



# Transforming our business *for a sustainable future*



# Sustainability for our changing world



Our world is changing, and Chalhoub Group is changing too. The key factor that will ensure we succeed, now and in the future, is sustainability.

What does this mean? It means making sure we can continue as a thriving business, and making sure our **people** are happy and healthy. It means working with **partners** who share our responsible way of doing business, and who will help us achieve positive outcomes through our products. And it means everyone playing their part to protect our **planet's** precious natural resources.

So how can Chalhoub employees get involved? It's easy to get involved in sustainability at the Group, through our many environmental, educational and humanitarian initiatives.

Join us in our mission to provide our customers with the highest quality, luxury experience they desire, while having a positive **IMPACT** on society and the world.

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## [Reading this report](#)



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

We have prepared the report in accordance with Global Reporting Initiative (GRI) G4 Core option. It covers our UAE operations: Chalhoub Group Retail, Allied Retail, Havas, M.C.T FZE, Real FZE, Real Emirates, as well as regional and local distribution companies.

# CEOs' welcome

*"All changes are being made with Group sustainability in mind. We have encouraged our team members to make appropriate decisions, take initiative, be entrepreneurial, creative, innovative, quick and agile."*



**Anthony Chalhoub**  
Co-CEO



**Patrick Chalhoub**  
Co-CEO

## 2017 was a challenging yet successful year

We restructured our organisation, refocused on our customers and embarked on a new transformational journey to prepare the Group to be 'future-proof'. Everyone really got on board, embracing change and optimising our processes. Most importantly, we began changing our culture and mindset by entrusting and empowering our teams to lead the transformation.

All changes are being made with Group sustainability in mind. We have encouraged our team members to make appropriate decisions, take initiative, be entrepreneurial, creative, innovative, quick and agile.

These changes have increased our progress on the four pillars of our Sustainability Strategy.

Looking after our **people**, we accelerated our commitment to diversity and inclusion, working towards a more balanced workforce, from board to operations. We maintained our focus on education, training and diversity.

Taking care of our **planet**, we reduced our impact on the environment by upgrading our head offices in the UAE and Saudi Arabia. Through the STEP (Stores Towards Earth's Protection) certificate, which is a continuous process to enhance our stores' sustainability, we assessed 132 of our stores this year. We made sure they were built and operate in a healthier, highly efficient and cost-saving manner. In parallel – and to leverage the impact of making our buildings green – we continue to coach our 12,000+ team members to use resources wisely across our operations.

We started a dialogue with our **partners**, sharing with them our engagement and commitment to the 10 Principles of the United Nations Global Compact (of which we have been a member since 2014), and exchanging best practices. We partnered with the 'Pearl Initiative', a Gulf business-led organisation, to benchmark our integrity and transparency processes and practices, taking actions when needed to enhance our internal systems and policies.

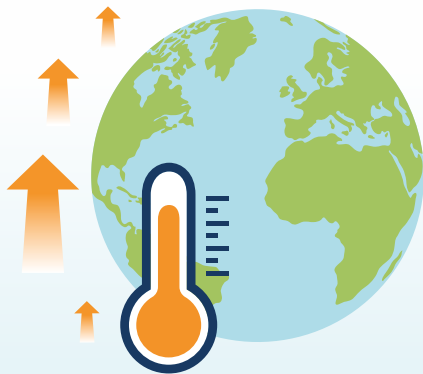
Finally, the number of volunteers participating in our educational, environmental and humanitarian **community giving** activities increased by 11%. This means that while we increase the awareness of our people on the importance of protecting Planet Earth, we were able to increase our support for primary and higher education, entrepreneurship, people in need – positively impacting more than 21,000 people.

We are tremendously proud and thankful for the work done by everyone across the Group. The results are visible every day at all levels of the company. The continued support, engagement and commitment to our sustainability vision is deeply valued. We can make a difference – and we will make it happen. Now and in the future.



# Our world is changing

## Climate change and resources scarcity



According to the UN, as global [temperatures rise](#) they will rise even faster in the Middle East, causing more frequent and severe droughts. Priorities include addressing water security and low-carbon energy. As people become more aware of these issues, they increasingly want to buy products that don't harm the planet, and we must respond.

## The Middle East is changing



Sustainability has crept up the agenda across the Middle East. With the UAE's [Vision 2021 National Agenda](#), [2021 Dubai plan](#), [Environment Vision 2030](#), and [State of the Green Economy](#) report 2018, businesses must play their part in minimising environmental impacts.

## Supply chains are complex



With increasing globalisation, supply chains are often complex in nature, making it hard to trace the origin of products. Despite this, businesses must [source sustainably](#) wherever possible if they want to meet consumer demand for sustainable products.

## Digitisation has transformed the way we live our lives



Luxury consumers can now find almost any item they want on the internet, and many young consumers have never known any other way to shop. It is more important than ever to transform our mindset to stay relevant to the modern and [connected consumer](#).

# Chalhoub Group is changing too

*"Our aim is to move fast from being a traditional distributor and retailer for luxury goods in the Middle East to a hybrid retailer bringing luxury experiences to the fingertips of customers everywhere."*



**Marie-Helene Straus,**  
Chief Officer Consumer  
& Innovation Strategies

## As a dynamic company, Chalhoub Group is responding by changing the way we work

Innovation has always been crucial for us – we were the first to support luxury brands in the region by blending our Middle East expertise and deep understanding of the local consumer and market. For us, innovation means bringing something different to meet consumer demand and add value...

## At consumers' fingertips, wherever they may be

In 2017, Chalhoub Group embarked on a transformation journey. Through social media engagement, services and e-commerce, we are focusing on creating relationships and experiences with our customers, all over the world. This is more than just changing systems and structures, it is about making a deeper change in our entire work culture.

'Convenience is the new loyalty' and that is something we need to be set up for. We know digital will keep evolving and that we will need to re-invent ourselves again soon. So we will create a sustainable, agile, omni-channel organisation, able to continually challenge the status quo and quickly switch gears to keep up with the changing consumer.

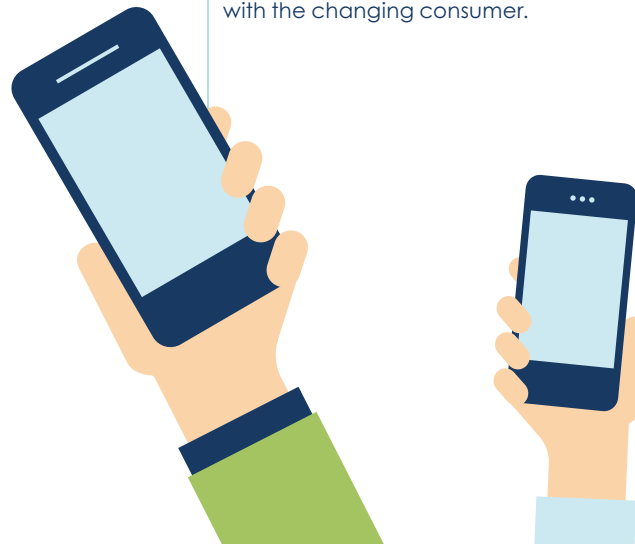
## Making the Group sustainable and future-proof...

In this report, you will read about our many initiatives to make our business even more sustainable for the future. Most importantly, businesses are formed by people, and to make these changes we need to prioritise communication and training, to ensure our team members are prepared to manage and lead change whenever required. That is why, in 2017, all our managers participated in a Change Management training programme.

We have already set up our transformation team, SHIFT, that will accompany the company during this phase. It is led by Rania Masri, our Chief Transformation Officer, who sits on our Strategy Committee. The journey is not going to be quick, but we will have regular wins along the way. We have already seen some, such as our new Innovation Lab, IBTIKAR, to foster new ideas. We will accelerate this programme in the coming year to further develop innovations.

## Doing nothing is not an option

We are already a leaner, stronger, more digitally focused, sustainable organisation. And we are excited about the changes and challenges that lie ahead. We expect failure – if we don't fail, it means we won't have tried. But we know, ultimately, we will succeed and will share our successes, transforming our organisation into a forward-looking, sustainable enterprise that is fit for the future.



# Responsibility across our value chain

## Our partners produce



We are not directly involved in the design or production of the items we sell in our stores, yet we always extend a hand to our **partners** to inspire sustainable behaviour across our supply chain.

## We purchase luxury



We strengthen our relationship with partners and suppliers through our **Supply Chain Policy**. And we use our Supplier Scorecard to help them understand our commitments to sustainability.

## We distribute



We store and distribute our partners' products all over the Middle East. We constantly look for innovative ways to increase efficiency and reduce waste and carbon **emissions**.

## We sell in our stores



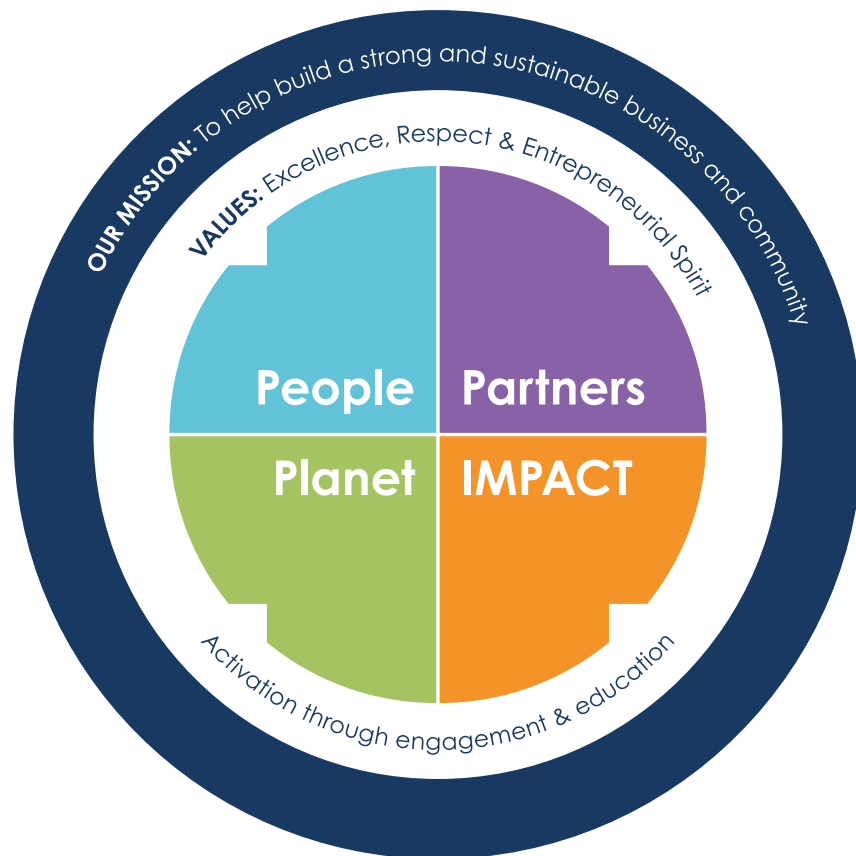
Our frontliners follow sustainable **practices**, and we evaluate all our stores using the STEP (Stores Towards Earth's Protection) certificate. This is our own programme to ensure our stores are built in line with green building standards.

## We support consumers



We make it easier for consumers to be more sustainable. For example, we are pioneering an **electronic receipt** system in the Middle East, to reduce paper waste at the point of sale.

# Our Sustainability Strategy



**Our plan is to ensure we are a sustainable company that delivers on our sustainability commitments. We focus on four main areas:**

## People

Ensuring our people are happy and healthy, and continuing to be recognised as an employer of choice in the Middle East.

[Discover more on page 09](#)

## Partners

Achieving a positive impact across our value chain by working with partners and suppliers to influence sustainable practices.

[Discover more on page 16](#)

## Planet

Improving the efficiency of our operations, including our buildings, stores and logistics, and using energy and water wisely to reduce our environmental footprint.

[Discover more on page 20](#)

## IMPACT

Giving back to the community by empowering youth, taking care of our planet and providing support to those in need.

[Discover more on page 24](#)

## Supporting SDGs & Dubai Plan 21

Our strategy supports the UN Sustainable Development Goals (SDGs), launched in 2015. These consist of 17 goals to end poverty, protect the planet and ensure prosperity for all by 2030. Our areas of focus also support the [United Nations Global Compact \(UNGC\)](#) and the Dubai Plan 21. The Dubai Plan 21 aims to transform Dubai into a smart city by 2021, by developing six key areas: economy, society, people, experience, government and place.

[Discover more on page 8](#)

## Spreading the word

We know that a sustainability strategy is only as good as its implementation. That's why it's crucial that we get our people on board and inspired to take action. We also spread the word among our suppliers, partners and other stakeholders, like government agencies.

We do this in lots of different ways – through our Group website, sustainability report, conferences, meetings and press kits. Our new joiners' Values booklet, intranet, Code of Ethics, and internal communications help motivate our employees to support our sustainability efforts. In 2017, for the first time, 560 of our employees in the UAE took part in a Sustainability Quiz to raise awareness about sustainability across the Group.

# We are supporting the Sustainable Development Goals

Our sustainability efforts are part of a much bigger global movement towards sustainability...

## 4

### Quality education

During 2017, we provided funding to educate 1,062 Syrian refugee children, and supported 3,317 additional students and young entrepreneurs across the region.

## 8

### Decent work and economic growth

We employ more than 12,000 people across the region. Supporting continual learning and development, in 2017 we were proud to celebrate the 10th anniversary of the Chalhoub Group Retail Academy – the Middle East's first accredited retail academy.

## 13

### Climate action

We fix air conditioning at 24°C at our offices and warehouses, reducing energy consumption and CO<sub>2</sub> emissions. We also set our printing machines to print double-sided by default (this has led to a 30% reduction in paper consumption).

## 15

### Life on land

Every year, we run beach clean-up and tree planting events with employees and their families in the UAE, Kuwait, Lebanon, India and Bahrain. In 2017, 300 people volunteered to help, and raised awareness about environmental protection.



## 3

### Good health and wellbeing

Chalhoub employees can join any of our 20 sports teams. These compete in corporate competitions all year round, and are supported by professional coaches through weekly training.

## 5

### Gender equality

In 2017, we introduced a new diversity and inclusion vision, mission, and our top management signed a Diversity & Inclusion Board Charter. We also signed up to the UN Women's Empowerment Principles, and continued to make good progress on gender equality.

## 12

### Responsible consumption and production

STEP (Stores Towards Earth's Protection) is helping us make our stores more sustainable. In 2017, we rolled out the programme across the 132 targeted stores in the UAE, Saudi Arabia and Kuwait. 65% of these stores have already achieved certification (five points or above, out of a possible 10).

## 17

### Partnerships for the goals

In just one year, 192 of our suppliers completed the new Supplier Sustainability Scorecard. That's 32.4% of the 592 suppliers we shared it with. We now want to engage 200 more suppliers, and will work on helping low-scorers improve their sustainability performance.



# 01 Sustainability by, and for, our people

*"The most important thing about our company is our people. We want to make sure that Chalhoub Group is not only a safe, diverse and inclusive place to work, but really brings out the best in people."*



**Wassim Eid,**  
Chief Human  
Resources Officer





# 01

## Our People

### Our ambition

Our ambition is to ensure our people are happy and healthy, to provide motivating and meaningful experiences to our employees throughout their journey within the Group, and to continue to be recognised as an employer of choice in the Middle East.

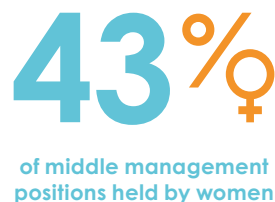
### Our approach

More than 12,000 people work at Chalhoub Group across the region. And we want every single one of our employees to live and breathe the company's core values, and work with the highest integrity.

We encourage collaborative teamwork, as well as developing individuals. To support this, we provide continuous learning and development opportunities, and strengthen our culture of regular feedback and ongoing improvements.

We aim to help everyone fulfil their potential. Striving for a safe and diverse work environment, we are mindful of the wellbeing of our employees. We also support local employment as part of our Gulfanisation efforts, as well as people with disabilities.

### Our performance in 2017



### Our perspectives

*"Training is very important to the success of a business and its people. The fact that so many people benefited from training this year will only add to our success going forward."*



**Zaur Shiraliyev,**  
Group Learning and Development  
Manager

*"People Experience is on top of Chalhoub Group's priorities. It's about strengthening our culture of ongoing feedback and continuous improvements, to provide top-notch experience to our employees throughout their journey within the Group."*



**Florencio Padilla,**  
Head of People Experience

### Our 2020 commitments:

#### Diversity & Inclusion

- **40% – 60%** women in middle management positions by 2020 (2016: 43%, 2017: 43%).
- **25%** women in our senior management team by 2020 (2016: 20%, 2017: 22%).
- Hire at least **30 women** in our warehouses.
- **3%** GCC nationals in our workforce by 2020 (2016: 1%, 2017: 2%).
- Continue being an **equal opportunities** employer.
- **20 days increase** in our maternity leave up to a total of 90 days (2016: 45 days, 2017: 70 days).
- **2 days increase** in our paternity leave up to a total of 5 days (2016: 1 day, 2017: 3 days).

#### Health & Safety

- **Zero** accident and injury rate (2016: 4 recordable incidents, 2017: 2 recordable incidents).

All commitments against 2017 baseline.

# 01 Our People

## Employee learning and development – from the bottom to the top

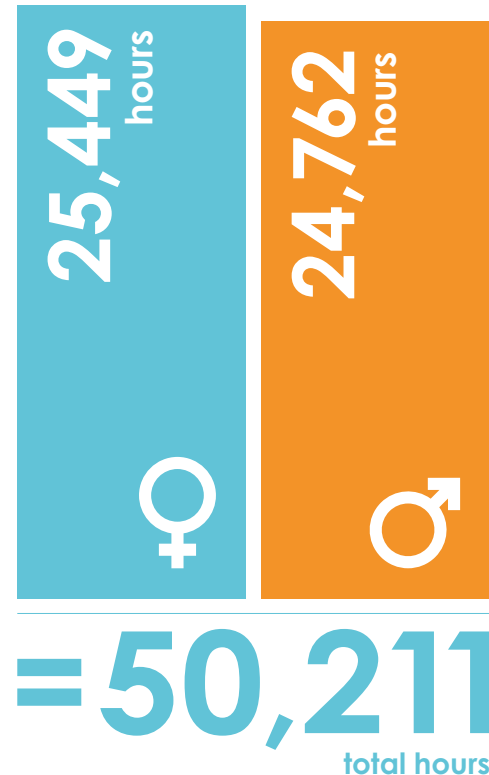
There have been several organisational changes in 2017. This means that learning and development are even more important to support people in their new roles, whether they are **junior starters** or **senior managers**. We want all our team members to feel motivated and supported, which is important for their own job satisfaction as well as the success of our company.

Personalised training – through workshops, seminars, games, Learning Labs and other forums – is at the heart of our development plans and performance reviews. Last year, for example, we introduced the Chalhoub Mentoring Programme to prepare our future leaders for their next role. During 2017, 14 mentors and 12 mentees participated in the programme. And in 2018, we will be introducing reverse mentorship to make our leaders even stronger.

In 2017, we designed our 'Leading teams through change' interactive workshop. This has been rolled out across the Group, helping to shift the mindset of 350 managers and their teams towards greater sustainability, agility, digitisation and accountability. We also developed internal consulting services to help business units address challenges related to performance, collaboration, communication and engagement. Managing innovation workshops are helping to foster and develop further innovative ideas.

**5,065**  
employees took part in  
Learning & Development programmes  
(2,040 back office; 3,025 front line)

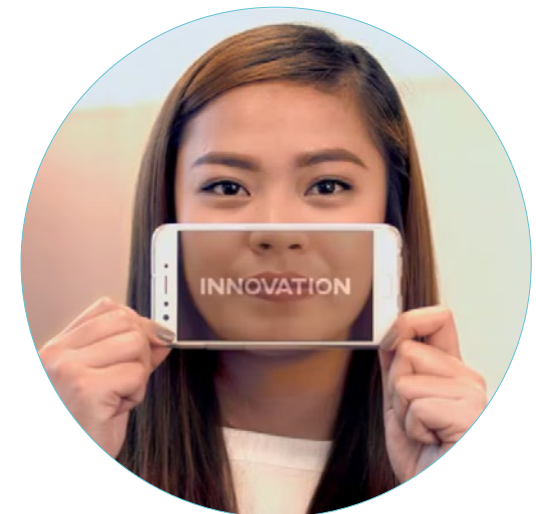
## Total hours of training



## 'Ibtikar' – Chalhoub Group Innovation Lab

We believe in the creative skills of our team members. To help us through these times of change, in 2017 we launched 'Ibtikar', a unique space designed to foster ideas and creativity, reward everyday innovation and promote entrepreneurship across the Group.

The Lab will be the space where Chalhoub intrapreneurs can share ideas, whether small or big. So far, 140 submissions have been received and three business ideas are in the process of mentorship and funding.





# 01 Our People



## Health and safety first

Safety is our number one priority across the Group. In 2017, we extended CCTV monitoring across our stores and offices, and enhanced our safety induction training programme. We carried out H&S training for all levels of the business, and ran Safety Toolbox Talks at our retail operations.

Our Logistic operations continued to reinforce health and safety across our warehouses as well as distribution network. In 2017, colleagues spent 2,905 hours on safety training to ensure a safety-first culture. We will continue our efforts to avoid safety incidents in the warehouses and distribution network, maintaining our zero fatalities record year after year.

## Unprecedented achievement at logistics

We are proud of our Logistic operations' incredible dedication to safety. For an entire year, the whole team – comprising 430 people – showed up every single day, worked hard, and had no accidents. Only one person from the entire team took one day's sick leave – and that was due to a serious bee sting. The team's improvement and record in safety is an inspiration to us all.



## Accident and injury rate in Logistics – UAE:

### Recordable Incident (count of incidents)

Country	2016	2017
UAE (logistics)	4	2

### Recordable Incident Tolerance: 2.60 @ 100,000 hrs

Country	2016	2017
UAE (logistics)	0.24	0.16

### DART Target: 0 (no. of days lost due to accident)

Country	2016	2017
UAE (logistics)	82	1

## If you have a safety concern....

At Chalhoub Group, we care about people's safety and wellbeing. Despite our excellent safety record, we must continue to be vigilant, and learn from any small incidents that may take place.

If an employee does have a concern about any aspect of safety, they are encouraged to report it by contacting our Centralised Security Control Room, our Centralised Crisis Management Room or directly contact the Group Security Operations Manager, Dirk Bruwer.



# 01 Our People



## Watching out for wellbeing

As well as being healthy, we want our employees to be happy in their jobs for the sake of their own wellbeing and the good of our business. This means employees having the time to take care of themselves and their families.

We have a flexible working hours policy, we provide recreational areas, and we run many out-of-office social and **sporting events** and activities. Our competitive benefits package includes health care, medical and life insurance and discounts with third-party partners like travel and car hire companies, to help our people enjoy well-earned getaways.

### Supporting mums-to-be

Expecting mothers receive our new maternity kit to help them understand what help they will receive from the Group. We provide support through our HR team, offer insurance, maternity leave, reduced and flexible working hours, nursing support, and even a birthday party for the child and support with schooling.

### Dressing for comfort!

In 2017, we reduced our dress code, to ensure people feel comfortable in the workplace, and to give them more flexibility in how they dress.

## Group-wide wellbeing

In 2018, we will be launching a Group-wide initiative to improve the employee experience. Regular 'pulse checks' will be taken throughout the year across all positions, giving everyone the opportunity to make suggestions on how to make Chalhoub Group an even better place to work.

## Supporting wellness for our employees

In 2017, Chalhoub teams participated in....

- The **Dubai and Mumbai marathons**.
- The **Dubai Corporate Games** (and won 'Best Overall Performing Company' out of 56 companies).
- **Global Wellness Day** (with yoga sessions).
- **Dubai Fitness Challenge**, with daily workout sessions provided by employees in UAE offices.
- **Team Iftars** at the end of Ramadan in UAE, Bahrain and Saudi Arabia.
- **Children's Christmas party** in the UAE (for around 800 children and their parents).
- UAE, India and Saudi Arabia **National Days** celebrations.
- **Bring Your Children to Work Day** (in India and the UAE).
- We are proud that our Human Resources (HR) team received the **Innovation in Employee Engagement Award** at the GCC GOV HR Awards.

# 01 Our People

## Making diversity and inclusion our way of life

We believe that having a more diverse and inclusive (D&I) business is essential – not only is it the right thing to do, it also helps us understand all our customers and ensure we attract and retain the best talent.

In 2017, our Board committed to a new D&I vision, mission and Charter. And to further develop our D&I Strategy, we have created a COSI (Community of Shared Interests) working group.

We are part of Emirates NBD and Manzil's Careers Network to promote inclusion of people with disabilities into the workplace, and have run four information sessions to raise awareness across the business.

In 2018, we will launch an internal campaign, supported by videos and talks on D&I, to raise awareness among colleagues.

## Our D&I mission

Our mission is to empower every person at Chalhoub Group to use their unique experiences, approaches and background to ignite innovative solutions and give both our employees and customers the most compelling experience possible.

*"I am proud to work for a company that is leading the way in the Middle East when it comes to empowering women to take senior roles in business. It's a real motivator for me in my career."*



**Houda Tohme,**  
General Manager, Havas Media

## Did you know?

### Supporting Emiratis

Marwan Ali Ahmed joined Chalhoub Group in 2011 as a Senior Public Relations Officer, and in January 2017 was promoted to Government Relations Officer. He has successfully developed our relationships with government authorities, prioritising the reputation of the Group in supporting nationalisation.

In fact, our 7 Emirates Race for Happiness Campaign would not have happened without Marwan's support. This home-grown initiative brought together over 50 employees from different divisions. Their goal was to run and cycle through the seven Emirates of the UAE, conducting training sessions for UAE national students, and promoting working at Chalhoub Group.

*"The 7 Emirates Race for Happiness Campaign was a great way to encourage Emiratis to join the workforce. I felt really proud to be able to contribute to this important initiative."*



**Marwan Ali Ahmed,**  
Government Relations Officer,  
Chalhoub Group

## Going further with Gulfanisation

As well as being a global Group with people from over 100 countries, we understand the importance of our national workforce. Our dedicated Gulfanisation team creates specific programmes to attract, develop and retain the best regional young talent.

In 2017, we participated in 11 career fairs and seven career sessions targeting Emirati nationals, as well as a training session and open day with [INJAZ](#). We partnered with Dubai Tourism Authority to nationalise the retail sector, and with Jafza's Tumoochi programme to hire five graduate trainees – we are honoured to have been recognised in their Golden category. And following the success of our Emirati, Kuwaiti and Saudi Arabia graduate programmes, we opened one in Qatar.

# 100

**nationalities among  
our employees**



# 01 Our People



## Signing the UN Women's Empowerment Principles (WEPs)

Chalhoub Group is working hard to ensure equal opportunities for women within our company. In 2017, we signed the Women Empowerment Principles (WEP), showing our support for gender equality. By doing this, we have committed to making the WEPs a reality across our organisation. We have increased maternity leave from the legally-required 45 calendar days to 70, and paternity leave from one day to three. For the first time, we have hired five women to work in our warehouse.

## Pioneering integrity across the region

As members of the UN Global Compact, we support the 10th principle: 'Businesses should work against corruption in all its forms, including extortion and bribery'. This clear-cut commitment is stated publicly in our Code of Ethics, which is shared with new joiners, distributed to all employees and available on our intranet.

Chalhoub Group has zero tolerance for any form of fraud, violation, bribery or corruption. We promote transparent relationships with our business partners and working with [integrity](#).

Our three values (Respect, Excellence and Entrepreneurial Spirit) make up at least 5% of every employee's KPIs assessment, which determines promotions and bonuses. This is pioneering for the region and we think that introducing values into the KPIs of employees is key for a sustainable business.

## Reporting corruption

If employees have any concerns about ethical business practices, we encourage them to tell us through their Country Manager, HR Manager, or by email to [Ethics-Committee@mailmac.net](mailto:Ethics-Committee@mailmac.net)

*"Gender equality is imperative for economic growth. Chalhoub Group pledges to cultivate a gender-balanced work environment that supports, empowers and recognises men and women at all levels."*



Patrick Chalhoub  
Co-CEO



# 02

## We open dialogue with our partners to enhance sustainability

*"Our guests want to buy high quality products that are produced sustainably. I work closely with our partners to make sure everything that goes into the making of the products that we sell meets guests' expectations and equally, our designers are as focused on the craftsmanship of their footwear."*



**Thierry Pichon,**  
General Manager, Level Shoes  
and Level Kids





## 02

# Our Partners

### Our ambition

Our ambition is to achieve a positive impact across our value chain by working with partners, suppliers and consumers to influence sustainable practices.

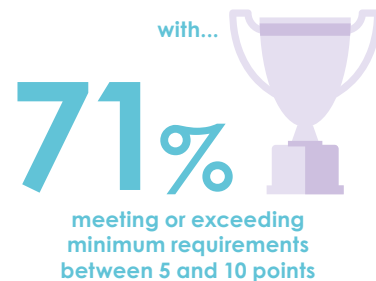
### Our approach

We value the special relationships we have built with our partners over the 60 years of running our business. Many of them have been with us from the start.

Sustainability has always played a central role in these relationships, and it continues to increase. We want to work with partners who share our vision, and who continually take action to improve their positive impact.

We do this via our Sustainable Supply Chain Policy, our new Supplier Sustainability Scorecard, and initiatives like our electronic receipts system, which allows our customers to be more sustainable.

### Our performance in 2017



### Our perspectives

*"Not only are we running our business responsibly, the Supplier Sustainability Scorecard means we are encouraging others to treat people fairly and play their part in protecting the environment."*



**Dany Bachir,**  
Operations Manager

*"We have been working hard to raise awareness of our new e-receipt system, which is helping us lower our environmental impact and save money — it's a win-win!"*



**Noura Almarzooqi,**  
Retail Area Sales Supervisor,  
Michael Kors

### Our 2020 commitments:

- **200 more** suppliers to complete the Supplier Sustainability Scorecard (2017: 192)
- **At least 100,000** of our total annual receipts will be electronic receipts (2017: 83,839)

All commitments against 2017 baseline.

## 02

# Our Partners



### Driving sustainability among our partners and suppliers

Our aim is to drive sustainability in the Middle East. To achieve this, all our employees need to work together with our partners and suppliers to engage them on our sustainability journey.

Last year, we began by introducing our new Sustainable Supply Chain Policy. This sets out our expectation for suppliers to run their businesses ethically, always acting with respect, honesty, integrity and fairness. It states our commitment to only work with suppliers who fully comply with the law and regulations, and who operate in a socially and environmentally responsible way.

### Communicating with suppliers about sustainability

To communicate our commitment, we have shared our new **Supplier Sustainability Scorecard** with 592 suppliers. This is helping us better understand their commitment to sustainability. The Scorecard includes questions about UNGC Principles, including governance and transparency, anti-corruption practices, and community engagement.

Our 2017 goal was for 30% of our suppliers, partners and service providers, with whom we initially shared the scorecard, to complete it.

We are delighted to have exceeded this target, with 192 Scorecards completed (32.4%).

### Pioneering electronic receipts

In the UAE, we were spending 100,000 USD on paper for receipts every single year, not to mention the cost of toner, printers, transport and energy. In light of the number of countries in which we operate, we saw a huge opportunity to save money and lower our environmental impacts. So in 2017, our retail employees started giving customers the choice to receive receipts by email instead of paper.

In 2017, we began a series of close to 30 briefing and training sessions, implementing the new system across our 150+ stores in the UAE. We also began an awareness-raising campaign to encourage our customers to switch to e-receipts.

*"We believe in, and sustain, the Chalhoub Group ethical business policy."*



**Roberta Legori,**  
Showroom & Export Manager,  
Follie's Group, Milan

# 02

## Our Partners

### Focus: New partnership with Sciences Po University



**In 2017, we began an exciting new partnership with the influential, Paris-based Sciences Po University.**

**The university's alumni include many notable public figures, including seven of the last eight French presidents, 12 foreign heads of state or government, and heads of international organisations, including the United Nations.**

Our partnership with Sciences Po encourages students to research and develop business opportunities relevant to Chalhoub Group.

"The aim of our joint partnership is to expose a real business case to the students," said Eva Bellinghausen, Directrice de programme Master Marketing et Etudes, Science Po University. "They work on research that is relevant to their studies, the outcome of which may be used by the Chalhoub business. Depending on the subject, the students are also asked to consider sustainability aspects."

15 students participated in the project in 2017, which was on the theme of creating a Digital Strategy for our brand Ghawali. They came up with many innovative ideas.

To choose a winning idea, we had a panel of judges from the beauty sector. These included Patricia Khoury, Head of Business Development at Chalhoub Group, professionals from the beauty industry, a Sciences Po professor and Florence Bulte, Chalhoub Group's Head of Sustainability.

"In 2018, we will definitely take into account many of the overarching themes in how we develop and execute our digital strategies, as well as how they affect the offline community", said Patricia Khoury. "The students were so switched on and connected to social media."

Feedback has been very positive. Participants have said they learnt about a new category of products and its market in the GCC, and they've learnt a lot about the Middle East. The project gave them real-life examples of how business challenges are tackled. The collaboration was mutually beneficial as Chalhoub Group implemented some of the students' ideas.

"We've now just launched the project again for 2018 with another 15 students," said Celine Goldberg, Chalhoub Group's Commercial Division Manager. "This time, it's on the theme of expanding Wow by Wojooh into new markets. We've also incorporated more time for research, including focus groups and online surveys, before beginning the workshops. The partnership has been insightful for our business as well as an opportunity to give learning opportunities to others."

*"From the origins of the brand to its actual offer, this project became so much more than a challenging contest with excellent students. Thanks to Ghawali and its specific identity, I felt like I was diving into a culture I didn't know, into an art that I had previously ignored: the art of performing."*



**Lisa-Kim Durand**  
Master, Marketing et Études,  
Sciences Po Paris



03

# We protect our planet while growing our business

*"We work hard to make sure we protect precious natural resources. We need the help of every single employee in our stores, offices and warehouses to do this. Together, we can make a huge difference."*



**Marc Ruiviejo Cirera,**  
Senior Sustainable  
Engagement Executive





# 03

## Our Planet

### Our ambition

Our ambition is to improve the efficiency of our operations, including our buildings, stores and logistics, and use energy and water wisely to reduce our environmental footprint.

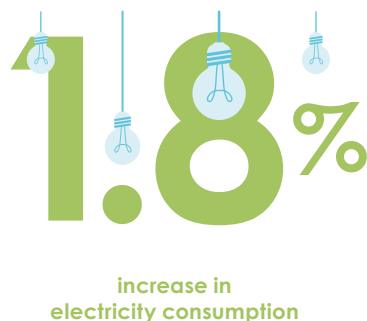
### Our approach

Doing our bit for the planet requires us to look at every part of our business, from the way we design and work in our stores and offices, to the efficiency of our logistics and distribution.

By taking steps towards greater sustainability, we are helping to secure the future of our business. We are implementing our new Environmental Policy and using our sustainability software to monitor progress. We're also partnering with other companies so we can learn from their successes.

Small steps for us as a company – and as individuals – add up to a big difference, helping Dubai achieve [The Dubai Plan 2021](#), and the UAE reach the goals set out in its [Green Growth Strategy](#).

### Our performance in 2017



### Our perspectives

*"Recycling is really easy. Everyone has really pulled together to recycle even more this year."*



**Rami Riman,**  
Department Manager – Administration

*"Water security is a serious challenge in Dubai. It's important that we all reduce the amount of water we use wherever we can."*



**Claudette Terzian,**  
Office Manager

### Our 2020 commitments:

#### Resources consumption

- Reduce electrical energy consumption by **15%**.
- Install solar panels in our sites so **30%** of our energy consumption comes from renewal sources.
- Reduce carbon emissions by **15%**.
- Reduce water consumption by **15%**.
- Reduce office paper consumption by **25%**.

#### Recycling

- Increase **total amount of waste recycled** by **15%**.
- Reduce our waste to landfill by **30%**.

#### STEP

- Increase percentage of stores assessed to **90%** (2017: 78%).
- Increase percentage of stores who obtained STEP certification to **80%** (2017: 65%).

All commitments against 2017 baseline.

# 03 Our Planet

## Implementing our new Environmental Policy

Our Environmental Policy is the starting point for how we run our business. In 2017, we implemented our revised Environmental Policy. This aims to reduce our environmental footprint by being efficient in our operations and with resources. The new Policy includes a set of specific, actionable measures relating to energy, water and waste – a first for Chalhoub Group.



**280,000**  
USD

potential savings  
by fixing our air  
conditioning at 24°C



## Our sustainability software helps us drive improvements

We monitor our CO<sub>2</sub> emissions, recycling rates, health & safety incidents, and other measures to find areas of improvement. Our sustainability software helps us automate our data collection process. It ensures that timely, at-a-glance sustainability performance information is readily available.

By implementing both our new Environmental Policy and sustainability software system, we will continue to drive performance and encourage progress against short- and long-term sustainability targets. Equally important, in 2018 we will conduct awareness-raising campaigns at our offices, warehouse and stores to further reduce water and electricity consumption and waste.

## STEPS to protect our planet

STEP (Stores Towards Earth's Protection) certification is our new programme that is helping us make our stores more sustainable. We created a set of criteria based on the U.S. Green Building Council recommendations (LEED certification framework) and our new Environmental Policy.

In 2017, we rolled the programme out across the 132 targeted stores in the UAE, Saudi Arabia and Kuwait. Currently, 65% of these stores have achieved STEP certification (receiving between 5 and 10 points). In 2018, we will complete assessment for all new stores and set up an action plan to improve results. We will also run a campaign to let our guests know about STEP and our performance.

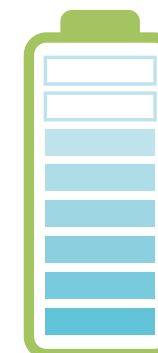


**48%**  
reduction in  
paper use

## Did you know?

Our water consumption increased in 2017 because of two underground water line leakages. Thanks to our sustainability software system, which monitors our resource use, we were able to identify and resolve the issues.

Our sustainability software also helped us identify a 48% decrease in paper use in Q4 compared to Q3. This came about as a result of implementing our new Environmental Policy, which encourages responsible printing, and collaborating with IT to set all printers to double-sided printing.



**78%**

of our stores in UAE,  
Saudi Arabia and  
Kuwait, that opened  
between 2015 and  
2017, have been  
assessed against  
STEP criteria

# 03 Our Planet

## Managing precious resources

Chalhoub Group is taking measures to operate more efficiently and reduce its impact on the environment, and we are making good progress...

### Solar panels project

What does the figure 1.66 million represent? That's the amount of USD we spent in 2017 on electricity alone. To reduce our energy use, we have decided to install solar panels in 2018.

We will be integrating a full solar energy system at our head office and main warehouse sites in Jafza, Dubai. The head office will have a 308 kWp system, which will generate 508 MWh in the first year from 947 solar panels. Over 20 years, this will lower CO<sub>2</sub> by 4,842 tonnes – equivalent to the same number of cars in weight.

The main warehouse system will be even bigger, housing 5,601 solar panels as part of a 1,820 kWp system. This will generate 3,013 MWh in the first year, lowering CO<sub>2</sub> by 28,737 tonnes (or the weight of 28,737 cars) over the next two decades!



**28,737**

tonnes of CO<sub>2</sub> will be saved by solar panels in our main warehouse system



(the weight of 28,737 cars)

Managing resources	2016	2017	Increase/decrease
Water use	38,011,727 litres	47,009,586 litres	23.6% increase
Electricity consumption	18,071,974 kWh	18,407,901 kWh	1.8% increase
CO <sub>2</sub> emissions	11,766 kg	11,836 kg	0.6% increase
Total waste recycled	275,950 kg	280,517 kg	1.7% increase

## Embedding recycling across the region

In 2017, we expanded our recycling programme to all the countries where we operate.

Despite being a big company that is pioneering sustainability in the Middle East, we know there is always more to learn from sustainability leaders around the world. In 2017, we joined a working group with Unilever and Mars who have already achieved 'zero waste to landfill'. This initiative will help us improve our recycling rates over the coming years, and in 2018 we will run awareness-raising campaigns across the region to increase recycling further.

## Designing sustainable buildings

A major component of our business is storage and distribution, so we take Integrated Management Systems and sustainable design very seriously. All our warehouses in the UAE, KSA, Qatar, Kuwait and Bahrain are ISO 14001, ISO 9001 and OHSAS 18001 certified. And our regional warehouse is LEED Silver certified.



# 04

## We positively **IMPACT** communities

*"I am proud to help Chalhoub Group give back to the community. 2017 was the 'Year of Giving' and our initiatives continue to empower young people, protect the planet, and provide meaningful support to those in need."*



**Musa Ali**  
Chalhoub IMPACT Ambassador





# 04 IMPACT

## Our approach

Our ambition is to give back to the community by empowering youth, taking care of our planet and providing support to those in need.

## Our approach

We want to leave a positive impact on the communities where we work. So, we organise initiatives in the areas where we feel we can make the biggest difference – in education, protecting the environment, and supplying humanitarian aid.

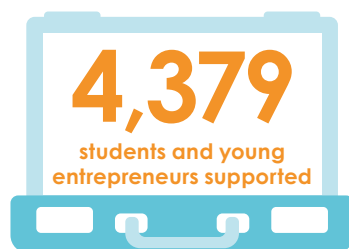
But we don't just provide financial support. We believe in the power of volunteering. This also helps to develop our people and is a powerful motivating force to succeed.

Our aim is for every single employee who works at Chalhoub Group to know about, and take part in at least one of our IMPACT initiatives.

## Our achievements in 2017

110 IMPACT activities, involving 3,687 employees, 30 partners, 7,775 volunteering hours and 156 IMPACT Ambassadors, and impacting 21,564 people – breaking all previous records!

## Our developments in 2017



## Our perspectives

*"I've always been environmentally conscious, and I love working for a company that 'walks the walk' as well as 'talks the talk'. It feels good to help clean up and support the local community."*



**Nancy Avila,**  
Logistics QHSE Officer

*"When I learn about the awful situations facing others in the world, I see more and more how lucky we are here, with our supportive jobs, reliable income and promising future."*



**Muhammad Sarmad,**  
Purchase Administration Coordinator

## Our 2020 commitments:

- To continue engaging our employees and making a positive impact to communities and the environment.
- Increase the number of students and people in need who are supported.

# 04 Our Education IMPACT

In 2017, our employees participated in 58 inspiring education initiatives, helping **4,379 students and entrepreneurs**.



**2,182**  
young girls educated  
in Egypt

## Not just a pen

In 2017, we produced and sold awareness pens in all our stores. The money raised through sales was donated to a programme educating young girls in Egypt. Our retail employees were heavily involved in promoting sales and awareness of the programme. As a result of their tireless efforts, 110,000 USD was raised to educate 2,182 young girls.



**300**  
young people  
attended our  
fashion symposium

## Next generation fashion

Chalhoub Group partners with the **American University of Sharjah (AUS)** to inspire young fashion students. In 2017, 300 young people attended the annual AUS Symposium, in which Chalhoub professionals and other prominent leaders in the world of fashion spoke about their experiences in the industry. The event raised sustainability awareness, covering topics such as ethical and eco-design.



**8**  
employees at the  
One Young World  
summit in Colombia

## Leaders of tomorrow

We want to inspire young people to become the leaders of tomorrow. This includes our own employees, who we encourage to take on leadership roles to inspire their communities. In 2017, we sponsored eight employees and one student to attend the One Young World (OYW) global summit in Colombia. They returned with incredible ideas for new IMPACT initiatives.



**14,510**  
school bags for  
under-privileged  
students

## Gift of giving

Every year, we run a campaign to donate recyclable school bags for students from low-income families. In 2017, 211 employees volunteered to pack and distribute a record 14,510 bags in nine countries! We match the cost of the recycled bags and also pay for stationery to fill them. In the future, we will adapt our focus to help students keep up with digitisation.

# 04 Our Environmental IMPACT

In 2017, our employees volunteered in a total of 12 initiatives to protect our planet...



# 221

ghaf trees planted

## Cleaning up our waters...

According to WWF, some marine species populations have halved in recent decades. We want to protect the other half, so every year employees who can dive partner with the Emirates Diving Association to clean up the sea.



# 60

colleagues' families cleaned up the beach

## Helping save the Ghaf tree from extinction

Ghaf trees grow in the harsh desert and are in danger. On Earth Day, we held our annual tree planting event in partnership with Goumbook in the UAE. Together we Ghaf planted 100 trees, and a further 100 were planted in Lebanon, and 21 in India.



# 160

stores went dark for Earth Hour

## Lights out!

If you were in one of our stores on the evening of 25 March, you may initially have thought there had been a power cut...In fact, we switched off the lights in 160 stores across nine countries to celebrate Earth Hour and increase environmental awareness.



# 30

kg of recyclables collected in one afternoon

## Family Recycling Day

Our lack of responsible choices is slowly destroying the only home we have. But simple, daily steps can help reverse this process – like recycling. Every year, colleagues and their families are invited to collect household waste for a few weeks, which they then bring to our [Family Recycling Day](#).

## ...and our beaches

60 colleagues and their families also participated in a beach clean-up to raise awareness of environmental protection, in partnership with the Emirates Marine Environmental Group.



# 04 Our Humanitarian IMPACT

In 2017, our employees volunteered in 28 eye-opening humanitarian projects. We are proud to have contributed 260,000 USD to charities...



## 1,062

Syrian refugee children given education and support

### Giving hope to Syrian refugee children

You may have heard of the Chalhoub Literacy Center in Bekaa, Lebanon. There, together with the non-profit, apolitical and secular education and basic social support for **1,062 children** (up from 700 in 2016). In December 2017, we gave out 1,596 winter packages, helping to keep students and teachers warm.



## 1million

We pledge an additional 1 million USD for children

Too many children in the Middle East are lacking the basic necessities. Our business and employees are privileged to be in a position to help... So in 2017, we committed to an additional partnership supporting children – with **UNICEF**.



## H4CP

Hope For Cancer Patients

### Have you heard of H4CP?

H4CP stands for Hope for Cancer Patients – and that is exactly what this project does. We run an annual campaign from December to March in our stores to raise awareness about cancer and raise funds for **cancer treatment**. A team of our employees also participated in the Sharjah Marathon, walking for 24 hours to support this worthwhile cause.



### Color My World

To make women going through the trials of cancer treatment feel better, as well as give cancer survivors a boost, we organise beauty sessions, offering free make-up lessons, facials and beauty products. In 2017, we supported 25 women in this way, and in 2018 will introduce care packages for cancer patients undergoing treatment in hospitals.



## 100k

USD donated to Dubai Cares each year

### Showing kids we care...

We believe everyone deserves a basic education, so we have partnered with children's philanthropic organisation, Dubai Cares, for the past four years, donating 100,000 USD each year to support kids in developing countries. In 2018, we will continue partnering with this important cause.



## 390

employees dressed up for cancer awareness

### Wear Pink to Work

In October, to support Breast Cancer Awareness Month, we raised awareness on the importance of going for check-ups. 390 employees in six countries wore pink to work and joined in various activities, like our cancer awareness quiz, 'walkathon', and – most importantly – medical checks.

# 05 About us

*"Sustainability is the only way forward. By supporting our people, working with sustainable partners, protecting our planet, and having a positive impact on society, we're not only doing the right thing, we're also ensuring the future of our business."*



**Mansour Hajjar**  
Chief Operating Officer, Fashion





# 05 About us

**With more than 60 years' expertise in the luxury industry, Chalhoub Group is the leading partner for luxury across the Middle East.**

Based in Dubai, we are proud to have built successful brands across the Middle East, with a network of over 650 retail stores.



## Our vision:

To be the leading partner for luxury across the Middle East.

## Our mission:

Our passionate teams build brands in the Middle East. By blending our Middle East expertise, deep understanding of the local consumer and intimate knowledge of luxury, we offer service excellence to all our partners and a unique experience to all our customers.

## Our values:

**Respect, Excellence and Entrepreneurial Spirit.**

## Our own concept brands

We have created six multi-brand concepts, unique in their own way, designed to fill a gap in the market with choice, width and depth:

- Tanagra is the leader in retail for luxury home accessories.
- Level Shoes is the world's finest shoe metropolis and a Global fashion destination.
- Level Kids is an international reference for children's luxury retailing.
- Wojooh is the leading beauty retailer in the Middle East, offering the best in fragrance, make-up and skin care from an array of international brands.
- Tryano is a concept department store offering exceptional experiences through a carefully curated edit of international and regional luxury, fashion, and beauty brands.
- Ghawali is our oriental fragrance line and concept store.

## Running an ethical business

After 63 years, Chalhoub Group is still a family-owned and run business. We consider all our people to be members of our extended family.

Good corporate governance is essential to make sure we continue treating everyone fairly and running our business ethically. Not only does it build trust in our Group, it also ensures we follow sustainable business practices and the interests of all our stakeholders.

We have four governance bodies: The Family Board, Group Board, Executive Committee and Strategy Committee.

## Sustainability from the top

Our Co-CEOs, Anthony and Patrick Chalhoub, are actively involved in shaping our CSR and Sustainability Strategy, regularly participating in activities and decision-making.

In June 2016, we created the Sustainability Committee, chaired by Patrick Chalhoub and led by Florence Bulte, Head of Sustainable Engagement. The Committee meets every six months and aims to embed sustainability at all levels of the business. It reviews, drives and monitors implementation of our major sustainability strategies, activities and policies, and makes recommendations to the Board.

Sustainability is managed by a dedicated team within our Consumer & Innovation Strategies division. This team sets the sustainability agenda for the Group, organises community giving initiatives, measures our environmental impact and promotes sustainable business practices.

- For the fifth year running, in 2017 we received the Dubai CSR Label from the Dubai Chamber of Commerce. Our score of 88.8%, is up from last year's 79%, and well above the average score of 66.9%.
- As a member of the UN Global Compact since 2014, we are active in the UNGC Local Network's steering committee, are co-head of the Academic Committee, and pioneered a Youth Ambassador Programme.



# Thank you for being part of our journey

*"I would like to thank every single Chalhoub employee for their passion and determination, and our partners for their collaboration and engagement. None of this year's achievements would have been possible without you!"*



**Florence Bulte,**  
Head of Sustainability

## 2017 was a year of transformation

Throughout so much change, it's been encouraging to see all team members committed to reaching our sustainability targets, and passionate to create an even bigger positive impact on our society.

As you have seen within the pages of this report, we have made good progress towards our commitments to our **People, Planet, Partners** and Chalhoub **IMPACT** strategy.

## Despite these great achievements, there's plenty more to do

We will continue all projects started in 2017, and work towards the clear targets we have set for the coming three years for our four strategic pillars. We will also continue to make sure we have perfect alignment in all our operations across our 14 countries.

To succeed, we need to work together with our partners in the private and public sector. By joining forces, we can work towards the 17 ambitious Sustainable Development Goals, and accelerate momentum towards a cleaner, fairer world.

## Thank you

As a family business built on the values of Respect, Excellence and Entrepreneurial Spirit, during this exciting period of change it is more vital than ever for all of us to lead the transformation and adapt to remain at the forefront of the market evolution. I would like to thank the Chalhoub family and our Co-CEOs Anthony and Patrick Chalhoub for their vision, continuous support, and for providing each and every one of us with the means to make a difference.



CHALHOUB GROUP

# Transforming our business *for a sustainable future*