

OUR COMMITMENT

Corporate Social Responsibility is the concept whereby organizations integrate social and environmental concerns into their business operations and into interaction with their stakeholders on a voluntary basis.

Based on our belief that we have a responsibility to our employees, environment and community, the Chalhoub Group is committed to adopting CSR best practices into its operations and relationship with stakeholders.

This report provides an overview of our corporate responsibility approach, priorities and targets in 2009 as well as sets the stage for the objectives and action plan for 2010



WHY CSR ?

The Group's commitment to Corporate Social Responsibility stems from its core values of RESPECT, ENTREPRENEURIAL SPIRIT AND EXCELLENCE

RESPECT

Distinguishing us from others

We believe that integrity is paramount to the success and longevity of the Group. Through transparency, honest communication and mutual respect, we are committed to upholding ethical standards that distinguish not only the quality of our work but also the quality of our actions. Long withstanding relationships with our brands, our clients and our employees, loyalty and its reciprocity are what distinguishes us from others.

ENTREPRENEURIAL SPIRIT

Driving us to succeed

The vision that ignited the Group's creation and the spirit that has spurred its growth, continue to be at the heart of our success and future growth. Continuous self assessment allows us to embrace new ideas, build creative strategies and adopt technological evolution, ensuring that we remain at the cusp of change.

EXCELLENCE

Exceeding expectations

Constantly aiming to maintain and exceed the highest standards of professionalism, the Group is guided by the philosophy of being "*Committed to Excellence*". A commitment to our consumers by promising them the finest selection of international luxury brands, to our partners by responding with speed and efficiency whilst holding true to uncompromising standards of quality and to our people by making them our priority



CSR OBJECTIVES

Based on the Group's values we established a CSR program entitled "**Chalhoub Impact**". The program was formalized at the end of 2008 with an initial focus on the environmental and community/social elements of CSR. In 2009 the program has evolved to adopt the international framework that integrates the Environment, Community, Workplace, Marketplace aspects of CSR.

The mission of Chalhoub Impact is

"to be a responsible Group, that integrates social and environmental sustainability in our business and to make an impact in the communities in which we operate"

The objectives of Chalhoub Impact are:

- to integrate CSR into our core business operations
- to engage with our stakeholders at all levels
- to develop partnerships that promote environmental and social development



CSR DEVELOPMENT



Aware

- No formal CSR strategy exists
- Activities are scattered/ad hoc
- typically philanthropic/ sponsorship activity at corporate level

2008

Developing

- Strong board level commitment
- Recognition of CSR as a business value
- Formalization of a CSR framework/program

2009

Practicing

- CSR function exists across the organization
- Activities in place based on an identified long term strategy
- Engagement of stakeholders in CSR activities

2010

Optimizing

- CSR integrated in to the business operations
- Includes targets, objectives and KPI's

Leading

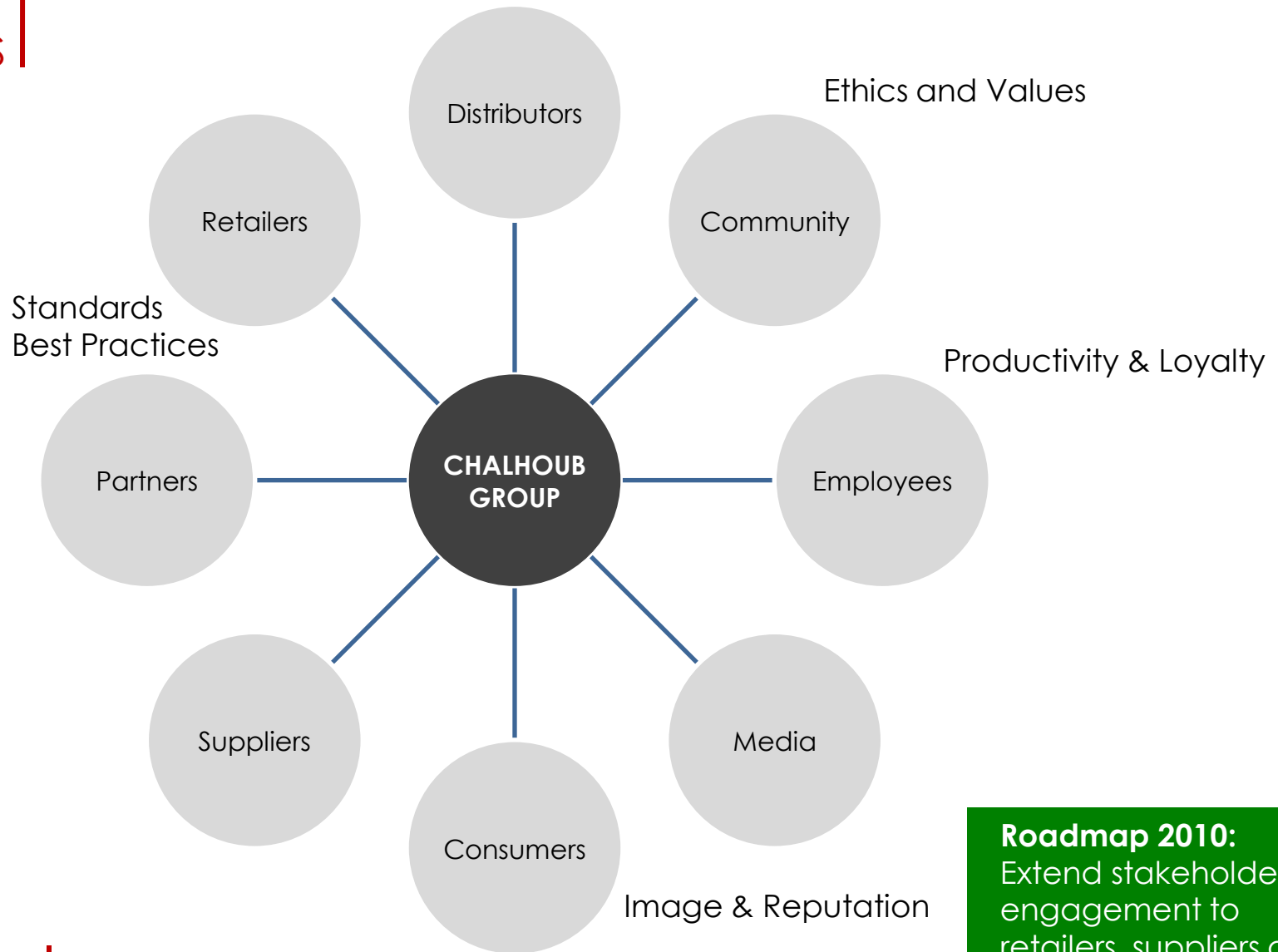
- CSR reporting based on the Global Reporting Index
- On going benchmarking and reporting on targets
- Strong internal and external communication
- Group is easily associated as a responsible & sustainable company leading to enhanced brand equity



OUR STAKEHOLDERS

Engaging with stakeholders

We are committed to engaging and informing our stakeholders at all levels, with a focus on internal/employee communications and involvement.



Roadmap 2010:
Extend stakeholder
engagement to
retailers, suppliers and
consumers



FRAMEWORK

Our approach to Corporate Social Responsibility adopts a common international framework that focuses on 4 key areas:

ENVIRONMENT

Developing environmental management practices, minimize waste and maximize resources

WORKPLACE

Addressing the needs and aspirations of staff, continuous development and training, maintaining work life balance, health and safety

COMMUNITY

Strategic community investment based on our sphere of influence, identified as Education, Arts and Culture and Humanitarian crises. Continual engagement of employees in community activities

MARKETPLACE

Responsible engagement with customers and suppliers



IMPACT on environmental sustainability

Respecting the environment in which we operate, our aim is to contribute to environmental sustainability whilst raising awareness amongst our employees and the community at large. The Chalhoub GO Green Initiative strives to reduce our environmental footprint, engage our employees and promote active participation in the community

PRIORITIES 09

- Enhance the waste management program
- Raise awareness amongst employees across the region
- Support local environmental programs/initiatives
- Implement an Environmental Management System/Certification

Roadmap 2010:

Conduct an environmental audit, establish benchmarks and targets, regionalize waste management, raise the issue of sustainability as part of the retail consortium

ENVIRONMENT

WASTE MANAGEMENT

RECYCLING

Committed to environmental sustainability we maintain in house segregation and recycling of waste within our back offices, encouraging employees to recycle at work as well as bring domestic waste. Since 2008 this has developed into a fully fledged recycling program.

Actions:

- Recycling program implemented at all Dubai office locations in January 2008 for paper, plastic and cans
- Installation of 2 Recycling centres, 40 large paper bins, 500 small paper bins
- Extension of the program to include batteries & printer toners
- Streamline the program to include warehouses and retail operations

IMPACT

7 office locations now part of the Waste Management Program

3 warehouses in JAFZA

26,482 kg of paper recycled

450 trees saved

1,510 Kg of plastic recycled



COLLABORATION WITH MALLS

With the objective of positioning ourselves as a responsible retailer, we approached the major malls in the UAE to understand their waste management process and express our intention to engage our retail outlets in managing waste in accordance with mall operations.

IMPACT

6 malls approached:

- Dubai Festival City
- Burjuman Centre
- MAF Group/Dubai City Centre
- Ibn Battuta Mall
- Mall of the Emirates
- Dubai Mall

Dubai Festival City has improved its separation process as well as integrated recycling facilities within the mall for customers

Dialogue initiated, plan to raise this issue as part of a retail consortium (2010)

ENVIRONMENT

AWARENESS & ENGAGEMENT

EMPLOYEE ENGAGEMENT

Ensuring the involvement of employees at all levels, a range of initiatives are organized every year to involve employees in projects/initiatives and encourage them to be agents of change within the company and the community.



IMPACT

CHALHOUB GREEN TEAM

35 Green ambassadors from Dubai, Qatar, Saudi and Bahrain engaged in the Green Team

BROWN BAG LUNCH SESSIONS

Brown Bag lunch sessions held in the offices with the objective of bringing key speakers/organizations such as WWF and Emirates Environmental Group to raise awareness amongst employees related to the environment

ENVIRONMENT

AWARENESS & ENGAGEMENT

EMPLOYEE ENGAGEMENT

Participatory activities include Clean Up UAE, Earth Hour, World Environment Day, online line surveys, a green quiz, an energy campaign and the showing of the Movie HOME.



IMPACT

CLEAN UP UAE 2008

Employee participation organized by the Emirates Environmental Group for the last 2 years 2007 & 2008

EARTH HOUR, MARCH 28TH

Employees encouraged to participate in Earth Hour by turning off lights at home and in the offices

On-line survey following the event found that over

200 employees participated in Earth Hour by turning of their lights at home

ENVIRONMENT

AWARENESS & ENGAGEMENT

WORLD ENVIRONMENT DAY, JUNE 5TH 2009

In association with the United Nations World Environment Day, the Group enlisted as part of an annual worldwide campaign to raise awareness about the environment.

Actions:

- Art exhibition in line with this year's United Nations Theme "Your planet needs You"
- Employees from companies across the region participated by submitting artwork or photography for the Exhibition
- Exhibition held at Dubai Community Theatre and Arts Centre, followed by Dubai Offices
- Online Green Quiz "Are you Green Smart?"



IMPACT

70 art works submitted by employees. Proceeds from the silent auction benefited EEG and START

Strengthened association with existing community partners:

DUCTAC
EEG
START

135 responses received for the quiz, winner was awarded the book "The Earth from the Air" by Yann Arthus-Bertrand.

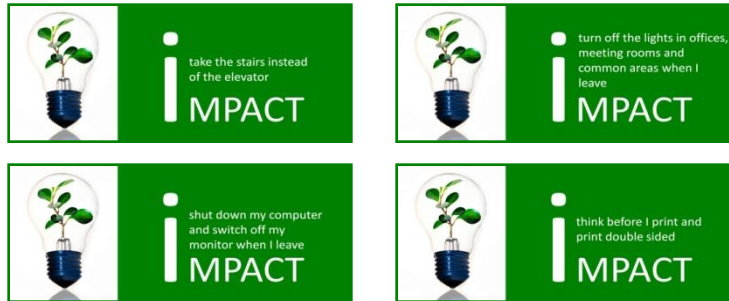


ENVIRONMENT

AWARENESS & ENGAGEMENT

ENERGY CAMPAIGN

To heighten awareness within the offices across the region we launched a campaign in all offices including UAE, Qatar, Saudi, Bahrain, Kuwait , Egypt which included showing of the movie “Home”.



IMPACT

228 employees watched the movie “Home” in the offices

COMMUNITY

IMPACT on the communities in which we operate

Our commitment to the community and society at large originates from the history of philanthropy built by the Chalhoub family. Based on this heritage we have adopted an approach of strategic social investment within our sphere of influence and are proud to support various initiatives within the areas of Education, Arts & Culture and situations of Humanitarian crisis.

PRIORITIES 09

Focus on sustainable social investment based on a criteria, in the 3 areas identified within our sphere of influence

- EDUCATION
- ARTS AND CULTURE
- HUMANITARIAN

Roadmap 2010:

Continued educational partnerships with universities and schools locally and internationally
Participate in a major/high profile art exhibition



COMMUNITY

EDUCATION

OBJECTIVES

IMPACT on the knowledge society.

We believe that we have a role to play in contributing to the development of a knowledge society. In addition to placing a focus on the growth and development of our teams, we support the development of youth through scholarships, language training, internships and educational programs through partnerships with renowned institutions in the region and internationally. Our objectives are to:

- Contribute to the knowledge economy of the region
- Develop & promote young talent
- Support educational organizations



COMMUNITY

EDUCATION

Our focus on Education is the development of partnerships with leading educational institutions internationally and regionally. We provide scholarships to outstanding students from the Middle East Region as well as internship opportunities for students within our companies.

IMPACT

AMERICAN UNIVERSITY OF SHARJAH

Support to the scholarship endowment fund for GCC Nationals

LA SORBONNE - ABU DHABI

Contribution to the scholarship program/fund



COMMUNITY

EDUCATION

SCIENCES PO – MENTON, FRANCE

Support a post secondary educational program specifically created for students from the region - the Science Po Middle East & Mediterranean specialty program -through French language training for 100 students from the region for 5 years

POLIMODA – ITALY

Promote talented students from the region to study and improve their knowledge within the fashion industry. A joint commitment to offer education and training to students who will eventually become the ambassadors of fashion & luxury.

IMPACT

SCIENCES PO

- Scholarship for 2 students from the Middle East for 5 years
- 2 student internships at Chalhoub corporate offices annually

POLIMODA

- Sponsorship of 2 students from the Middle East for a Master's in Fashion Merchandizing or Management
- Joined as member of the board, creating a platform for ongoing knowledge sharing



COMMUNITY

EDUCATION

Developed an Employee Giving Program entitled “Gift of Giving” aimed at creating a sense of CSR ownership amongst employees. Companies in each country adapted the program locally & established community partnerships. Employees contributed care packs of school supplies placed in school bags by the Group and distributed to children in need.

In addition we partner with notable organizations such as Dubai Cares, to support campaigns that develop educational programs globally.

IMPACT

2681 School bags of school supplies contributed by employees and distributed regionally to children in need

DUBAI CARES

Contribution to Dubai Cares Thirst for Education campaign. Customers contributed a total of

AED **24,770**

through an in-store fundraising campaign.



COMMUNITY

ARTS & CULTURE

OBJECTIVES

IMPACT on culture

We believe that Art transcends all boundaries and is therefore a perfect medium for bringing together cultures, minds and people. Our objectives are to support the development of the Middle Eastern cultural fabric by:

- Facilitating the exchange of creative talent
- Supporting various arts and cultural festivals, events and spaces
- Preserving archeological sites



COMMUNITY

ARTS & CULTURE



START

- Support art workshops for socio-economically and culturally deprived children in the Middle East

SAISON FRANCAISE

- Support to the French Season held in Abu Dhabi – May 2009
- Mirroring five decades of commitment from the Group to build a bridge between French culture and the Middle East.
- The Season featured a mix of performances and interactive events including painting or photography exhibitions and an haute couture fashion show

IMPACT

150 orphan children participated in the Art is Magic Festival, in Gaza organized by START and supported by the group.



COMMUNITY

HUMANITARIAN

OBJECTIVES

IMPACT on human development

Based on our value for the respect of human dignity, we support human development programs and crisis situations through a range of non-profit and humanitarian organizations. We support humanitarian crises particularly in the Middle East Region through:

- Company donations
- In kind contributions
- Employee donations



COMMUNITY

HUMANITARIAN

GAZA

- Support to the humanitarian crises in Gaza
- 5% of retail sales for a 3 day weekend period from all Chalhoub affiliated retail stores across the region donated to local organizations for support to Gaza
- Employee contributions in offices

PHILIPPINES

- Employee donations and matched funds by companies in Dubai and Kuwait

IMPACT

GAZA

A total amount of

USD **119,827**

contributed to:

- UAE Red Crescent
- AL NADWA AL ALAMYA, KSA
- Qatar Red Crescent
- Kuwait Red Crescent
- Queen Rania Foundation
- Egypt Red Crescent

In kind, **288** blankets
brought by employees

PHILIPPINES

A total amount of

USD **8,128**



IMPACT on supplier and customer relations

Maintaining longstanding relationships with our suppliers and a dedication to serving our customers, we are committed to incorporating social and environmental aspects within our supply chain, from sourcing to distribution to retail.

PRIORITIES 08/09

- Maintain Health and Safety standards in the supply chain/logistics
- Obtain ISO 14001 Certification for warehouse
- Liaise with brands to integrate CSR in their activities

Roadmap 2010:

Extend ISO 14001 to other activities
Engage with brands & suppliers to adapt their CSR activities to the region e.g Lacoste, L'Occitane

MARKETPLACE

BRAND SUPPORT

With the objective of engaging with our suppliers, brands and customers, we provide support and advice to brands for adaptable cause related marketing initiatives and in-store events.



IMPACT

LACOSTE

As a sponsor of Dubai Tennis Championships, Lacoste organized an arts workshop in collaboration with START and the Dubai Autism Centre to create art related to the theme of the crocodile. The artwork created by the children was displayed in Lacoste Dubai Mall raising awareness about Autism

RALPH LAUREN

Ralph Laurent Paint Your Polo event in the children's store, % of proceeds benefit START, a non profit organization promoting art to under privileged children in the region



IMPACT

Creation of specific section for CSR on the intranet –

1500 users

Creation of a section in the internal magazine MAClines titled “MAC Responsible” –

distribution 5000 employees

Annual CSR calendar highlighting activities and outcomes - distribution

3000 employees

CSR included in the Welcome Document
CSR page added to the Chalhoub Group website

COMMUNICATION

We have developed a range of communication tools to engage and inform our stakeholders, in particular employees. The creation of Chalhoub Impact as the brand for our CSR program has led to recognition, association and uniformity for activities that fall within the program.



TESTIMONIALS

“Lovely day .. first and definitely not the last time I ever contribute to the society personally and directly...”

Dana Yashou, HR

“Thanks for the message and information. It's true, simple things like these can a big difference to safe our BEAUTIFUL WORLD.”

Wajid Syed, 3D

“ I would very much like to sign up for the Go Green initiative, and possibly be a Green Ambassador. I am working on Euro public relations, including the Tck Tck Tck campaign, so I am already sort of involved.”

Tanya Kassab, EURO RSCG, Middle East

“Thank you for all the emails and the good will “

Assaad Fawaz, Fitra



ACTION PLAN 2010

	OBJECTIVES	KPI
ENVIRONMENT	<ul style="list-style-type: none"> • Develop an Environmental Policy for the Group • Understand our environmental impacts • Establish environmental objectives/targets • Extend ISO 14001 to other companies • Continue awareness and engagement • Integrate environmental sustainability into our core business – retail/distribution 	<ul style="list-style-type: none"> • # of new companies ISO Certified • Identify amount of energy consumption /audit • % of energy saved • # of awareness sessions • # of activities/events • New initiatives in retail and distribution
COMMUNITY	<ul style="list-style-type: none"> • Sustained support to existing collaborations (Sciences Po/Polimoda) • Continued development of partnerships • Extend community based networks • Focus on Art and Culture • Humanitarian response as required 	<ul style="list-style-type: none"> • \$ invested in 2010 for scholarships/education • # students offered scholarships • # of internships from existing collaborations • # of art and cultural events supported • \$ community investment (sponsorship/donations)
WORKPLACE	<ul style="list-style-type: none"> • Integrate workplace aspects in CSR • Establish key priorities with HR – mentorship, trainee program, wellness, nationalization volunteer program • HR CSR liaison in each country 	<ul style="list-style-type: none"> • # of CSR liaisons identified • # of new initiatives by HR
MARKETPLACE	<ul style="list-style-type: none"> • Continued support to brands for cause related marketing • Engaging with retail in discussions about customer feedback mechanisms 	<ul style="list-style-type: none"> • # of brands seeking advice on CSR • # of brands actually implementing cause related marketing

