee, Ethics and Compliance Committee, Investment Committee and NEXT Committee.

These governing bodies/ committees establish the rules and procedures for decision-making at Group-level.

This structure guides the development of our Group objectives setting the means to attaining them and monitoring performance.

The ultimate responsibility for the governance of the Group and the Subsidiaries lies with the Board of Presidents. Depicted below is the operating model of the Group and its subsidiary governance structure.



In 2022, the Group started working on a governance overhaul, starting with the transformation of the Group Advisory Board to a fully-fledged Board of Directors with decision powers. The Group has worked with a consulting company to define the role of this future Board. The non-Executive Board of Directors are being recruited with the support of Egon Zehnder.

BOARD OF PRESIDENTS (BOP)

The Board decides on the Group's long-term strategy to prioritise and set objectives. Additionally, the Board makes collective and individual commitments to the Group priorities and allocates responsibilities across teams. The main role of this committee is to approve major business decisions, share relevant information across Presidents to enable and trigger collaboration, crisis management and key problem-solving.

It consists of 5 members, the Group President and the vertical presidents.

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 BOP and challenges recommendations before decision-making by the BOP. 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 15 members (7 male and 8 Female) representing a strong voice in people and work culture at Chalhoub Group.

In 2023, the Group has set a New Board of Directors which will be the key governance body of the Group replacing the Advisory Board.

In parallel, the Board of Presidents has been replaced by an executive committee that has more members from various expertise and perspectives (Strategy, Legal, Country Management) and more diversity in terms of gender and age.

SUSTAINABILITY COMMITTEE

The sustainability committee consists of a group of dedicated individuals from cross-functional departments accountable for championing the sustainability performance of the business. They oversee the implementation of the Group's sustainability strategy and recommend to the Board any changes to this strategy, helping Chalhoub Group in executing responsible, resilient and sustainable business.

The main objective of the committee is to frame a roadmap to become Net Zero by 2040, creating resilient, resource-efficient assets and operations, working with suppliers and partners to drive sustainability practices, and zero waste to landfill by 2030.

ETHICS AND COMPLIANCE COMMITTEE

The Ethics and Compliance committee is a hands-on operational body ensuring the compliance program is appropriately managed, risk is governed effectively and a culture of integrity is fostered at all times.

ETHICS AND INTEGRITY



We demonstrate our respect for everyone's freedom, equality and dignity through our commitments to the United Nations Global Compact (UNGC) and Women Empowerment Principles (UN WEP).

Everything we do at Chalhoub Group is built on the firm foundations of ethics and integrity. To ensure we operate a responsible business, we have implemented robust policies and frameworks reflecting our support of the United Nations Declaration of Human Rights.

We have aligned our commitments to the United Nations Global Compact (UNGC) and Women Empowerment Principles (UN WEP), which underline

our respect for our people's freedom, equality and dignity. This initiative has helped foster equity and inclusivity across our Group for our people, partners and customers.

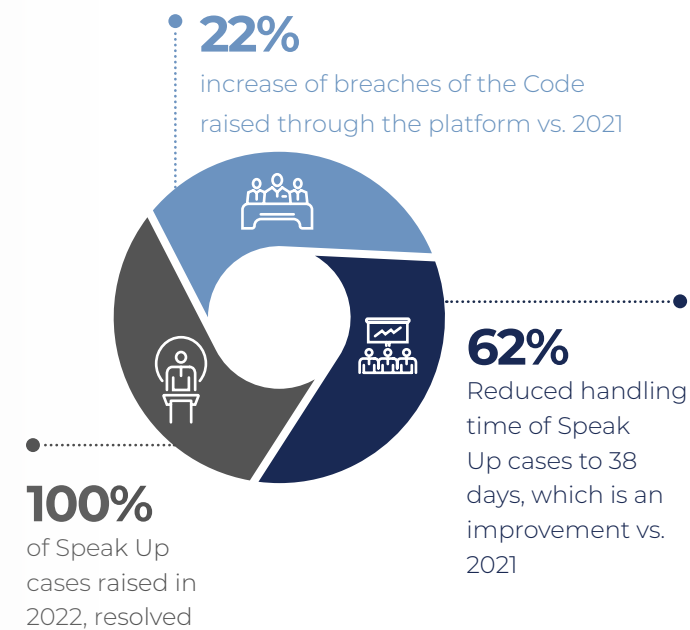
Our policies and frameworks covering our entire supply chain drive a no-tolerance message to discrimination culture. In 2022, we had mandated Servant Leadership training in all our leadership programmes. This made it clear to our leaders that their role

is to nurture healthy working environments that empower everyone to reach their potential.

Our Code of Ethics (CoE) continues to remain our primary framework for steering our approach to ethics, integrity and acceptable behaviour. We require all our teams to be trained annually on the CoE.

This is followed up by our Speak Up platform which enables anyone to express opinions and/or concerns over CoE breaches, anonymously. The platform facilitates preventive measures through analysis and reporting of CoE breaches, and also helps detect trends, violation types and activities of concern by country.

In 2022, we raised awareness of how to raise CoE breaches through roadshows and site visits in Bahrain, Egypt and KSA. We also conducted surveys to capture our teams' understanding of the Code. In addition to our roadshows, we enhanced our governance processes for Speak Up. The numbers generated stand testimony to the efficacy of these initiatives, as seen below:



Our track record on anti-corruption underlines the strength of our Code of Ethics, policies, frameworks and the tools we have implemented to uphold it.

In 2022, we recorded:

- 0** Confirmed incidents of corruption
- 0** Dismissals or disciplinary action due to corruption
- 0** Terminations or non-renewals of contracts due to corruption-related violations of our Code of Ethics
- 0** Public legal cases regarding corruption raised against the Group or its employees
- 668** Team members trained in anti-corruption

Our efforts to ensure business ethics and integrity didn't stop with just strengthening our internal checks and balances. We also enhanced our Supplier Engagement Programme through the introduction of our Third-Party Partner Code. This opens doors for a collaborative effort, for a transformation to ethical and responsible business across the region.

Our code requires our suppliers and partners to abide by the following principles:



The Conventions of the International Labour Organization



The Universal Declaration of Human Rights



The United Nations Global Compact



The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises



The United Nations Women's Empowerment Principles



We require all our partners to comply with our Partner Code in contracts and real-life conduct. These are non-negotiable business standards in today's environment and, most importantly, key values in our own Group and Family culture.

It is also vital that we protect our people, partners and customers' security in the virtual world. This is increasingly important to strengthen our omnichannels operations.

Our Security Operations Centre scans for threats and vulnerabilities in our digital infrastructure 24-7-365. To facilitate this, our Internal Security Framework has been aligned to international cybersecurity standards, including ISO 27001 and NIST.

The framework provides guidance to key teams on the measures and controls they must take to secure robust data protection. In 2022, we improved our triage processes to distinguish between false threats and incidents requiring action.

We also successfully closed all the major vulnerabilities reported by our hosted brands and services, which involved the identification and fixing of 37 critical bugs. Additionally, we conducted a major enhancement of our security incident response process in collaboration with our stakeholders. Furthermore, we produced clear guidelines on how users should identify and respond to security incidents and breaches.

These robust measures are enabling us to expand into emerging digital markets like the Metaverse with the confidence that we can defend ourselves and our stakeholders from ever-evolving cybersecurity risks.

The principles of ethics and integrity, which we have upheld to conduct our business by, enables us to make meaningful and measurable impacts on our commitments under our sustainability pillars; our People, our Partners and the Planet. Based on these principles and aided by our pillars, we look forward to improving our business and ethics, year-on-year.

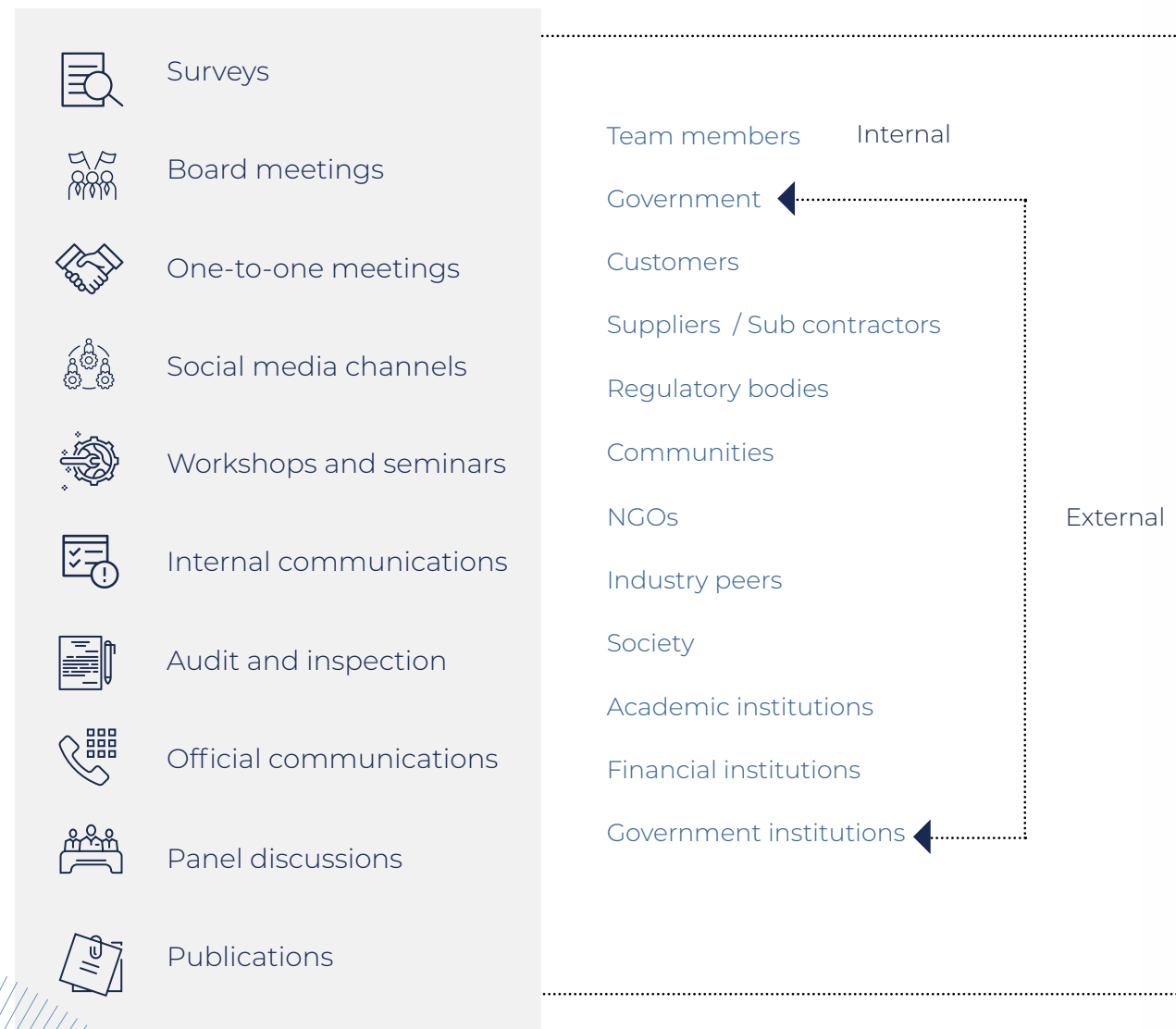
2023 will be the year when we shall extend our anti-corruption and human rights trainings to our suppliers and partners. We are also implementing monitoring processes to provide continued adherence to our ethics policies.



STAKEHOLDER ENGAGEMENT

Regular engagement with our stakeholders enables us to stay current with the sustainability issues that matter to them. Furthermore, it demonstrates that we value our relationships with them.

The important stakeholders that we continuously engage with and several modes of communication to open dialogue are presented below:



MATERIAL TOPICS

This year we developed a long list of 21 sustainability topics utilising GRI standards, SASB, UNSDGs, UNGC and other frameworks, as well as peer review. The next step was a detailed stakeholder engagement and materiality assessment wherein we engaged with our team members, government bodies, customers and suppliers to identify the priority sustainability topics that we should focus on and include within our sustainability report.

The stakeholder consultation was conducted via in-person workshops and online surveys to prioritise sustainability issues.

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



- A** (GRI – 405, 406): Human Rights Anti-Corruption / Diversity / Equal Opportunity
- B** (GRI – 413): Community Support
- C** (GRI – 405, 406): Customer centricity and experience
- D** (GRI – 403): Health and Safety
- E** (GRI – 401): People Experience and Wellbeing
- F** (GRI – 404): Talent Retention and Management (Training and Education)
- G** (GRI – 204, 308, 414): Sustainable Supply Chain and Procurement
- H**: Innovation and New Business Model
- I** (GRI – 2): Corporate Governance and Business Practices
- J** (GRI – 302, 305) Energy and GHG (Decarbonization / Net Zero)
- K** (GRI – 306): Waste Management



PEOPLE

We are committed to diversity, equity and inclusion.

“We value, include and respect everyone”.

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

Everyone is included, valued, and respected, as we prioritise protecting the health, safety and wellbeing of our people, customers, partners and communities.

We specifically focus on enhancing Gender Balance and enabling the right working environment for People of Determination (PoDs).

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

The people pillar of our sustainability strategy has 4 commitments:



Protecting Health, Safety and Wellbeing



Creating the Right Environment for Equal Opportunity



Driving People Growth



Supporting Youth Empowerment

PROTECTING HEALTH, SAFETY AND WELLBEING

The health, safety and wellbeing of our customers, people, partners and communities remain our top priority.



PROTECTING EVERYONE'S HEALTH AND SAFETY UNDER A GROUP-WIDE FRAMEWORK

We stay current with the appropriate ISO standards to ensure operational excellence and credibility.

We adopted an Integrated Management System (IMS; ISO 9001, 45001, 14001) in our Logistics operations to ensure that standards are followed for our Operational Quality, Occupational Health and Safety Risks and Environmental Obligations, across the region.

Since the implementation of the IMS, we are committed to ensuring our HSE certifications are valid and up to the highest recognised local and international standards.

From our back offices and store operations, we have adopted the highest Health, Safety, Security and Environment (HSSE) standards and imbedded them into our day-to-day operations.

In 2022, we began the development of a Group-wide Health, Safety, Security and Environment Management Framework which covers all areas of our business, including logistics, store and back-office operations; and we have appointed a Head of HSSE to lead our project.

2023 will be a year of building a solid foundation for our Group-wide HSSE management system, where our objectives will focus on designing our HSSE compliance and governance framework, promoting a positive HSSE culture and driving awareness.

A Group-wide ISO certified system will demand that we regularly expose our HSSE policies, procedures, and training to both internal and external auditing.

Its implementation will ensure that we continue to comply with international best practices.

Health, Safety and Environment Performance



Total number of training hours

Logistics	2,521
Retail Operations	3,697



Number of recordable incidents

Logistics	3
Retail Operations	8



Recordable incident frequency
(per 100,000-team member hours)

Logistics	0.15
Retail Operations	0.03

Health, Safety and Environment Trainings

In 2022, we developed focused trainings with improved presentation using animated videos and delivered them through Chalhoub University.

This is aimed to help store consultants better understand the risks and hazards around their activities. A total of 2,600 hours of Safety training were provided.



Logistics - Health & Safety I...
VIRTUAL WORKSHOP
For all Logistics employees and includes a session in which learners are informed about our company's safety practices and guides...

Enrol



Logistics - Pallet Jack Safety
ELEARNING
Pallet jacks may not seem like dangerous pieces of equipment, but they can cause painful injuries, damages to the infrastruc...

Enrol



Logistics - Safe Lifting Tech...
ELEARNING
Lower back injuries frequently plague on Logistics Industries. Most of the time, however, they can be avoided if safe lifting...

Enrol

SUPPORTING OUR PEOPLE'S WELLBEING

The wellbeing of our people is a fundamental catalyst for a positive workplace culture and a thriving workforce. Thus, we have redefined wellbeing through five dimensions (physical, mental, financial, social and professional) to ensure a more holistic approach that supports our people throughout their journey with us and drives improvements at all levels of the organization.

Over the past two years, we have introduced and enhanced our flexible workplace policy for our back-office teams, with a focus on outputs in a health-hybrid work environment. This year, we launched our 'Two Days Off' scheme 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. These sector-leading initiatives are enhancing our people's working environment whilst improving their work-life balance.

We have also inaugurated a permanent on-site health clinic at our Group offices in KSA which provides our people with quick, convenient healthcare support. This empowers our people with the knowledge required to proactively recognize and address their own health concerns.

Additionally, we introduced a raft of initiatives to instil a self-care mindset among our people and provide them with the support and opportunities they need to look after their wellbeing.

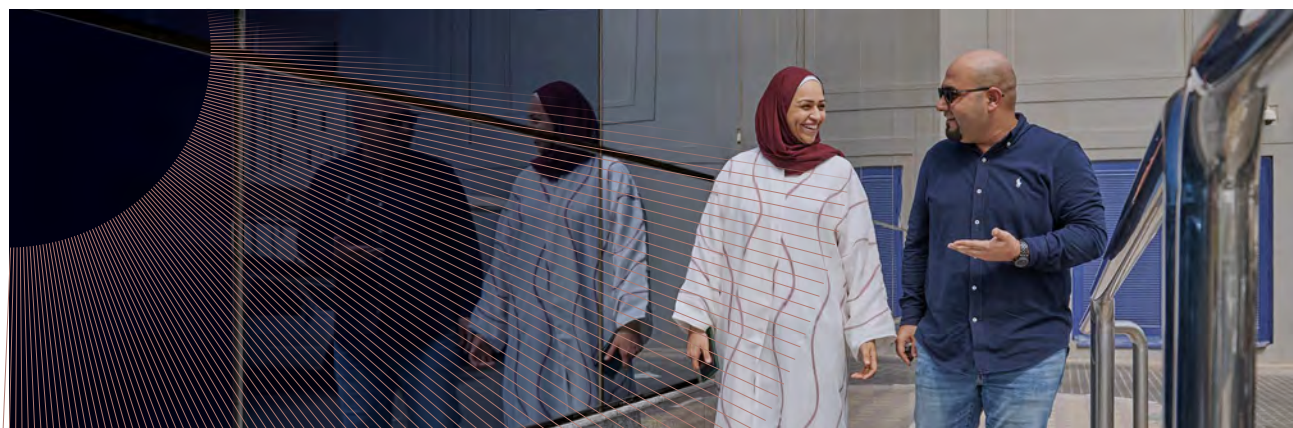
Our consistent support for enhanced wellbeing literacy was highlighted by the launch of Chalhoub Group Wellbeing Academy that offers curated content, resources, guides, tools, workshops, webinars and learning programmes to all team members.

We facilitate access to resources and make information including live programmes, events and on-demand content freely available to our people on our internal platforms offering expert guidance on how they can sustain their mental and physical wellbeing.

7.92

2022 wellbeing score

We use the wellbeing continuum which is a graphical illustration of the wellbeing concept first proposed by John Travis in 1972



79%

Wellbeing index

10%

Increase in our people satisfaction score

45%

eNPS score

Most importantly, to ensure that our people in need of mental healthcare receive expert support, we have upgraded our health insurance plan with psychology and psychiatry coverage, and mental health support, through a confidential and free-of-charge assistance programme offering counselling and therapy in the UAE.

We plan to roll out availability of these services in all the countries where we operate.

Our wellbeing efforts have contributed to a positive culture, improved our people experience and increased engagement in a healthy work ecosystem and community.

In 2023, we will adopt a systemic approach with various interventions across all levels of the organization by:



Improving workplace policies and processes to reinforce our commitment to wellbeing.



Training and upskilling our leaders and team members.



Offering holistic wellbeing benefits, opportunities and resources.



Enhancing our internal measurements and external benchmarking.



Rethinking and redesigning our engagement events by reinforcing equal opportunities and fairness, diversity, equity and inclusion, growth and development opportunities, work-life balance, efficiency, collaboration and healthy ways of working.

Wellbeing Week

The launch of Chalhoub Group's first Wellbeing Week from September 11th - 16th across the region with online and on-site initiatives covered the five dimensions of wellbeing.

This provided our people with the guidance and support they need to look after their wellbeing, promoted a positive wellbeing culture and reinforced a self-care mindset.

8

Countries

23

On-site Initiatives

12

Online Initiatives

1,623+

Participants



GROUP

- Laughter Wellbeing Webinars (*Bianca Spears*)
-
- Secrets to Healthy Mind Webinar (*Lighthouse Arabia*)
-
- Managing Anxiety Webinar (*Lighthouse Arabia*)
-
- Financial Wellbeing Webinar (*Carol Glynn*)
-
- Arabic Mental Wellbeing Webinar (*Dr. Adil Sajwani*)



UAE

- Wellbeing Fairs
- Head Office 1 (HO1),
- Head Office 2 (HO2),
- Design District Dubai,
- Jebel Ali and Dubai
- Investment Park (DIP)
- Warehouses



SAUDI ARABIA

- Health Checks
-
- Permanent Office Clinic
-
- Physiotherapy Webinar
-
- First Aid Training



QATAR

- BMI and Dietitian Consultation
-
- Recognition Stories



KUWAIT

- Walking Meetings
-
- Yoga Session
-
- Nutrition Consultation



BAHRAIN

- Office Walks
-
- Frontline Health Checks



EGYPT

- Financial Webinar
-
- Motivational Talks
-
- Mental Health Frontline Webinar
-
- Night Shift Frontline Webinar
-
- Warehouse Ergonomics Session



INDIA

- Mindful Meditation
-
- Warehouse Ergonomics Workshop
-
- Social Wellbeing Session



JORDAN

- Healthy Snacks and Nutrition Talk
-
- Walking Meetings
-
- Nutrition Session

CREATING THE RIGHT ENVIRONMENT FOR EQUITABLE OPPORTUNITY



Diversity in our Group enables us to deliver the extraordinary to all our customers every day.

In 2022, our DE&I strategy focused on making our infrastructure and culture more accessible and inclusive to People of Determination (PoDs) and supporting women for taking on senior leadership roles.

 Enhancing Gender Balance to Attract Women to a Greater Diversity of Roles Across the Group.

 Building an Inclusive Culture and Space for PoDs.

 Making our Working Environment More Accessible to PoDs.

 Building a Culture of Inclusivity for PoDs.

ENHANCING GENDER BALANCE BY SUPPORTING WOMEN

In 2021, we conducted a gap analysis on our gender balance which identified opportunities to close gender gaps in our senior leadership roles. This has enabled us to achieve greater women representation across our Group.

In 2022, we launched our Women in Leadership (WiL) Programme of learning modules, mentorship and coaching, supporting more women in the Group to seize opportunities to lead.

The objective of WiL is to meet our pledge that 30% of senior leadership roles will be represented by women by 2023.





Having exceeded this target, standing at 31% in 2022, we have re-set the target to 35% by 2024.

This objective is another key milestone towards the company Group's ambitious and bold commitment to have 35% of senior leadership roles filled by women by 2024.

Launched as a pilot for a select group of 60 women in January 2022, WiL was designed in partnership with an external consultancy firm, and is part of the Group's Diversity, Equity and Inclusion commitment to:

 Nurturing an inclusive ecosystem that supports the leadership development initiatives we are driving, infusing diversity of thought, stirring innovation, encouraging conversations and leading the business successfully into a post-Covid world.

 Enhancing the capabilities of women in the business to strengthen a "diverse leadership" mix, and moving women in the readiness pool to the next career levels as per the success objectives of the Group.

 Complying with the UN Women's Empowerment Principles (WEP) criteria and improving our ranking by creating professional development opportunities for women as well as supporting the building of a resource pool of women ready to take up senior leadership positions.

Two cohorts of high-potential women completed our WiL Programme in 2022, with a total of forty-seven high potential senior females participating.

The first cohort was a great learning experience, where we identified significant improvement opportunities in the WiL Programme. These improvements were implemented during the second cohort and will be practised in the future. Participants' feedback indicates that WiL is an excellent way to create a community to further facilitate growth and empowerment for female talents across roles, brands, divisions and countries. Our cohorts felt the programme connects leaders, allowing them to exchange ideas, learnings, successes and failures in an open forum.



‘The Women in Leadership Programme was a great forum to connect with other women leaders, share experiences, reflect on personal leadership challenges, and learn ways to develop greater influence and impact to move forward with our careers.’

Maya Matar – WiL Graduate

WiL complements the ‘Leadership Development’ suite offered by Chalhoub University. It triggers a different learning experience focused on encouraging in women support, self-reflection and a heightened appreciation for the unique leadership style and contribution of our high performing women.

To enhance our WiL Programme for future cohorts, our talent management and people heads will be reviewing feedback from this year’s cohort and further customizing the approach to suit Chalhoub Group leadership goals as part of Chalhoub University’s offerings.

‘The WiL course re-affirmed the power of personal branding and networking as a key element of success.’

Eia Bergman – WiL Graduate

Head of People - Level Shoes

Emirati Women’s Day 2022

Emirati Women's Day was founded by The Mother of the Nation Her Highness Sheikha Fatima Bint Mubarak.

Chalhoub Group joined the celebration in 2022 by recognizing the value and efforts of the women of our nation for their devotion, resilience, dreams and accomplishments in shaping the UAE. We hosted an event to

gather leaders from across the organization along with our community of national women who have invested their careers with us.

As the UAE is known to be a service economy, retail plays an integral role, and the agenda was to celebrate their efforts and contributions to our organization.



BUILDING AN INCLUSIVE CULTURE AND SPACE FOR PEOPLE OF DETERMINATION (PoDs)

Making our Working Environment More Accessible to People of Determination

We are continuously working on providing an inclusive and accessible environment for People of Determination (PoDs) through training on PoDs inclusivity and designing our stores according to our PoD Playbook developed this year.

The principles of the Playbook that we have incorporated into 78 of our stores and 2 offices across our regions in 2022, is attracting more PoDs to work with us, improving PoD team members' working environment and enhancing service to our PoD customers.

Our Inclusive Design Playbook outlines the minimum PoD accessibility standards required of our spaces. It provides a framework for which PoD accessibility features are non-negotiable in our stores and back offices including:



Minimum fitting room sizes



Shop floor navigation



Accessible entry points



Wheelchair manoeuvrability



Portable Point of Sale terminals



Lower Point of Sale cabinets



Accessible toilets



Instruction on best practice regarding interactions with PoD customers and team members



To begin the process of introducing our Playbook to all teams, we held a Group-wide webinar in 2022, which more than 500 team members attended.

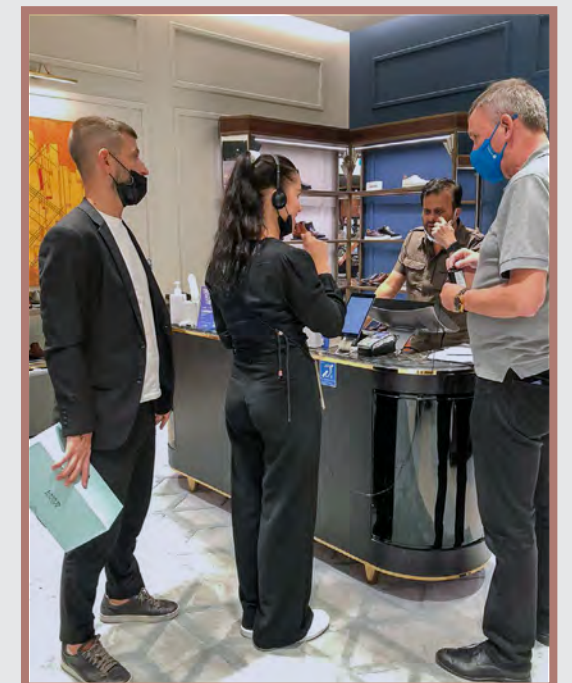
Looking to 2023 and beyond, our Inclusive Design Playbook is paving the way for a future where all our back offices and stores are accessible to people with different physical and cognitive abilities.

We will continue finding ways to make our infrastructure inclusive by ensuring that our offices and store design comply with the Inclusive Design Playbook, and at the same time, take care that brand-specific guidelines are met.

Hearing Loops

In 2022, we began installing hearing induction loops across all our Dubai stores and offices.

To date, we have completed over 200 installations across the UAE, Kuwait, Bahrain and Qatar and we plan to roll out 400 additional loops in Egypt, KSA and Jordan by the end of 2023. This is improving accessibility to the hearing-impaired across our entire estate and is also helping us move one step closer to our PoD inclusivity commitment.






Building a Culture of Inclusivity for People of Determination (PoDs)

We have introduced new online and face-to-face trainings to create awareness around PoDs inclusion through storytelling of lived experiences of people with various abilities.

To meet our commitment to PoDs inclusion, we have mandated that all our colleagues complete the trainings by the end of 2023.

The trainings cover:

-  Best Practices for Interacting With PoD Customers
-  Basics of Sign Language Interaction
-  Working With Inclusive Teams to Discover How to Prioritise PoD Accessibility

Our PoD trainings are fostering a Group-wide culture where our teams are sensitive to PoD equality and inclusion. We also placed additional focus on PoD equality and inclusion in our KSA operations. This involved assessing how well our physical and digital environments and policies serve PoDs.

Additionally, all KSA colleagues were trained in:

-  Interaction with PoDs
-  Work Ethics for PoDs
-  Mentor and Buddy System
-  Basics of Sign Language
-  Disability Supportive Work Environment Concepts

This has enabled us to align our approach to PoD equity and inclusion in KSA to the standards of the rest of our Group.

We are committed to ensuring equal opportunities and empowering everyone to learn and grow. We launched our Empowered to Work Programme (EWP) to make Chalhoub Group an equal opportunity employer to people with different abilities without limitation.

EWP has significantly raised awareness of PoD issues across our Group whilst enhancing our inclusive culture.

From 2023 and beyond, we will continue to make our Group more equal and inclusive to PoDs. We plan to launch our PoD internship programme in our UAE operations with a view of expanding to KSA in 2024. We are also partnering with recruitment agencies to proactively encourage PoD to join us.

Furthermore, many existing PoD team members don't declare their abilities, so, in 2023 we will be launching a campaign. Creating a culture where PoDs are comfortable with disclosing their determination's to us will be key. We will be working with our current PoD team members to share their positive experiences of working with us.

This will enable us to better understand what accessibility features we should provide our people, and how we can meet our objective of increasing the number of PoD working with us.

5

PoD Joiners

18

PoDs Employed Across the Group

4.36/5

DE&I Score Based on Internal Survey

American Sign Language (ASL)

In 2022, we launched face-to-face ASL courses in our UAE offices, and our people have seized the opportunity to learn to communicate with hearing-impaired PoDs on their own terms.

All 210 team members that have participated so far will be provided with an official ASL certification on completion of 12 classes.

Due to our people's enthusiasm for the courses, we will continue to offer them in 2023.

DRIVING PEOPLE GROWTH



To ensure the future prosperity of our Group and its communities, we believe it's vital to support national talent, foster our people's growth through learning, development & trainings, and empowering innovative mindsets.

We achieve this by sharing the entrepreneurial expertise held within Chalhoub Greenhouse, with our team members and entrepreneurs in our communities.



Attracting Nationals from our Local Communities



Driving Learning Development and Trainings



Empowering Innovative Mindsets

ATTRACTING NATIONALS FROM OUR LOCAL COMMUNITIES

Our Emiratization team is dedicated to attracting Emirati talent and ensuring their development and engagement throughout our Group.

Internally, we collaborate with our people and business partners to recruit the right Emirati Talent. Additionally, we ensure they have the necessary tools to succeed in their roles and develop professionally.

All the while maintaining strong engagement among the Chalhoub Group Emirati Community, by organizing various cultural events.

With our Managed Companies, we focused on creating the necessary awareness to bring them on board, and to make them part of the Emiratization journey and agenda.

This required building new relationships and developing existing ones with business management, functional management, people partners and line managers.

Trainings and awareness sessions were held to explain the mandate, the action plan and validate progress throughout. In addition, we provided continuous engagement and support

to line managers, people partners, and the new joiners themselves on their onboarding journey to ensure proper integration of Emirati hires to their teams and roles.

To support our Joint Ventures with Emiratization, we collaborated with their HR teams and ensured we provide the necessary support for them to act immediately on the Emiratization agenda.

We offered them awareness sessions, Line Managers trainings, Recruitment Plans, Career Fair Engagement, Open Days and Onboarding programmes.

Externally, we built strong partnerships with key stakeholders who support us in driving our Emiratization efforts. We work closely with government bodies, semi-government entities and universities that allow us to tap into talent and contribute to our Employer Branding. We also support sustainability initiatives like the Medyaf Programme, Yes2Work, and student work placement opportunities.

In 2022, we participated in Ru'ya Careers UAE, where we had a huge presence, and interacted with over 800 Emiratis with interest in our Group. **We also**

signed a new Memorandum of Understanding (MoU) with the Department of Economy and Tourism to support their people in training within the private sector and leverage on best practices. We also signed a Memorandum of Understanding (MoU) with Dubai College of Tourism to support the development and industry exposure of Emiratis within the retail sector.

We are proud to have successfully re-launched the National Graduate Programme across 3 countries in the GCC. We welcomed twenty graduates into the 2022 cohort


and trained an average of 100 Emirati students through various programmes across the Group, from Yes2Work, work placements and the Medyaf Programme.

Our efforts have doubled the number of new Emirati talent welcomed to the Group in 2022 vs. 2021.


All Chalhoub Group managed companies reached their Emiratization targets in 2022.

In 2023, we will build upon this foundation to expand our Emiratization efforts further with our JVs.

 Participated in 6 University Career Fairs, and Ru'ya career fair (one of the largest national employment fairs).

 Conducted a compensation and benefits market study for Nationals, and adjusted our pay scales to position us at more attractive offerings.

 **10/14** Companies achieved their targets.

 **75%** Increase in back-office Emirati team members head count in 2022 vs 2021.

Saudi Fashion Commission Signs Memorandum of Understanding with Chalhoub Group

In 2022 we signed a Memorandum of Understanding (MoU) with the Saudi Fashion Commission to explore opportunities and enhance cooperation with them.

The Memorandum of Understanding (MoU) sets out a framework for the creation of leadership roles, furthering nationalization in the fashion retail sector, and securing commercial spaces for the display of work by Saudi designers.

It also provides training courses in the field of fashion and knowledge exchange of market

studies, contributing to the development of work carried out by both parties.

The agreement aligns with the objectives of the Fashion Commission to enhance collaboration within the fashion sector and to spearhead partnerships with institutions, entities and individuals around the world.

The objective is to empower and bolster investment in the Saudi fashion sector, develop its talents and promote the Kingdom's fashion culture locally and internationally.



DRIVING LEARNING DEVELOPMENT AND TRAININGS

In 2022, two of our key initiatives for driving internal talent growth were our Bold Leadership and Servant Leadership Programmes.

Bold Leadership is a targeted talent development programme for quality leadership where we have aligned learning outcomes to our Group Strategy for 2024. Team members were selected through our assessment center to participate in the programme for six months. Their objective was to produce action projects targeted towards specific action pillars. In November 2022, the

participants presented their projects to their leaders, the Board of Presidents and the Group President.

An example of a targeted programme that emerged from the initiative was our introduction of on-site coaching, where days are dedicated for expert external executive coaches to be stationed at Chalhoub University premises in KSA and the UAE.


The coaches will provide both face-to-face and virtual mentoring sessions where our senior leaders can select slots


that fit with their schedule to receive situational coaching.

We introduced our Servant Leadership Programme in 2021 to shift the roles of our leaders from boss to coach.

In 2022, our focus for this initiative was to create awareness of Servant Leadership, which we have fully integrated into all our Leadership Programmes.


To achieve our objectives, we ran roadshows in every country that we operate in to identify the obstacles in our transformation journey to Servant Leadership. The outputs revealed that potential servant leaders must be aware of:


 Barriers within individuals' mindsets that prevent them from becoming servant leaders.

 Barriers within our Group preventing individual leaders from transforming into servant leaders.

 Barriers within teams to Servant Leadership.

To overcome these barriers in 2023, the outputs from our roadshows will be split into:

 Culture-related outputs, including transparency and work-life balance, which will be integrated into our BOLD strategy.

 Learning-related outputs, which integrate Servant Leadership traits into our performance, talent management and recruitment strategies.

EMPOWERING INNOVATIVE MINDSETS

We are empowering innovative mindsets required to create new avenues for business ventures, talent growth and employment. In 2022, we began to share our expertise in launching startups by extending the scope of our IBTIKAR Programme to welcome external entrepreneurs.

Since its launch, IBTIKAR has served as a funnel for our people to bring their startup (business) ideas to life, and permeate innovation throughout our Group. Consequently, The Greenhouse team has honed their market-leading expertise in the process of supporting startups from ideation all the way to product-market fit and beyond.

Launching of the Startup Studio

In 2022, we expanded the scope of our IBTIKAR programme by launching our Startup Studio.

We are now sharing and investing our knowledge, skills and experience of launching and growing startups with entrepreneurs from our external

communities. These potential future founders can apply for support to launch their ideas alongside our internal entrepreneurs, ensuring a high rate of success. Read all about our Startup Studio: <https://www.chalhoubgreenhouse.com/startupstudio>

Alongside our IBTIKAR Programme, our Innovation Team is always listening to our customers' desires and monitoring emerging innovation and sustainability trends in the retail sector.

In 2022, this approach empowered us to build the capacity to respond to our customers' rapidly increasing demands for innovative products rooted in Circular Economy principles and the digital universe.

Looking to 2023, IBTIKAR will remain an essential pillar of The Greenhouse, with its focus expanding from an incubator to a training center for budding entrepreneurs and key Group talent with a carefully curated training programme.



RECOGNITION AS A 'GREAT PLACE TO WORK®'

We are proud to be certified as a 'Great Place to Work®' in 2022 in five countries where we operate, including UAE, KSA, Kuwait, Bahrain and Qatar.

Our unwavering commitment to placing people at the heart of our organization is evident through our policies and programs that foster diversity, equity and inclusion, support talent growth and encourage innovation by providing our people with the time and space to unleash their creativity.

'Great Place to Work®' ranking across different countries

2nd Kuwait	2nd KSA
3rd Qatar	5th UAE
6th Bahrain	



SUPPORTING YOUTH EMPOWERMENT

To mark International Youth Day, 12th of August, we reaffirmed our commitment to the large youth population in the region by further strengthening our youth nationalization efforts and focusing on programmes that target youth employability in the region.

Through innovative partnerships with academia and educational programmes, traineeships and internships, we are committed to supporting the region's millennial and Gen Z population which accounts for 78% of our workforce (16-40 years).



Partnerships with Universities, Mentorships and Workshops



Graduate Programmes, Internships and Recruitment

PARTNERSHIPS WITH UNIVERSITIES, MENTORSHIPS AND WORKSHOPS

We have a strong presence at local career fairs where we delivered presentations and workshops, and forged partnerships with leading universities and major governmental and semi-governmental authorities.

Kuwait
Manpower and Government Restructuring Programme
Major universities

Bahrain
Ministry of Labour
Tamkeen

KSA
Taqat, Dar el Hekma, Effat, Technical and Vocational Training Corporation

UAE
Dubai Tourism
Ministry of Human Resources and Emiratization
Ministry of Community Development
ACTVET
Human Resources Authority
American University of Sharjah


Paris
SciencesPo
Paris and Menton Campuses


Lebanon
American University of Beirut
Universite Saint Joseph
International College (IC)

With over 56 university and student related initiatives in 2022, over 1,020 of our team members were involved in knowledge sharing, career fairs and practical experience opportunities to support youth.

Additionally, we offered lectures and workshops presented by our experts on specific topics such as fashion marketing in the Middle East, sustainability and fashion, and visual merchandizing to attract customers and more. We utilized some of these workshops to challenge young people to produce innovative responses to the emerging demand for clean beauty products. This is important to us because our world is constantly evolving, and people are increasingly choosing to make more healthy and sustainable living choices.

Our customers are more willing than ever to do their bit to improve their own lives, the lives of others and the environment. We are aware that the younger generations are consistently more eager to make a significant effort to become healthier and more environment-friendly when making their beauty choices.

 Clean beauty products are made without ingredients shown or suspected to harm human health.

 Our clean beauty brands are environmentally responsible, luxurious, high-performance and ravishing.

 Chalhoub Group is in the process of launching the clean beauty concept and brands in the GCC.

Working with students to explore emerging markets like clean beauty gives them practical experience of launching an ethical brand and enables us to understand the next generation's mindset on sustainable products and services.

Business case study with our partners, SciencesPo, Paris

We challenged SciencesPo students to propose a launch strategy in the GCC for one of our clean beauty brands focused on:

- Creating awareness and demand
- Targeted consumers and the key success factors
- Commercial drive for success
- Key marketing activities
- PR strategy

37 students participated in 3 sessions that were curated by 9 Chalhoub employees. Findings from the presentations supported business decisions and the winning students were given opportunities to engage with our HR teams on internship openings.

In 2022, we partnered with GEMS school in the UAE to give fifteen teenagers the opportunity to join us on a day release scheme over the course of three months as part of their curricula.

The students benefited from their experience in various functions, including Marketing, Sustainability and Procurement. Due to the success of the partnership, we are planning to extend the programme to a wider cohort in 2023.



GRADUATE PROGRAMMES, INTERNSHIPS AND RECRUITMENT

To ensure that we remain connected with local talent, we offer internship opportunities throughout the year to university students, to give them exposure to the luxury retail industry, and the specific functions they wish to pursue after graduation.

Our flagship initiative for attracting, upskilling and educating skilled, young talent in 2022 was the launch of our Retail Internship Programme in KSA.

Our Retail Internship Programme is targeted at school graduates and young people who may not have access to higher education due to financial or other constraints.

Our purpose for this initiative is to give young people without access to further education an alternative route into quality employment.

Over the course of two months, we intensively train them in all aspects of retail from foundation training to retail store operations and offer immersion in various stores for on the job learning.

We then integrate them into the business by placing them in a team where their strengths can be utilized.

In 2022, the first 20 interns completed the programme and upon delivering their final assessments that they presented to the business, 14 of the graduates were hired on permanent contracts.

Alongside our Retail Internship Programme, we rebranded and redesigned our National Graduate Programme to better attract, retain and develop young local talent.

The programme supports young nationals through their learning and development in an eighteen-month learning journey endowing them with the skills, tools and knowledge required to succeed in the retail sector.

The success of these programmes in attracting young talent can be attributed to our significant investment in advertising and marketing campaigns on social platforms.

This is because social media like Instagram, TikTok and Snapchat are popular with Generation Z and Millennials.

From 2023 and beyond, we plan to enroll 20 non-graduate team members into our Retail Internship Programme every two months, which will add 100 talented young people to our workforce annually.

Chalhoub Retail Academy KSA

In 2022, Chalhoub Retail Academy KSA was officially recognized as an accredited training centre by the Technical and Vocational Training Corporation (TVTC), the government agency concerned with technical and vocational training in the Kingdom of Saudi Arabia.

Chalhoub Retail Academy welcomes participants from across the Kingdom,

offering them globally recognized training courses curated by retail trainers and experts.

The Academy aims to upskill retail frontline communities on all aspects of fashion, beauty and gifting, to deliver outstanding customer experiences and prepare them for a career in retail.





PARTNERS

*Building long term partnerships
for common goals.*

**We forge long term partnerships to promote
sustainable development in the region we operate.**

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

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

The Partner pillar of our sustainability strategy has 3 commitments:

-  Building Ethical and Responsible Relationships
-  Partnering for Innovative and Diverse Business Growth
-  Leading the way in our region's Wellness Industry

BUILDING ETHICAL AND RESPONSIBLE RELATIONSHIPS

Together with our partners, we work to conduct business in accordance with non-negotiable ethical principles, and in compliance with all applicable laws, regulations, codes and international standards that we hold ourselves to.

ENGAGING WITH OUR SUPPLIERS FOR RESPONSIBLE BUSINESS

We are committed to working with our suppliers and partners to ensure they uphold highest standards of ethics and legal compliance.

Since 2019, we have been leveraging our scale as a luxury retailer to engage suppliers with our

Supplier Engagement Programme.

In 2022, we launched our Third-Party Partner Code to strengthen the process, and it is now live on our [website](#).

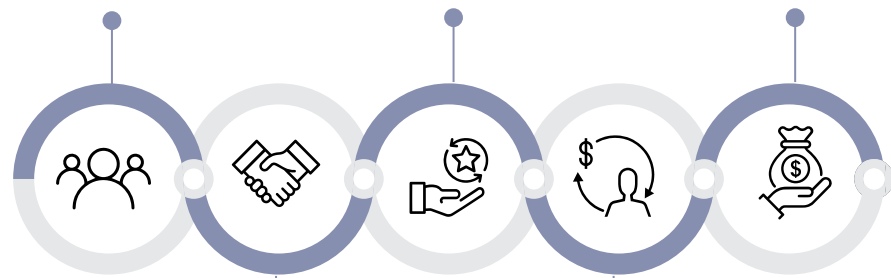
We developed our Code according to the following principles:



The Conventions of the International Labour Organization

The Universal Declaration of Human Rights

The United Nations Women's Empowerment Principles



The United Nations Global Compact

The OECD Guidelines for Multinational Enterprises

6,165

Suppliers (Existing + New)

1,447

CSR Scorecard Completed

24%

Completion Rate

We are committed to working only with suppliers who adhere to the Code by 2025. To achieve this goal, we require all suppliers and third parties renewing or signing new contracts with us to agree to the Code, which serves as a framework outlining the minimum human rights, business ethics and environmental principles we expect and require from our suppliers and partners.

Alongside the above, we finalized our Group's official procurement policy that has made compliance with sustainable procurement principles of human rights, labour rights, diversity, environmental protection, ethical trading and anti-corruption mandatory, when working with us.

To further strengthen our Supplier Engagement process in 2023, we will implement our Partner Awareness Programme, Partner Selection Criteria, and Partner Monitoring and Audit Programme.

We will conduct our first training programme with our buyers and procurement teams on incorporation of environmental, social and ethics criteria in their supplier selection processes. This criterion is currently not mandatory; however, we are working towards making it de facto by 2025.

These strengthened commitments to driving forward ethical and responsible business practices through partnerships with common goals, will build capacity for progressing sustainable development in our region.

Supplier Engagement Awareness Sessions

In 2022, we held two supplier engagement awareness sessions for UAE and KSA suppliers. In all, 64 suppliers joined the sessions.

These sessions enabled us to communicate our commitment to responsible business, advise and encourage suppliers to align to business ethics and integrity principles, enhance understanding of our Scorecard, and promote open dialogue with our suppliers and partners.



PARTNERING WITH NGOs AND GOVERNMENT ENTITIES

The process of sustainable development accelerates when multiple organisations collaborate. Regional public-private partnerships built on principles and values with a shared vision and goals promote progress to local and global sustainability agendas. In 2022, we expanded our partnerships with regional and global bodies to help us work towards a more sustainable future.



Memorandum of Understanding (MoU) with Dubai College of Tourism

In line with Dubai's tourism growth strategy, we formed a strategic partnership with Dubai College of Tourism (DCT), part of Dubai's Department of Tourism and Commerce Marketing. The partnership forms part of DCT's Medyaf programme, the industry nationalisation initiative aimed at preparing talented young UAE nationals for careers across tourism touchpoints, including the retail sector.

A Memorandum of Understanding (MoU) was signed by Essa bin Hadher, General Manager of DCT and Wassim Eid, President - People & Culture at Chalhoub Group. The Memorandum of Understanding (MoU) will pave the way for the development and career support of DCT students and UAE nationals in

various roles in the retail sector. Through its Medyaf Programme, DCT offers Emirati job seekers a robust recruitment, internship and industry onboarding platform, helping candidates define their interests and preferences for a suitable career within the tourism industry, based on their skills and competencies. The programme also helps industry leaders understand the importance of hiring UAE nationals and investing in their career development.

In 2022, these partnerships enabled us to organise workshops across our Group, whereby we trained over 100 UAE national students to prepare them for their journey towards joining the private sector and to promote Chalhoub

Group as a 'Great Place to Work' to the next generation of talent. Moreover, they demonstrate our commitment to the UAE Vision to increase the number of nationals in the job market by attracting, nurturing, empowering and developing Emirati talents within our Group.



Memorandum of Understanding (MoU) with Dar Al-Hekma University

In 2022, we signed a Memorandum of Understanding (MoU) with Dar Al-Hekma University, a non-profit institution of higher education for women in Jeddah, to support and nurture young, local talents in Saudi Arabia. This collaboration demonstrates our Group's commitment towards contributing to youth employability and employment opportunities.

The partnership will deliver workshops, mentorship,

trainings and other activations to improve academic and creative abilities, in line with the University's Student Development and Career Services Unit. Our partnership with Dar Al-Hekma will harness our expertise to upskill and develop Saudi youth in their career journey and at the same time contribute to enriching our talent pool as a 'Great Place to Work in KSA'.

We share Dar Al-Hekma University's vision to graduate

accomplished generations of leaders and entrepreneurs. Our joint Fashion Revival event is the first of many exciting projects to empower youth along their professional paths. These partnerships create win-win situations where progress is made towards SDGs including 'Reduced Inequalities' and 'Decent Work and Economic Growth', whilst we benefit from a consistent infusion of young innovative talent into our Group.

Fashion Revival Event

In 2022, we held our first event celebrating our partnership with Dar Al-Hekma University. At the event, Fashion Design students presented their final projects to members of Chalhoub Group who sat on the Jury. After the presentations, the Fashion Design Department's Final Exhibition "Fashion Revival" was held on campus in Jeddah on May 2022.

The event celebrated the Fashion Design students' successes and the conclusion of a 4-year academic journey towards their bachelor's degree. Chalhoub Group curated a set of talks and panel discussions and engaged the students with a full day of presentations, among other activities.



PARTNERING FOR INNOVATIVE AND DIVERSE BUSINESS GROWTH



Business growth is vital for our Group and its communities to thrive, but economic growth must be de-coupled from social and environmental harm to promote sustainable development. The Greenhouse's purpose is to harness the power of startups to produce innovative and sustainable solutions to address this conundrum.

Our brand experts seek out global startups to tackle specific pain points in the retail sector and instill a culture of entrepreneurship and innovation in them through our Retail Tech Accelerator.

We understand that consumers' needs and desires are rapidly evolving, and they are increasingly demanding innovative and sustainable products. But responding to their demands is risky for startups.

Our Startup Studio provides a low-risk environment of co-creation for launching startups with innovative and sustainable ideas with the objective of spawning disruptive, hyper-growth ventures.

Keeping Ahead of the Digital Curve

As a luxury company, we want to be where the consumer is, where they want and expect us to be. Thus, we need to be certain that we maintain the luxury image of the brands we represent in the 'phygital' realm of the Metaverse; a blended platform that leverages immersive tools to create a digital reality that was valued at \$47.69 billion in 2020 and is projected to reach \$828.95 billion by 2028.

We are investigating how sustainable and viable the business model of virtual fashion items, such as abayas, sneakers and beauty products, are for us to continue meeting our customers' expectations. In 2022, we launched experiments to prepare to claim our stake in the Metaverse and Web3.

We began our foray with the first NFT collection by Parisian tableware brand Christofle in collaboration with NFT platform developer Exclusible. The NFT collection "925 Genesis MOOD" by the luxury goldsmith and tableware enterprise portrays an imaginary city, named: Christofle Aurifaber Citatis in Latin, or The City of Christofle Silversmithing. 529 NFTs were made

available on the Exclusible website for 0.1 ETH in May 2022. NFT holders secured exclusive benefits, as well as the chance to explore the 3D world of Christofle in the Metaverse.

Level Shoe's collaboration with Lanvin marked our second venture into the world of NFTs. Our in-house luxury shoe brand collaborated with the Parisian couture house to reimagine their popular Curb sneaker with an all-new limited-edition colourway and complimentary NFT. With this release, Level Shoes' diverse and ever-growing selection officially became phygital, offering consumers exclusive products in the physical and digital world. The release was limited to 100 customers who received the digital NFT version of the sneaker which could be imported into a virtual wallet for their very own avatar in Decentraland, a unique Metaverse environment.

Innovation and retaining the entrepreneurial spirit of our founders have always been part of our core values. These first steps into the Metaverse and Web3 are ensuring we remain true to our founder's principles in the digital age.



PARTNERING WITH INNOVATORS AND ENTREPRENEURS

The year 2022 was the inaugural year of our Startup Studio in which we pledged to launch a hundred startups over the next ten years. The Studio is an open platform where we act as co-founder alongside internal and external entrepreneurs from our Group and communities to bring production capabilities, experience, and everything a startup needs to grow.

The Startup Studio is the primary focus of The Greenhouse and has the vision of generating perpetual value through innovation for our Group by creating new business models

via startups. The Studio welcomes and encourages entrepreneurs (external and internal) to Chalhoub Group and benefit from an extensive unrivaled market access, as well as today's best tools, markets and services.

We also provide access to funding, starting with the prototyping phase all the way to Series A, which is the first round of funding.

Our team of experts help startups in every stage of their journey, ensuring they succeed and grow as effectively as possible.

It gives us great pleasure to have six startups joining our programme in the inaugural year.

From 2023, our ambition for the Startup Studio is for it to be a catalyst for the next wave of entrepreneurs in the region where we aim to launch 100 startups over the next 10 years. This will be a mutually beneficial relationship where the Studio shields startups in our communities from risk and enables them to realize their potential, whilst generating a perpetual source of value for our Group through their exits and acquisitions.



Nurturing the innovative talent in the region to support our partnerships

In 2022, L'Occitane asked us to provide access to our methodologies and frameworks for sustainable innovation, by powering their first Retail Tech Accelerator Programme.

This joint venture gave a unique opportunity for selected startups to showcase their products to the French luxury brand for implementing their cutting-edge retail-tech solutions in the Middle East.

We supported them through the development of multiple proof-of-concepts with the goal of signing commercial agreements with L'Occitane Middle East.

We challenged the startups to deploy their solutions to address the pain points of changing consumer values, demands and behaviours, with a focus on catering to the sustainability-savvy Gen-Z market.

We supported four selected startups to develop their proof-of-concept over a four-month period at The Greenhouse in Dubai Design District. The startups were given access to mentorship from The Greenhouse team



and senior decision-makers at L'Occitane MENA to accelerate their journey, and secured USD 50,000 each in funding.

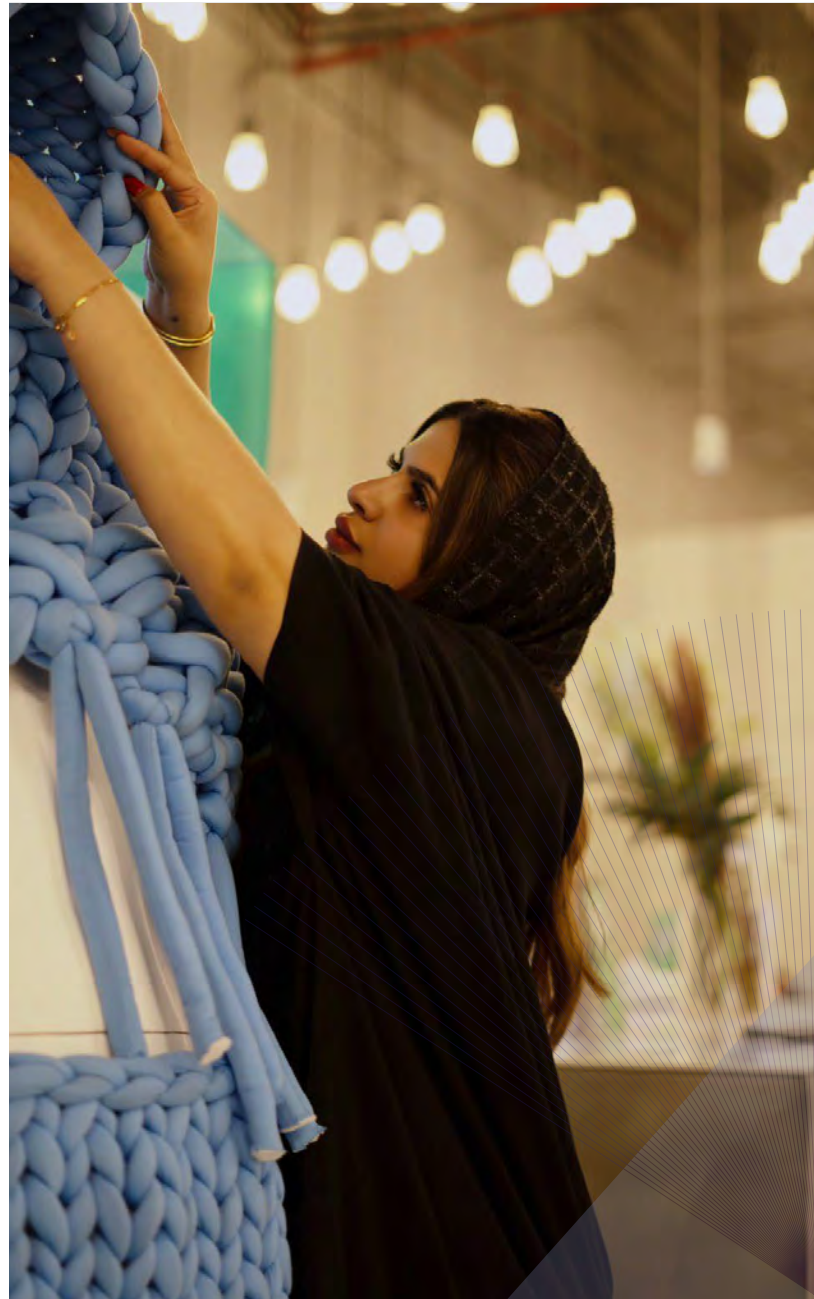
The partnership strengthened our relationship with L'Occitane whose sustainability values closely align to ours; whilst demonstrating to a multi-national organization that our region holds a wealth of talent that can provide innovative solutions to contemporary business and sustainability challenges.

PARTNERING WITH AND INVESTING IN LEADING WELLNESS BRANDS

We value the talent held by the wealth of designers in our region with the potential to contribute to its sustainable economic development. However, their talent is under-exploited due to the lack of platforms for them to showcase their designs. Having these platforms would create opportunities for the designers, growth of our local economies, and diverse choice for our customers.

In 2022, we built on the success of 2021's Fashion Lab that supported KSA-based designers. An example of our support was The Greenhouse's partnership with the Sharjah Entrepreneurship Festival 2022, to which we invited our homegrown startups.

The festival brought together a community of entrepreneurs, creators and changemakers from around the world for two days of inspiring conversations, authentic connections and engaging workshops .



The Abaya Lab at the Sharjah Entrepreneurship Festival

In 2022, we invited The Abaya Lab startup to participate in the Sharjah Entrepreneurship Festival.

Lead by Musfira Suleiman, The Abaya Lab is the MENA region's first digital native on-demand abaya brand, modernizing traditional tailoring and leveraging data to slow down fast fashion.

The brand gained access to knowledge and ideas held by experienced entrepreneurs from around the world that will empower it to succeed, which in turn will grow our local economies.

Moreover, the brand ethos of shifting away from fast fashion promotes more sustainable consumption of garments in our region.



LEADING THE WAY IN OUR REGION'S WELLNESS INDUSTRY

The wellness market in the Middle East is estimated at \$107.7 billion. Therefore, it is vital for our economic sustainability to lead this emerging market that promotes wellbeing.

In 2022, we forged several partnerships to lay foundations for expansion into this sector in 2023, including FACES' partnership with the Detox Market, and investment into French clean beauty brand, La Bouche Rouge.



PARTNERING WITH AND INVESTING IN LEADING WELLNESS BRANDS

FACES' partnership with the Detox Market in 2022 will bring clean beauty and wellness to the forefront with an access to the international market through FACES' website and consumer channels, creating an online shopping experience and a strategic awareness campaign.

Through the partnership, we will educate, invigorate and accelerate the clean beauty movement in the region to raise more awareness amongst beauty lovers. The first capsule will include an exclusive curation of best-selling brands like True Botanicals, Pai Skincare, Odacité, Innersense, Goop, Rahua and Ere Perez. Looking to the future, The Detox Market will expand its presence in FACES' stores and potentially open its first flagship store in the region.

We also invested in French clean beauty brand La Bouche Rouge to meet growing consumer interest in clean

beauty products. The conscious beauty movement is gaining traction in the region, as clean skincare regimes have become a high priority for consumers and a part of their overall wellbeing.

The brand seeks to redefine consumption, production and redistribution with the objective of leaving a positive impact throughout the process. La Bouche Rouge's quest for natural beauty is also reflected in its proprietary lab where it develops patented singular formulas with a minimum of 60% active ingredients and up to 91% for its lipsticks.

Taking packaging to a new level of chic while aligned with La Bouche Rouge's environmental commitment, the products come in refillable containers that do not pollute the environment, and eco-designed leather cases.

La Bouche Rouge is a great example of Chalhoub Group Corporate Ventures

and Acquisitions' strategic approach. We are proactively investing in businesses where access to our ecosystem can accelerate value creation, while giving us learning and exposure to high growth startups that support our commitment to sustainable economic growth.

These partnerships will pave the way for a major push into the wellness market in 2023 with the objective of leading the way in our region's wellness industry.



Women In UAE Leading The Beauty And Wellness Market

We are proud that the female entrepreneurs in the UAE are leading our region's multi-billion-dollar beauty and wellness markets.

In 2022, The Greenhouse welcomed a delegation of British beauty brands. The brands were supported by the UK Trade Mission to hear about our Group, our beauty curation process, insights on the GCC beauty market from Alia Arafat and our Beauty Lab Programme. Three female entrepreneurs took them through their journey- ALAM Health & Beauty, NOOD New York and Palma de Salus.

The delegation then visited FACES stores in Mall of the Emirates, Dubai, to learn more about the brands' curation and discover the Beauty Nation section offering a range of indie skin care, hair care, body care and wellness products.

It gave us great satisfaction to have shared our beauty philosophy that is driven by talented women with major players outside of our region.



Beauty Unbound Event

Since the pandemic in 2020, customers' interests for skincare and clean beauty have increased exponentially in the region and as a leading beauty retailer, FACES has a key responsibility in building awareness and education on the category.

FACES participated in the "Clean Beauty and Skin care" panel at #BeautyUnbound Nakheel Mall, in Dubai, to discuss Chalhoub Group's commitment to our expansion in the clean beauty industry in the Middle East.





PLANET

We are committed to tackling climate change.



Our key sustainability focus for 2022 has been developing our strategy to become a Net Zero business by 2040.

To achieve this, we have aligned our Greenhouse Gas (GHG) reduction targets to the Intergovernmental Panel on Climate Change (IPCC)'s pathway to keeping global temperature rises well below 1.5°C above pre-industrial levels.

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

We are also contributing to the Circular Economy by adopting circular business models and improving our waste management.

The Planet pillar of our sustainability strategy has 2 commitments:

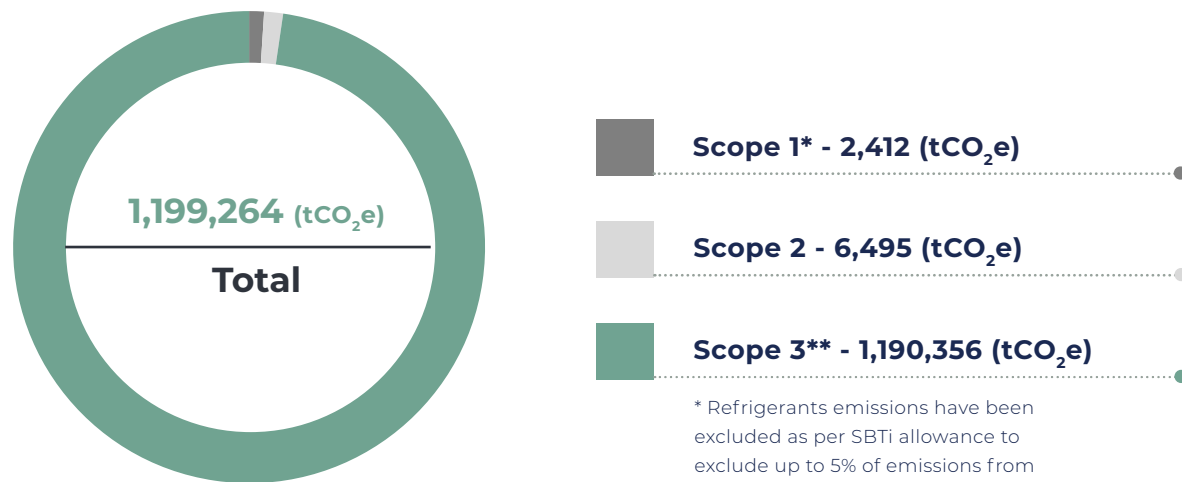
-  Paving the Way Towards Net Zero by 2040
-  Contributing To Circularity

PAVING THE WAY TOWARDS NET ZERO BY 2040

In 2022, we undertook a comprehensive assessment of our GHG emissions and developed a complete direct and indirect (Scope 1, 2 and 3) Greenhouse Gas (GHG) emissions inventory for our entire operations across all countries.



The scope-wise breakdown in 2022 of the emissions is provided below:



* Refrigerants emissions have been excluded as per SBTi allowance to exclude up to 5% of emissions from the GHG Inventory.

** This scope 3 calculation is based on our 2021 results as we are working on a more extensive hybrid methodology to increase accuracy of our 2022 scope 3 emissions that will be published in August 2023. Refer to Annex for Scope 3 category-specific emissions.

Our Scope 3 emissions of 1.19 million tons of CO₂e accounted for 99% of our emissions, 60% of which were produced from purchases of goods and services, and 27% through Capital Investments (JV). Our Scope 1 and 2 emissions were 2,412 and 6,495 tCO₂e, respectively.

Under our commitment to Science-Based Target

initiative (SBTi), we investigated the most robust approaches for setting GHG reduction targets. Our investigations revealed that committing to, and delivering on, science-based targets will ensure that our operations do not contribute to the risk of catastrophic climate change.

Science-based targets are guidelines for the emissions reduction that are necessary

for an organization to align to the global cuts that the IPCC's research stipulates are essential to meet the goals of the Paris Agreement; limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. With the help of specialist climate consultants, we began the task of developing science-based targets that conform to the SBTi*.

Note : *Science-Based Target initiative (SBTi)

(SBTi) defines and promotes best practices in emissions reductions and net-zero targets in line with climate science. Additionally, the initiative provides target-setting methods and guidance to set science-based targets in line with the latest climate science.

CHALHOUB GROUP'S NET ZERO PATH 2040

Through cross-functional collaborations of teams across different geographies, we developed near-term science based targets, which were reviewed and approved by the SBTi in May 2023. We have now embarked on a pathway to halve our emissions by 2032 with an ambition to prepare the grounds to eliminate 90% of our emissions

by 2040. Our Scope 1 and 2 emissions reduction targets are aligned with 1.5°C trajectory, and scope 3 targets, with 2°C trajectory. In 2023, we will continue building our carbon reduction road map in hopes of committing to net-zero targets in the next 2 years.

Near term targets

Timeline 10 years by 2032

Scope 1 and 2 trajectory

Reduce our Scope 1 and 2 emissions by 50.4 % (owned fleet and electricity.)

Scope 3 trajectory

Reduce our Scope 3 emissions by 30% (purchased goods, leased assets, third party upstream transportation and capital investments)

Results of 2021 baseline GHG carbon calculation

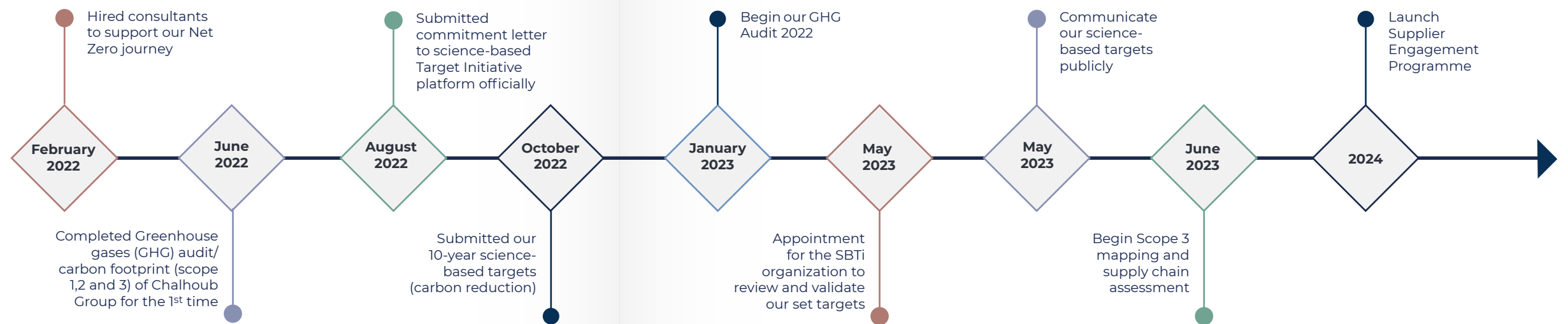
The aggregate emissions for Chalhoub Group during 2021 was 1,199,149 tCO₂e

Scope 1: 0.2% of our total carbon emissions (fleet)

Scope 2: 0.5% of our total carbon emissions (electricity - direct control)

Scope 3: 99.3% of our total carbon emissions (Supply chain - indirect control)

Our journey so far and what's to come...



Chalhoub Group commits to reduce absolute scope 1 and 2 GHG emissions 50.4% by 2032 from a 2021 base year.

*Chalhoub Group also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transport and distribution, upstream leased assets and investments 30% within the same timeframe.

**The target boundary includes land-related emissions and removals from bioenergy feedstocks.

REDUCING OUR DIRECT SCOPE 1 EMISSIONS

The major source of our direct GHG emissions is fuel consumption from our delivery vehicles. We are working hard to optimise our fuel consumption and reduce the emissions intensity per product delivered. Our initiatives include:

Advanced Routing Software

In 2022, we integrated Paragon, an advanced routing software that helps us simulate and plan our delivery routes, minimizing the time and miles spent on each delivery.

On an average, our delivery vehicles cover 300-400 kms a day; however, with the integration of Paragon, we have reduced our mileage, and the related GHG emissions, by almost 25%.

Furthermore, we have increased our volume of deliveries per vehicle by up to 50%. Next year, we aim to track and generate enough data to be able to disclose our emissions reductions achieved through this initiative.

Cross-docking of Products

We have worked with our brands to devise a system where products bypass our warehouses and are delivered directly to our stores. This further reduces the miles covered and the resultant GHG emissions of our vehicles.



Electric Vehicles (EVs)

In 2021, we set an objective to pilot an Electric Vehicle (EV) by the end of 2022 and assess the financial and environmental impact of transitioning all our administrative and logistics fleet to EV by 2030.

As per the plan, we replaced one of our administrative vehicles with an EV in 2022 and developed a roadmap to pave the way for complete transition to EVs by 2030.

The EV can reduce the emissions by up to 70% when compared to conventional ICE vehicles, and have a payback of about 5 to 6 years.

Night Deliveries

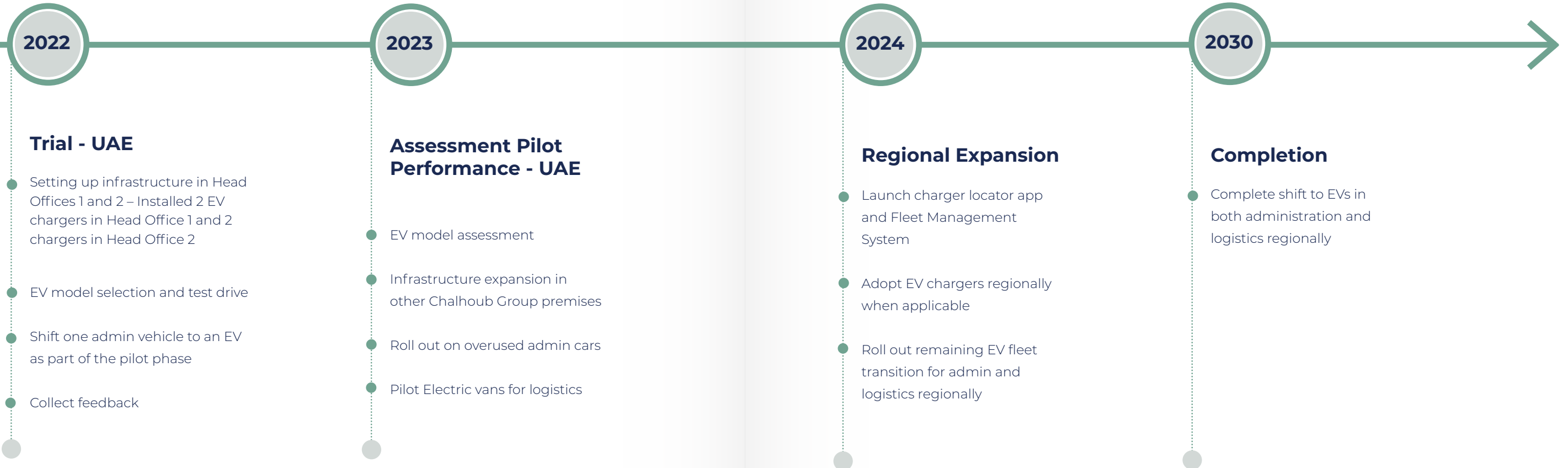
For our B2B deliveries, we have initiated night deliveries as it almost eliminates the idling time for each vehicle in the traffic during the day, thereby increasing the fuel efficiency of the vehicles and reducing emissions.

Modernizing Our Fleet With Efficient Vehicles

We are witnessing growth across our operations, which necessitates the updating and expansion of our fleet. We have a policy of purchasing Euro III or Euro IV vehicles as they have better emissions ratings.

PAVING THE WAY TO SHIFT TO EVS REGIONALLY

ROAD MAP 2022- 2030



2022

Trial - UAE

- Setting up infrastructure in Head Offices 1 and 2 – Installed 2 EV chargers in Head Office 1 and 2 chargers in Head Office 2
- EV model selection and test drive
- Shift one admin vehicle to an EV as part of the pilot phase
- Collect feedback

2023

Assessment Pilot Performance - UAE

- EV model assessment
- Infrastructure expansion in other Chalhoub Group premises
- Roll out on overused admin cars
- Pilot Electric vans for logistics

2024

Regional Expansion

- Launch charger locator app and Fleet Management System
- Adopt EV chargers regionally when applicable
- Roll out remaining EV fleet transition for admin and logistics regionally

2030

Completion

- Complete shift to EVs in both administration and logistics regionally

We have also installed two EV chargers at our Head Office 2 (HO2) in UAE, with a plan to ensure that the renewable energy generated at our offices is utilized to charge the EV.

This will help us reduce our absolute emissions. We are determined to overcome the current challenges related to lack of EV

infrastructure, and unavailability of EV trucks and vans in the region.

We are also exploring opportunities to upgrade our Saudi Arabia infrastructure in 2023 and introduce a number of EVs to our fleet in Jeddah and Riyadh.

REDUCING OUR INDIRECT SCOPE 2 EMISSIONS

Our renewable energy integration journey, which began with rooftop solar installation in 2018, continues with four assets powered by solar energy, HO1, HO2, Main warehouse and DIP warehouse.

A feasibility assessment of rooftop solar implementation at other locations is ongoing. We envisage large-scale deployment of solar panels across our estate by 2030, as renewable energy generation becomes the norm.

3,549 kWp

Installed

3,116,150 kWh

Generated

Our facilities management team has continuously worked on optimising the energy consumption of our built environment. Multiple retrofit and operational measures have been undertaken over the years to reduce our infrastructure's energy consumption.

We have also piloted a study where we have installed monitoring devices capable of recording the energy use of our energy-intensive equipment in our buildings.

This data is saved on the cloud, and we will use it to plan energy efficiency improvement initiatives within the buildings. We continued our LED retrofit

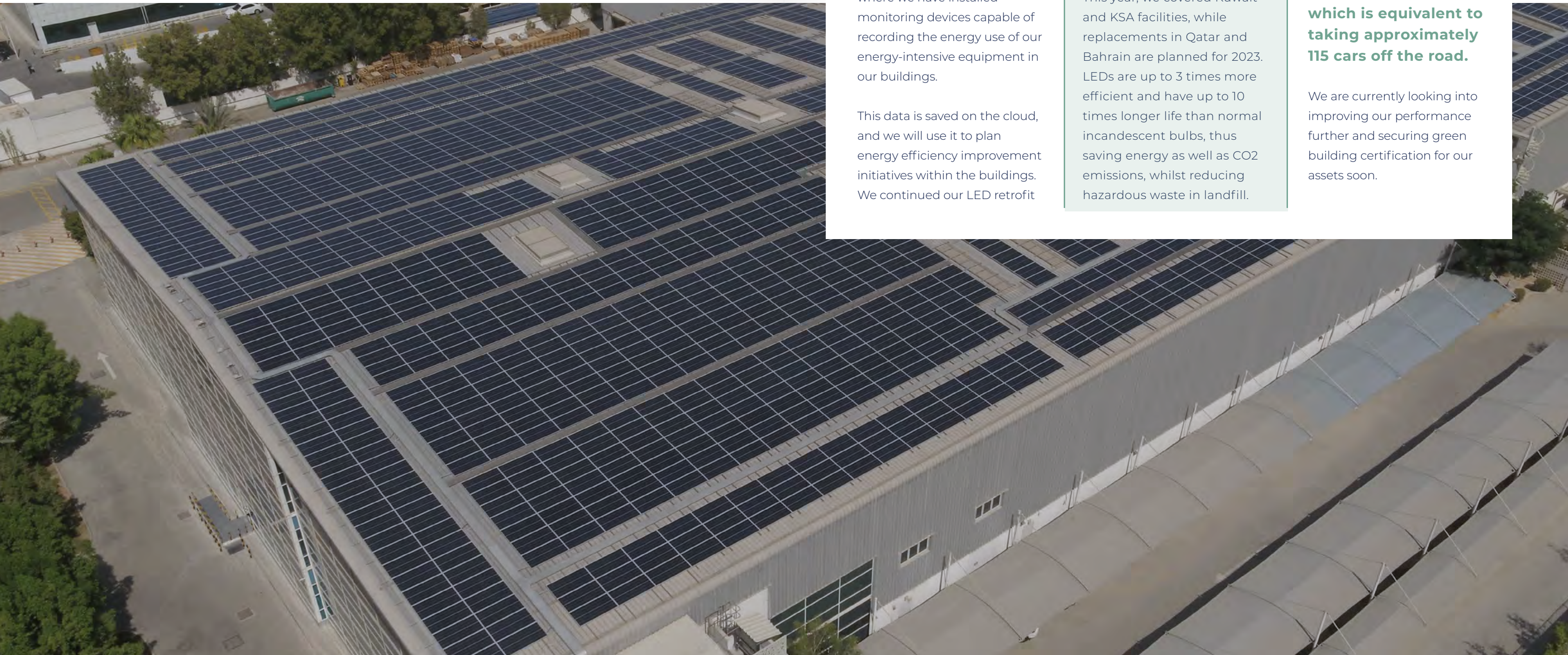
programme and mobilized a budget of over 275K USD to get the rollout completed across all our operations, and we are hopeful of completing the programme by next year.

In previous years, we have completed the LED replacement in the UAE.

This year, we covered Kuwait and KSA facilities, while replacements in Qatar and Bahrain are planned for 2023. LEDs are up to 3 times more efficient and have up to 10 times longer life than normal incandescent bulbs, thus saving energy as well as CO2 emissions, whilst reducing hazardous waste in landfill.

Through the coordinated efforts of various teams across the sites, we have reduced our Group-level electricity consumption by 1.3 million kWh, which amounts to approximately 530 tCO₂ emissions avoided, which is equivalent to taking approximately 115 cars off the road.

We are currently looking into improving our performance further and securing green building certification for our assets soon.



REDUCING OUR INDIRECT SCOPE 3 EMISSIONS

Our detailed GHG assessment reflects that Scope 3 emissions account for 99% of our emissions. We acknowledge the fact that managing Scope 3 emissions is complex as it involves engaging with multiple entities upstream and downstream of our operations. We are constantly

working in collaboration with our IT and Data teams on improving our scope 3 calculation methodology to reflect more activity data and move away from spend-based data in order to have a better representation of our scope 3 emissions. We are currently looking into

identifying decarbonization opportunities within the two largest emissions pockets, "Investments" and "Goods and Services", which account for 90% of our Scope 3 emissions. Interventions we undertook this year to manage our Scope 3 emissions:



Freight Movement

We source products for our stores from different countries and are aware that sea freight has lower emissions than air.

Therefore, whenever possible, we opt for sea freight as a medium of transport for our goods. In 2022, 59% of goods were transported by sea and 17% by air.

Our team's conscious efforts and increased sea freight helps in significant CO₂ emission reductions.

Additionally, to optimise our air freight emissions, we practice consolidation of pallets – in other words, products sourced in close proximity to each other are consolidated at one airport and transported together in bulk, rather than in smaller quantities through multiple airports and flights.

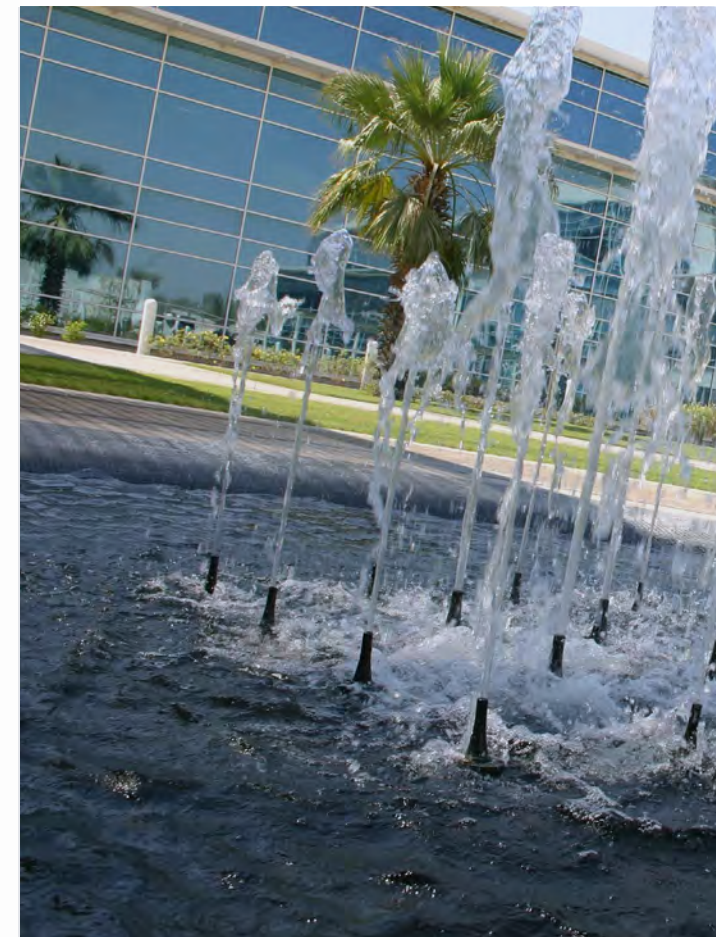
This also helps optimise our GHG emission reductions from air freight.

Waste Disposal

We manage our waste carefully, and are focusing on improving our recycling rates across all geographies.

By diverting our organic waste away from landfill, we save on methane emissions that would have resulted due to the inorganic decomposition of these wastes in the landfills.

Further details on our waste management programmes are provided in the following sections.



Water Optimization


The desalinated water we utilize across our operations in the GCC has significant GHG intensity. By optimising our water consumption, we are reducing the emissions that occur during the desalination process.


Submetering of water consumption and retrofitting of water faucets and fixtures, as well as people awareness on this subject, has yielded positive results.

We achieved a reduction in water usage amounting to approximately 2.6 million liters of water between 2021 to 2022 in our UAE operations, thereby resulting in 7 tCO₂ avoided.


CONTRIBUTING TO CIRCULARITY


Our circular economy strategy provides the overall framework where we work with our stakeholders to integrate circularity across our operations.

-  Procure consciously

-  Maximize the lifecycle of products

-  Use resources efficiently

-  Maximize the value of waste

-  Integrate the restorative and regenerative design of our business model

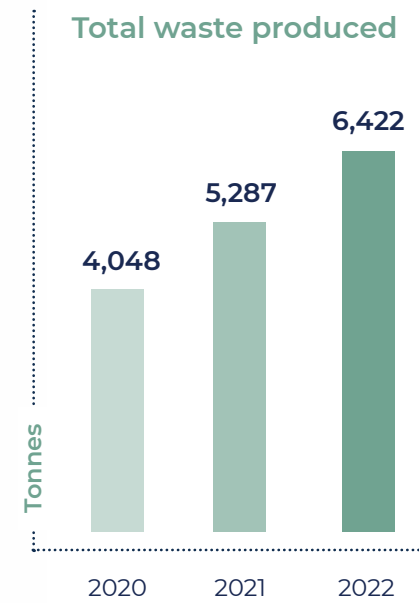


OPTIMIZING MATERIAL RECOVERY AND RECYCLING

In 2021, we partnered with a waste management company in UAE with an aim to significantly improve our recycling rate, subsequently reaching our “Zero Waste to Landfill by 2030” target. 2022 was the first year we were able to collect recycling data from all our operations, including stores, offices and warehouses in the UAE. We have developed a dashboard that enables us to track, monitor and report waste-related data.

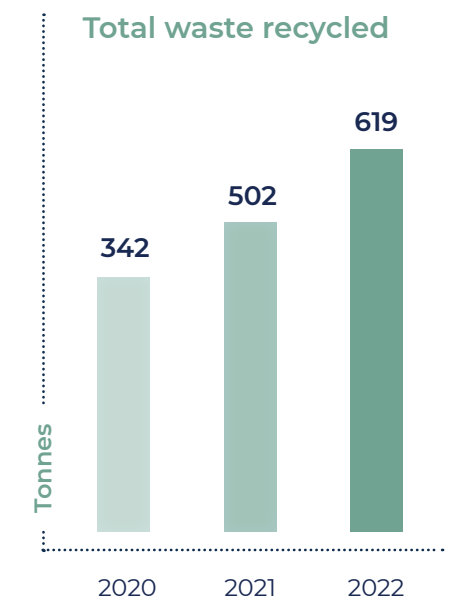
We also launched several electronic waste collection campaigns this year, wherein the electronic waste was collected and sent to our waste management partner for recycling and safe disposal.

The quantity of waste recycled in 2022 was 619 tonnes, an increase of 20% from 2021.



6,422 tonnes

Total waste produced: 2022



619 tonnes

Total waste recycled: 2022

Throughout the year, we undertook multiple initiatives across our Group to reduce waste generation and enhance recycling rates.

Revamping Waste Management System At Our Offices

Within our offices, we rolled out a new recycling system wherein each business unit department is equipped with recycling bins whereas previously, they were located only in our

building's common areas. This has enabled us to remove the general waste bins provided individually at each desk for our people, and consequently driving our people to make

conscious decisions about segregating material for disposal. This is expected to influence people's behaviour and increase awareness on recycling.

Recycling Visual Merchandises (VMs)

We identified that a lot of Visual Merchandising (VM) had become obsolete and were abandoned in warehouses, generating significant storage fees, or were sent to landfills. In response, we piloted a project with Level Shoes wherein the VM stocks from 2017 were audited and tagged as "Keep" or "Dispose".

All the VMs marked as disposed were then managed through our waste management contractor. 27% of these items were recycled, 63% were reused, and 10% were disposed in the landfill. Based on the learnings from this pilot, we developed a procedure and a documentation guide to manage VMs with all our brands.

Consequently, we are working on an asset management tool to better document the VM material stored, to encourage reusability of unbranded items between brands and ensure their sustainable disposal. Next year, we plan to conduct a series of workshops with all VM managers of different brands, so the entire VM waste can be managed sustainably across the Group and designed with more eco-friendly materials.



Sustainable Packaging

Reducing packaging waste and adopting sustainable alternatives has been one of the key focus areas for our waste management initiatives this year. We conducted a three-month long study to audit the material used in-store and for e-commerce packaging. We collected samples which were sent to recycling experts to understand their recyclability rate and the sustainable alternatives available.

We also developed a scoring system to rate the packaging material on sustainability measures, which can also be used by other brands within our Group for their future packaging orders.

We then worked with our procurement team to adjust our material supply chain to funnel through fewer suppliers instead of each brand sourcing their packaging materials individually. This approach helped us procure sustainable packaging material for multiple brands while reducing costs to our Group through bulk purchase discounts.

Moreover, it contributes to our environmental and social commitments because we are aiming to only procure material scoring high on our sustainable material scoring system.

E-commerce:

The vertical has grown exponentially in the previous years, and so has the consumption of packaging material. Our commitment to shift away from single-use plastic led us to replace bubble wrap with honeycomb kraft paper.

We piloted this project with the largest e-commerce brand in the UAE and later shifted 23 Chalhoub Group managed brands from bubble wraps to kraft paper.

Due to its compact design, it uses a lot less space compared to bubble wrap which also saves storage costs. This initiative has resulted in 20% cost reductions as well as 67 tonnes of CO2 savings annually.

In-store:

We also looked for alternate options for bags and reached out to multiple suppliers to propose sustainable alternatives.

Through extensive meetings with several brands, we proposed alternate materials such as packaging made from recycled content or Forest Stewardship Council (FSC) certified paper which have a lower environmental impact.

We are in the process of implementing this change across our concept brands, and once it is completed successfully, we are hopeful of rolling it out to the other brands within our Group.

Waste Audits At Our Stores

To better understand the waste management in our stores, we initiated waste audits, starting with stores in the biggest malls in the UAE.

Awareness sessions with store managers and the staff were undertaken to reinforce the importance of waste minimization, and achieve the Group's environmental objectives.

The audit resulted in a streamlining of our recycling data development through a dashboard, to better

monitor our stores' recycling performance. Through these initiatives, we are supplying stores with recycling stations and systems.

A total of four stores in Dubai Hills and 11 stores in Dubai Mall have been equipped with recycling stations.

We plan to continue our waste audits in other malls and across different countries to better manage waste from the stores.

Water Filtration System (WFS)

In line with our 'Zero Waste to Landfill by 2030' commitment and our goal to be plastic-free, we have installed water filtration systems across our premises in the UAE at Head Office 1, Head Office 2, Design District Dubai and Main Warehouse.

A total of 32 filtration systems and dispensers have been installed across these premises to date. This encourages a culture of refill and reuse to eliminate plastic bottles, and provides our people with high-quality drinking water.



STEP Certification

We implemented Stores Towards Earth's Protection (STEP) Programme to improve our stores' environmental performance.

The programme encourages energy and water efficiency at stores and ensures that sustainable materials are used for fit-out work wherever

possible, to reduce the environmental impact of these stores and provide a healthier environment for our people and customers.

The graphic below summarizes the role of different teams within the Group and how they ensure that Programme is successfully implemented.



In 2022, 59 stores* opened across the region; all were STEP assessed, and 55 got STEP certified.



*Note - Excluding the kiosks and pop-ups.

Innovating Circular Business Models

According to Market Study Report, the global circular economy market is anticipated to achieve a 7.8% compounded annual growth rate during 2021-2027, adding USD 657 billion to the global economy. We are seizing this opportunity to develop novel ways of delighting our customers by developing circular concepts that are exciting and sustainable.

The rental market plays a key role in developing the circular economy market because it promotes material conservation in the top two tiers of the waste prevention hierarchy.

The reuse of rental products means that the materials used to make them are shared between consumers, preventing waste at source because



In 2022, we introduced our Tanagra service, allowing customers to rent high-end tableware, including plates, cutlery, glasses and table decorations, to create a luxury dining experience at home.

This initiative makes a strong contribution to building a circular economy because sharing infrequently used products adds up to fewer impacts from production and better value for consumers.

fewer materials are required for design and manufacturing. This creates multiple wins for sustainability because costs are reduced for both suppliers and consumers, and fewer materials are extracted from, and disposed in the environment.

Studies show that doubling the lifespan of an item contributes to lessening carbon emissions by 44%. A fashion item has an average footprint of 5-10 Kg of CO₂.

We expect that approximately 3,000 fashion items can be reused through circular initiatives, resulting in reductions of approximately 12 tCO₂e, and savings of 85,000 liters of water.



We also launched Preloved for Level Shoes, where we sell previously owned bags, shoes and accessories on levelshoes.com. Additionally, we introduced a buyback service where we take back preloved bags, shoes, watches, jewellery and accessories from anyone with a Level Shoes account.

If we sell the customer's item(s), we reward them with credit on their account. This innovation keeps products - that would have previously been discarded - circulating through the economy.

The reduced costs of these innovations compared with buying are now making high-end products accessible to a diversity of people whilst contributing to the uptake of circular consumption.

They are also future-proofing our business as responses to our customer's values regarding sustainable consumption.

Additionally, we ran a creative workshop with experts from across the Group to explore a new innovative business idea with sustainability at its core. We brainstormed and agreed on a Group-wide give back programme in exchange for loyalty points with our MUSE Loyalty Programme. We have been building a business plan and exploring implementation mechanisms, and are expecting to launch a pilot project in 2023.

A programme like this is expected to further position our Group as an industry leader committed to engraining sustainability at its core, by creating a new income stream as well as advancing the circular economy.

Hikaya

We provided Hikaya, a Chalhoub Greenhouse startup, with \$500,000 of seed-stage funding through our Startup Studio.

Hikaya produces furniture using recycled materials from old furniture. They build their furniture on demand, meaning they use less building space, and thus, have fewer impacts from their infrastructure.

Our customers are increasingly telling us they love products produced according to these sustainability principles. So, we expect Hikaya to be a resounding success.





Community Engagement and Philanthropy

Throughout our journey across the last 70 years, we've ensured that the success of the Group is shared with communities where we operate by helping to improve access to quality education, providing humanitarian relief, supporting people in need and taking care of the environment and biodiversity.

These initiatives are boosted with team members volunteering monetary and in-kind fundraisers over the years, and this will continue going forward, under the umbrella of Chalhoub Family Philanthropy.

Sustainability Week

Sustainability Week is an employee-driven annual initiative where our people lead the conversation on our sustainability pillars: People, Partners and Planet. We run several awareness and engagement activities across key sustainability topics throughout the week.

30
Initiatives



2,312
Volunteers



600
Trees Planted



2,308
Hours



1,905
kg Rubbish Collected



PEOPLE INITIATIVES

This year, we undertook 56 initiatives for the betterment of society and our people. These included road safety workshops, climate change challenge webinars, empowering children of determination and Women's Day Initiative.

Almost 1,000 volunteers participated and devoted 2,000 hours to these initiatives, impacting 2000+ lives.

Key impact people initiatives undertaken in 2022 are mentioned below:

-  4 University Engagements


-  Road Safety for Students

-  Climate Change Challenge Online

-  SciencesPo x Chalhoub Challenge

-  Women's Day Initiatives

-  Empower Children of Determination

-  One Young World Manchester

-  Career Fair with the American University of Kuwait



56

Initiatives

1,028

Volunteers

1,965

Hours

2,004

Impact

PARTNER INITIATIVES

This year, we undertook 3 initiatives for strengthening our partnerships for sustainable development.

These included visit and tour of Dubai Cares Pavilion at EXPO 2020 and ESG Award sponsorship. 81 volunteers participated and devoted almost 148 hours to these initiatives, impacting 45 lives.

Key impact partner initiatives undertaken in 2022 are mentioned below:



Visit and tour of Dubai Cares Pavilion at EXPO 2020 with Patrick and Ambassadors.



ESG Award Sponsorship with CCI France



Together We Shine | Dubai Cares Pavilion at EXPO 2020



3

Initiatives

81

Volunteers

148

Hours

45

Impact

PLANET INITIATIVES

This year, we undertook 38 initiatives for the betterment of our environment. These included Go Green recycling initiatives, tree planting, mangrove kayaking and planting, desert clean-up and Earth Hour initiative.

Almost 1,947 volunteers participated and devoted 3,000+ hours to these initiatives.

Key impact planet initiatives undertaken in 2022 are mentioned below:

-  Go Green Recycling Initiative

-  Tree Planting

-  Mangrove Kayaking & Planting

-  Desert Clean-up

-  World Water Day

-  Beach Cleaning

-  Earth Hour

-  World Bee Day

-  Plastic Free July

-  Various Sustainability Week Initiatives



38

Initiatives

1,947

Volunteers

3,054

Hours

1,533

Trees Planted

3,638

kg Rubbish Collected

Philanthropy Initiatives

This year, we undertook 128 philanthropic initiatives to support our communities. These included clothing and toy donations, food pack distributions and support to cancer patients.

Over 3000 volunteers participated and devoted almost 5000 volunteering hours.

Key philanthropy initiatives undertaken in 2022 are mentioned below:



Various Ramadan Initiatives



Gift of Giving | Going Digital



Book Donation Drive



Day Out with Orphans



Blood Donation Drive (UAE, BH)



Various Breast Cancer Awareness Initiatives



Steps for a Cause



Movember/Prostate Cancer Awareness



Toys Donation for POD from Senses Centre



Warm Clothes Donation Drive



128

Initiatives

3,027

Volunteers

85,699

Impact

4,936

Hours

GRI Content Index

Statement of use		Chalhoub Group has reported in accordance with the GRI Standards for the period Jan 2022 - Dec 2022.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		None				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	4	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	2				
	2-3 Reporting period, frequency and contact point	3				
	2-4 Restatements of information	14, 15, 74				
	2-5 External assurance	-				
	2-6 Activities, value chain and other business relationships	4, 58-71				
	2-7 Employees	4				
	2-8 Workers who are not employees	-		Information unavailable/incomplete		
	2-9 Governance structure and composition	18				
	2-10 Nomination and selection of the highest governance body	17-18				
	2-11 Chair of the highest governance body	6,7				
	2-12 Role of the highest governance body in overseeing the management of impacts	18				
	2-13 Delegation of responsibility for managing impacts	18				
	2-14 Role of the highest governance body in sustainability reporting	7				
	2-15 Conflicts of interest	-		Information unavailable/incomplete		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	24				
	2-17 Collective knowledge of the highest governance body	6, 7				
	2-18 Evaluation of the performance of the highest governance body	18, 19				
	2-19 Remuneration policies	-		Confidentiality constraints		
	2-20 Process to determine remuneration	-		Confidentiality constraints		
	2-21 Annual total compensation ratio	-		Confidentiality constraints		
	2-22 Statement on sustainable development strategy	11				
	2-23 Policy commitments	13				
	2-24 Embedding policy commitments	13,11				
	2-25 Processes to remediate negative impacts	12,13				
	2-26 Mechanisms for seeking advice and raising concerns	24				
	2-27 Compliance with laws and regulations	12,13				
	2-28 Membership associations	-		Not applicable		
	2-29 Approach to stakeholder engagement	24				
	2-30 Collective bargaining agreements	-		Not applicable		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 301: Materials 2016	3-1 Process to determine material topics	25	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	25				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	86, 87				
	301-2 Recycled input materials used	88,89				
	301-3 Reclaimed products and their packaging materials	87				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	75				
	302-2 Energy consumption outside of the organization	74, 109				
	302-3 Energy intensity	83				
	302-4 Reduction of energy consumption	83				
	302-5 Reductions in energy requirements of products and services	78,79,83				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	74				
	305-2 Energy indirect (Scope 2) GHG emissions	74				
	305-3 Other indirect (Scope 3) GHG emissions	74				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Emissions						
GRI 3: Material Topics 2021	305-4 GHG emissions intensity	83				
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	75				
	305-6 Emissions of ozone-depleting substances (ODS)	-		Information unavailable/incomplete		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-		Information unavailable/incomplete		
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	86, 87				
	306-2 Management of significant waste-related impacts	86, 88, 89				
	306-3 Waste generated	87				
	306-4 Waste diverted from disposal	87				
	306-5 Waste directed to disposal	88				
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	58, 59				
	308-2 Negative environmental impacts in the supply chain and actions taken	59				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	35,41,54				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	30-41				
	401-3 Parental leave	-		Information unavailable/incomplete		
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	28, 29				
	403-2 Hazard identification, risk assessment, and incident investigation	28, 29				
	403-3 Occupational health services	28, 29				
	403-4 Worker participation, consultation, and communication on occupational health and safety	28, 29				
	403-5 Worker training on occupational health and safety	28, 29				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	30, 31, 32, 33				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	28, 29				
	403-8 Workers covered by an occupational health and safety management system	28				
	403-9 Work-related injuries	29				
	403-10 Work-related ill health	-		Information unavailable/incomplete		
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	29, 46				
	404-2 Programs for upgrading employee skills and transition assistance programs	29, 36, 40, 41				
	404-3 Percentage of employees receiving regular performance and career development reviews	31, 44				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	35				
	405-2 Ratio of basic salary and remuneration of women to men	-		Confidentiality constraints		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	50-55				
	413-2 Operations with significant actual and potential negative impacts on local communities	-			Not Applicable	
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	58, 59				
	414-2 Negative social impacts in the supply chain and actions taken	21, 22				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	20,21				
	205-2 Communication and training about anti-corruption policies and procedures	22				
	205-3 Confirmed incidents of corruption and actions taken	21				

Scope 3 Category

	Quantis Emissions Adjusted (tCO2e)	%	Method
1 Purchased goods and services	718,112	60.33%	Quantis-based assessment;
2 Capital goods	47,109	3.96%	Quantis-based assessment
3 Fuel and energy-related activities	1,862	0.16%	Quantis-based assessment
4 Third party upstream transportation	28,763	2.42%	Quantis-based assessment+ WTW adjustment
5 Waste generated in operations	709	0.06%	Quantis-based assessment
6 Business travel	2,677	0.22%	Quantis-based assessment+ WTW adjustment
7 Employee commuting	23,800	2.00%	Manual calculation based on Quantis emission factor (tab Adjustments)
8 Upstream leased assets	24,392	2.05%	Calculated based on available data from leased assets
9 Downstream transportation & distribution	0	0.00%	N/A - No data provided
10 Processing of sold products	0	0.00%	N/A - No data provided
11 Use of sold product	1,791	0.15%	Quantis-based assessment
12 End-of-life treatment of sold products	18,543	1.56%	Quantis-based assessment
13 Downstream leased assets	0	0.00%	N/A - No data provided
14 Franchises	0	0.00%	N/A - No data provided
15 Investments	322,597	27.10%	Quantis-based assessment
Total Scope 3 emissions (tCO2e)	1,190,356		Manual or Quantis adjusted calculation



[2022 Sustainability Report - Independent Assurance Report](#)

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