



APPAREL

Where dreams come alive | GROUP

SUSTAINABILITY
REPORT
2017

CSR VISION: To be recognised as the most responsible company.

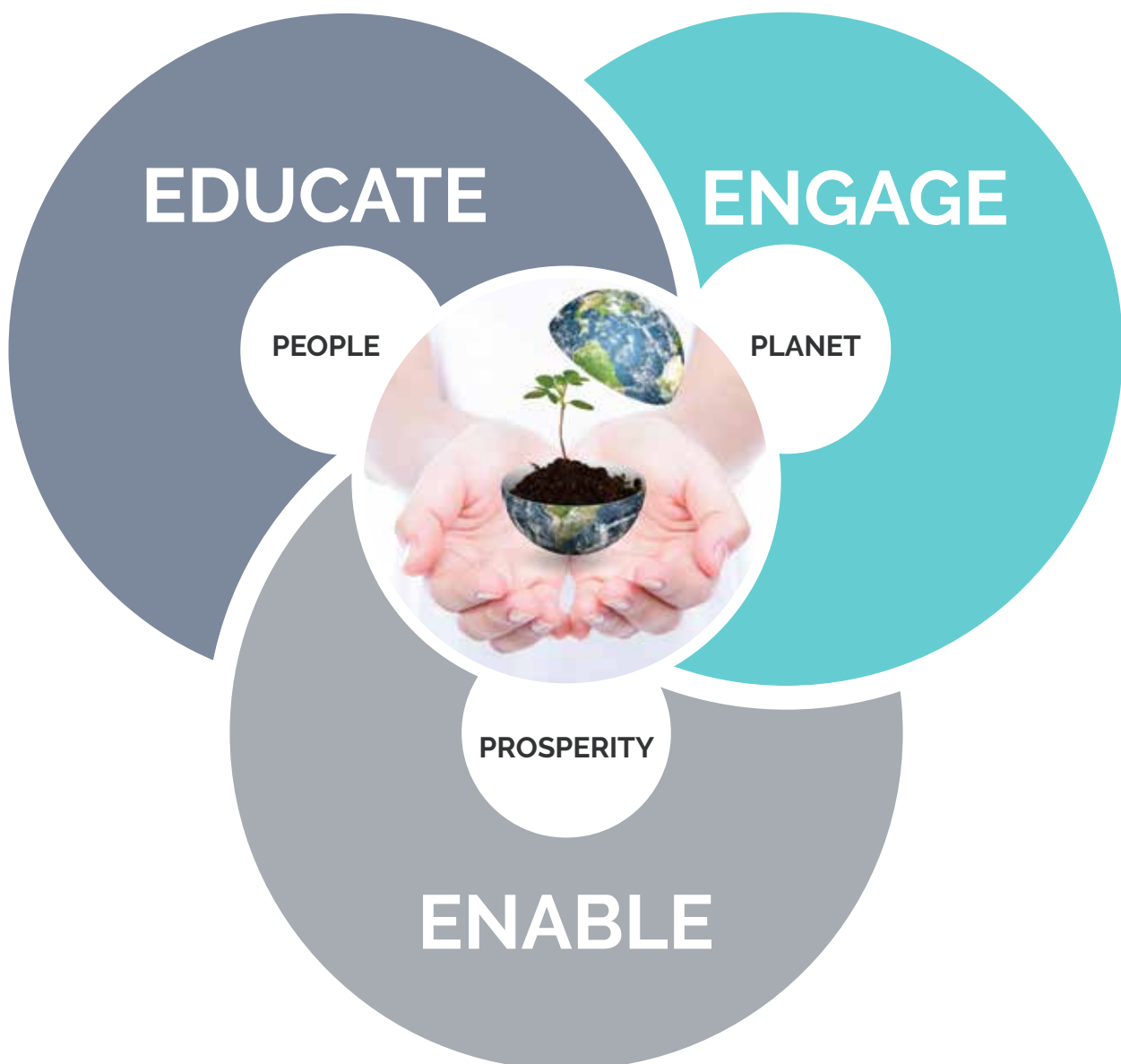
CSR MISSION: Be committed to sustainable actions and contribute meaningfully to the Triple Bottom Line (social, economic and environment) performance.

EDUCATE, ENGAGE AND ENABLE

EDUCATE: Educate people (Internal and external stakeholders) and create awareness on various key social issues through knowledge sharing and communication. (Prosperity)

ENGAGE: Engage people in various social activities and encourage them to take productive and responsible actions towards society. (People)

ENABLE: Enable people by providing empowering and healthy environment as well as support the community around us. (Planet)



ABOUT THIS REPORT

We are proud to present our sustainability report, summarizing our work and achievements for the year 2017. This report has been compiled to communicate our sustainability commitments and actions to all our stakeholders, which include our customers, suppliers, employees, regulators, civil society members, and the society at large.

The reporting period is from January 1, 2017 to December 31, 2017. This report provides information regarding our performance on the UN Global Compact principles and, therefore, serves as our annual Communication On Progress (COP).

REPORT BOUNDARY

Apparel Group is a global fashion retail conglomerate with leading international brands and a diversified business portfolio of footwear, apparel, accessories, cosmetics, fragrances, watches and food and beverages. We have business operations across 14 countries that include UAE, Oman, Qatar, Bahrain, Kuwait, Jordan, Iraq, Kingdom of Saudi Arabia, Malaysia, Thailand, Singapore, Indonesia, India & South Africa.

During the preparation of this report, the 'Reporting Boundary' we have considered includes only the UAE operations and for environmental disclosures, the reporting is based on the level of our influence and is mainly for our corporate office in Jebel Ali.

We welcome any comments, feedback and suggestions, which will help us improve our reporting and ensure transparency. This report is available on the United Nations Global Compact website and the Apparel Group website.

In case of queries, please contact: apparelcsr@appareluae.com





WHAT IS UN GLOBAL COMPACT

The Apparel Group is a member of the United Nations Global Compact, which is the world's largest corporate sustainability initiative, focusing on 10 principles in the areas of human rights, labour rights, environment and anti-corruption. We've been members since 2015 and present an annual report or COP of all the initiatives undertaken by the Group towards the 10 principles and United Nations' Sustainable Development Goals (SDGs).



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.



LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies



ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

WHAT ARE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals focus on climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.



CHAIRMAN'S MESSAGE



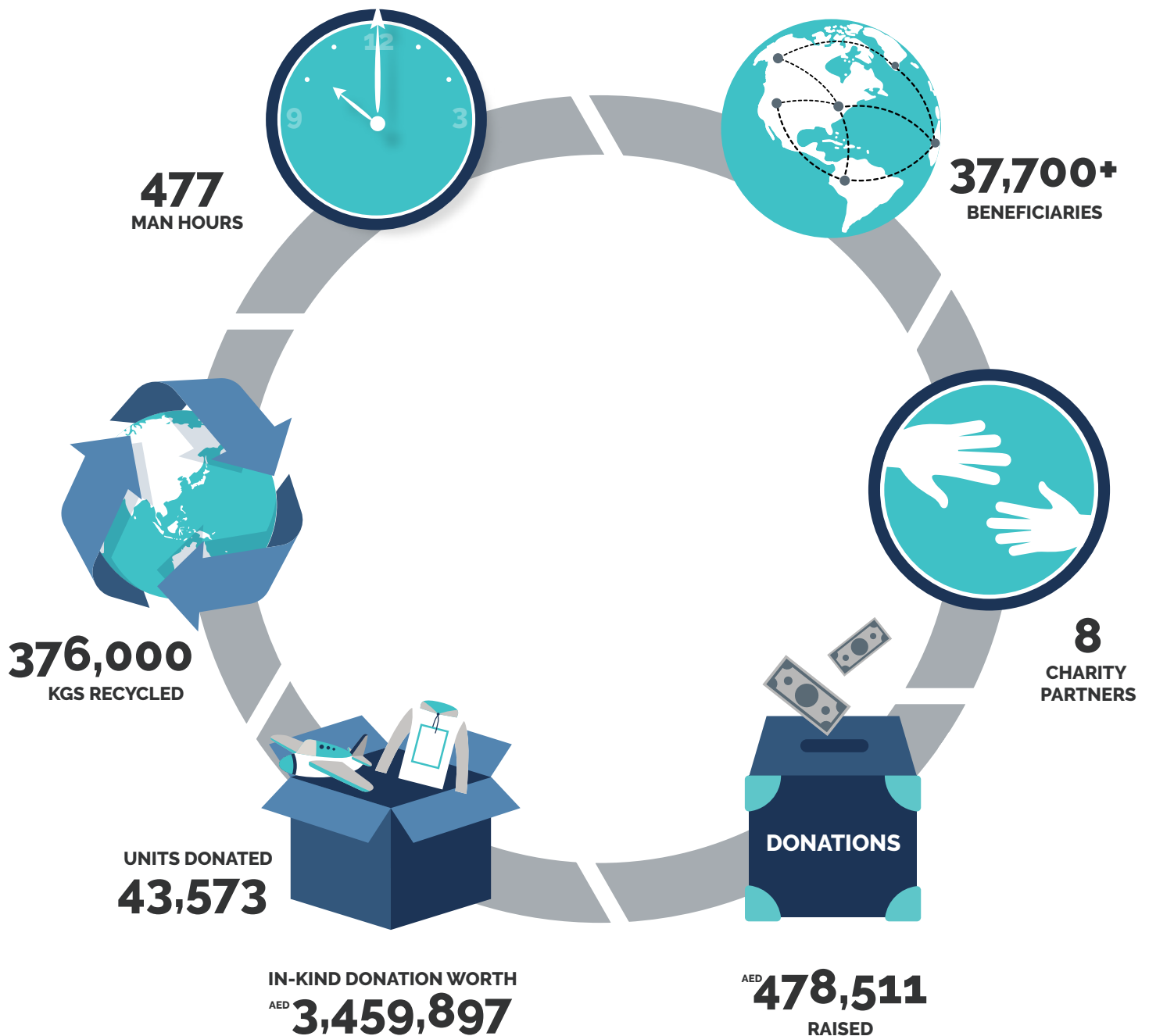
"There are many ways to measure a company's success. However, a truly successful company is one that finds a way to return some of its rewards to the communities in which it operates. We believe a company cannot consider itself truly successful unless it makes an effort to give back.

Apparel Group strongly believes that as a large organization we can make a difference in several ways such as donating financially to the needy; helping protect the environment and make the society we live in a better place for our stakeholders through various activities and campaigns.

The Apparel Group supports the ten principles of the Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Through this Communication on Progress, we make a clear statement of this commitment to our stakeholders and the general public.

It is my hope that we can set an example to other companies by demonstrating that these contributions to society will create awareness to save our planet. We believe that our compassionate actions will make the world a better place for future generations."

2017 HIGHLIGHTS



THE APPAREL DIFFERENCE

3 GOOD HEALTH AND WELL-BEING



FUNDRAISING

Tim Hortons X Al Jalila Foundation

Tim Hortons organised a 'Smile Cookie' campaign in partnership with Al Jalila Foundation. Between September 24 and October 29, guests could purchase a delicious chocolate chip Smile Cookie for AED 6 at participating Tim Hortons restaurants, with the full amount going to the Foundation.

The funds raised were used for Al Jalila Foundation's paediatric initiative, Farah, which provides life-saving treatment, funds cutting-edge research and offers hope to countless children and their families.

Funds raised: AED 337,053



5 GENDER EQUALITY



10 REDUCED INEQUALITIES



Naturalizer X Dubai Foundation for Women & Children

Naturalizer launched a campaign to support the fight against domestic violence by donating 10 AED on every purchase of a pair of Bzees.

The donation was made to Dubai Foundation for Women & Children, a non-profit shelter in the UAE for women and child victims of domestic violence, child abuse, and human trafficking.

The Foundation aims to protect physically, sexually, and emotionally abused women and children, prevent ongoing abuse and the escalation of violence, and promote social awareness through education and outreach.

Funds raised: AED 29,000





Dune London X Project Maji

Apparel Group and The Maji Project joined hands to help raise funds for responsible water management and to work towards ending the water poverty crisis in small rural communities across Sub-Saharan Africa (SSA).

The contribution has aided the NGO in deploying solar pumping stations that can lift 3,000 litres of ground water per day and serve it efficiently to a village using multiple dispensing taps.

Mobile-monitoring at each plant has also helped monitor the performance of the pumping stations, improving and sustaining villagers' access to clean water.

Funds raised: AED 7,260

Opened in March 2017 on World Water Day in the village of Otuaplem in Greater Accra, in partnership with Apparel Group, serving a population of 400 people every day.



IN-KIND DONATION

Levi's X Emirates Red Crescent

Levi's launched a campaign to collect lightly-worn jeans for charity, gifting customers AED 100 vouchers for a new pair of jeans. The jeans were donated to those in need, in association with Emirates Red Crescent.

Total units donated: 890



The Children's Place X Emirates Red Crescent

The Children's Place in association with Emirates Red Crescent organized a programme and gave away gifts to 50 orphaned children in UAE.

Units donated: 50 sets

In-kind donation worth: AED 10,000





Aldo, Call It Spring X Emirates Red Crescent

Aldo launched a campaign to collect lightly-worn shoes for charity, gifting customers a free pair of shoes for each pair donated at their stores. The shoes were donated to those in need, in association with Emirates Red Crescent. Besides this, Call It Spring donated shoes and bags for Syrian refugees throughout the year.

Units donated: 25966



BabyCenter

BabyCenter donated clothes, shoes and toys each for 3,000 children of Syrian refugees in Lebanon.

In-kind donation worth: AED 420,000





VOLUNTEERING

Levi's X Dubai Autism Centre

The Levi's team organized a fun-filled day for 70 children and spent time with them at the Dubai Autism Centre. The children were treated to a magic show, face painting, popcorn and pizza.



TOMS X Emirates Red Crescent

Around 185 children were in for a treat at the TOMS store at Box Park as well as the Emirates Red Crescent centre, where they received shoes, mugs and a sumptuous Tim Hortons breakfast in two separate events. Around 15 employees interacted and spent time with the children at these events.

Units donated: 226

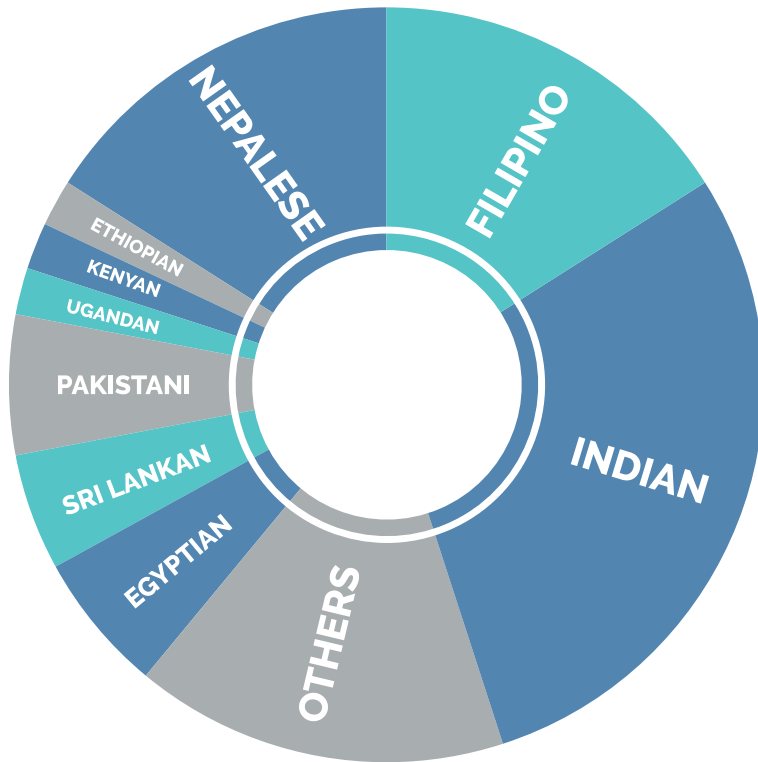
In-kind donation worth: 55,544 AED



INCLUSIVITY

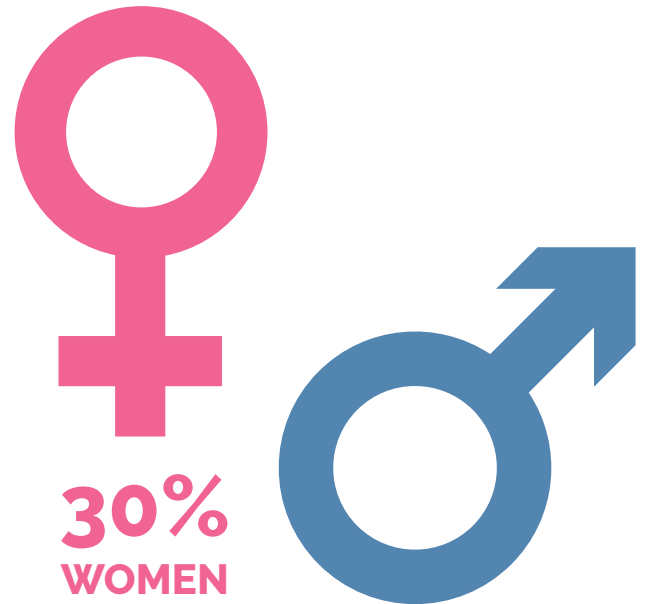
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**NO. OF NATIONALITIES
IN WORKFORCE: 69**



2

GENDER MIX RATIO



3

**NO. OF
DIFFERENTLY-ABLED
PEOPLE
HIRED: 11**



4

**INTERNSHIPS AND PART-TIME
WORK**

We have 178 part-timers and 50 interns from over 30 universities; Our interns receive gift vouchers in addition to a monthly stipend. A lunch session is conducted every fortnight wherein the interns are addressed by our Chairman Mr. Nilesh Ved or an important member from the senior management.



5

**TOTAL WORKFORCE
IN UAE: 5,200+**

CATEGORY	COUNT
SENIOR LEVEL MANAGEMENT	41
MIDDLE LEVEL MANAGEMENT	130
JUNIOR LEVEL MANAGEMENT	1166
NON-MANAGEMENT	3864



APPAREL TRAINING ACADEMY

The Apparel Development Pathway (ADP) was developed to provide training courses to employees, based on the skills required, job positions and job roles. Performing employees are put on ADP and promoted to the next higher grade with new responsibilities. Some of the programmes under this approach are:

- Apparel Manager Program (AMP)
- Visual Merchandiser Program (VMP)
- Second-In-Command (SIC)
- Trainer Apprenticeship Program (TAP)



ONLINE TRAINING

Training Department uses the Kahoot application to train employees through games to make learning fun and 20% of the training is done online.

EXTERNAL TRAINING

In 2017, two senior management leaders attended a seven-week programme at Harvard Business School.

2017	TRAINED	CERTIFIED
AMP	324	99
ABC	30	25
TAP	6	3
VMP	180	139
SIC	103	83
TOTAL	643	349

2017 training hours: 52,732 hours (Frontline)

EMPLOYEE ENGAGEMENT ACTIVITIES

The company adopted and celebrated the **Retail Employees Day (RED)** with the objective of bringing retail employees in the forefront by thanking them for their untiring efforts. Senior management visited the retail stores, celebrating with our store staff by cutting a cake and thanking them personally. All employees were given 50% discount across all brands of the Apparel Group on that day.



On the occasion of **Women's Day in 2017**, a special contest was organized for all the women employees at the head office, wherein they had to identify the names of famous women personalities pinned on a board and lucky winners with the maximum number of correct answers were awarded a special goodie bag. This day was celebrated with a gratitude tree where employees could leave a special message on sticky notes for women that inspired them. In addition, **Nine West** also organized a competition where employees were asked to nominate one woman colleague they admired and mention the qualities she stands for. The three most inspiring entries received a gift hamper from the brand.

During the launch of **Crocs** Brand, a treasure hunt competition was arranged in the office and winners who identified the clues were rewarded with a pair of Crocs Shoes.



HEAR FOR YOU EVENT

A special Townhall meeting was conducted for our employees this year. A link was circulated to all employees to give their suggestions and feedback. More than 1200 employees' suggestions were received, which were then segregated and communicated as well as addressed at the HR forum, and required actions were taken soon after the forum and communicated to employees. This forum was attended by the Chairman, Vice Chairman as well as general managers of the different brands.



As part of the **Friendship's day** celebrations, a contest was run across all the stores to send their best team picture with a write-up of what friendship means to them. The entries were judged by a jury and the winners were rewarded with Apparel gift vouchers.



HEALTH CAMPS

In 2017, wellness programmes were held at the head office in collaboration with Harley International Medical Clinic. Employee health check-ups were conducted by various physicians such as dermatologist, dentist, and general practitioner, among others. The leadership team was also given an executive check up at HMC. Apparel has partnered with a medical insurance company to provide subsidized checkup and medicines to employees in case of sickness.

Around 538 employees received consultations through these sessions.



NEW BALANCE BREAKS GUINNESS WORLD RECORD

Apparel Group was part of Dubai's Fitness Challenge, a 30-day fitness challenge involving physical and sporting activities promoted by the Dubai Sports Council to create awareness on the culture of exercise and living a healthy lifestyle in Dubai.

New Balance in association with Dubai Festival City participated in the fitness challenge and broke the Guinness World Record for the 'Most People Attempting Squat Jumps' with 497 participants breaking the existing record of 473.



GEORGIA TRIP

A competition was held for the **best-performing store managers** across all Apparel Group stores in GCC and 46 employees were given a 5 day paid vacation to Georgia.



DUBAI FITNESS CHALLENGE

Our employees enthusiastically participated in the Dubai Fitness Challenge in October. They took part in fitness classes such as yoga classes and sprinted around the office premises for an hour each day.



The warehouse employees were given lunch parties by our different brands for all their hard-work and timely execution, throughout 2017



EMPLOYEE FACILITIES

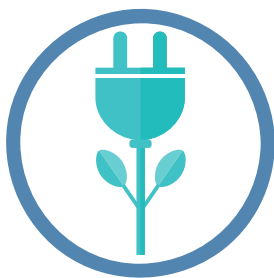
• Accommodation is provided to our warehouse employees, coupled with internet facilities and subsidised meal. Access to accommodation has drastically reduced their expenditure, travel time and overall carbon footprint.



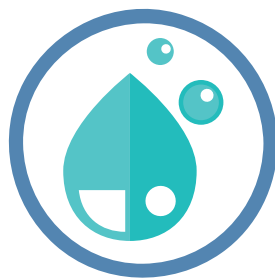
- We also provide an hourly shuttle bus for our employees between the metro station and the corporate office
- Apparel Group-owned Harley's International Medical Clinic provides consultations and basic laboratory tests free of charge for Apparel Employees. Harley's has a hotline number for Apparel employees to call during emergencies.
- We have a designated parking space for pregnant employees and people of determination closer to the office building. Pregnant employees are given the flexibility to leave the office early and to work from home towards the last month of pregnancy.
- We have an activity area wherein employees as well as visitors can play billiards, get a back massage, and surf the internet at the computer kiosks.
- The company also provides food and beverages through Tim Hortons café for all visiting the café with no charges.
- Cash advances are given to new employees to help them settle down



PLANET



ELECTRICITY CONSUMED
5533940 Kwh



WATER CONSUMED
2429360 GALLONS



CARBON FOOTPRINT
2434959 Kg CO₂e

STEPS TAKEN TO REDUCE CARBON FOOTPRINT

- Use of sensor-triggered lights, LEDs, timed AC usage at optimum temperature and use of chiller are some of the steps taken to reduce electricity usage in 2017
- Use of sensor-triggered taps, flushes kept on minimum mode, regular audit of fixtures to quell leakages
- Treated water is used for irrigation and toilet flushing.
- Building planned with large glass windows to allow for maximum natural lighting.
- Use of thermal insulation materials to increase energy efficiency
- Introduction of single printers and tracking of printing digitally in all teams instead of individual printers, to save wastage of printing paper.
- 97% of the transport has GPS for route optimization coupled with consolidation of deliveries, intermodal transport and fleet management help reduce our carbon footprint.





WASTE MANAGEMENT

WET WASTE

Our waste is collected and treated by Imdaad

DRY WASTE

We recycle our dry waste. In 2017, we recycled 376,000 kgs of material, saving 7,000 trees.

SOLID WASTE

The sewerage plant on our site produces 38,000 litres of treated water daily; the treated water is used for landscaping and toilet flushing.

MATERIAL USAGE

- Reduced plastic consumption by switching from plastic shopping bags to paper bags.
- Cardless Loyalty Programme ensures that our 2.4 million customers do not use a plastic card, but their mobile phone to register, gain and use their loyalty points.
- To ensure optimum utilisation of our warehouse spaces, we have converted four of our warehouses at Al Quoz into a retail outlet. We also ensure management of old and aging stock through this outlet, reducing wastage.
- Our shopfit team efficiently refurbishes and renovates retail spaces within 30 days. This reduces time delay and reduces the carbon footprint of new projects, through the reuse of old wooden pallets and old fixtures.





PROCESS

DISTRIBUTION CENTRE

- Imports over 6000 TEUs
- DC unitwise turnover approx 100 million units
- Daily replenishment to 400 stores in UAE
- Multiple replenishments (1-3) during peak business days
- DC operation 24/7 x 365
- Size of operations approx 500,000 sq ft of area
- Fleet of 70 in-house vehicles

• ONLINE AUCTION & CODE OF CONDUCT

We have implemented an online purchasing system (auction platform) for non-merchandise requirements of the group. The auction platform provides absolute transparency in procuring goods and services through healthy competition and reduces the risk of favoritism, bias, non-competitive pricing and unnecessary manual interference.

Code requires that suppliers of Apparel's private brand merchandise allow factory inspections for contractual compliance, as well as for compliance with laws and regulations dealing with child or forced labour, wages and hours, and unsafe working conditions. Willful noncompliance with the Code has resulted in termination of certain suppliers' contracts.

• RISK MANAGEMENT

We have an operating risk register that identifies the degree of risk associated with various business activities, to plan and review the adequacy and compliance of control procedures. The loss prevention team is developed under the risk department to carry out independent checks on high-risk areas. In addition, we also undertake training of staff on loss prevention activities to ensure store staff is vigilant.

All cases reported are investigated by the loss prevention team and disciplinary actions are initiated in consultation with different heads of departments.

Mall-wide trainings on loss prevention SOP are organized by the loss prevention team, and verified by store auditors and internal auditors.

VAT IMPLEMENTATION ACROSS UAE OPERATIONS

For successful VAT implementation, we had tied up with KPMG in October 2017. We worked on VAT implementation in four phases such as transaction mapping, impact analysis, IT integration and training of staff on various procedures involved in VAT implementation.



HUMAN RIGHTS

POLICY/PROCEDURE

- HR policy
- Non-discrimination policy
- Sexual harassment policy

MEASUREMENT OF OUTCOME

- 1200+ complaints addressed at HR Townhall
- Employee satisfaction survey saw 68% participation and a score of 98%
- 1000+ employees attended the HR Townhall

IMPLEMENTATION

- HR Townhall
- Separate email id for complaints/ grievances
- Oracle HCM has a separate tab for employee grievances
- Applied for Great Places to Work 2017 award

2018 Targets

- Win CSR Label and Great Places To Work awards
- Anonymous employee satisfaction surveys
- HR townhall



LABOUR

POLICY/ PROCEDURE

- Code of conduct
- Online recruitment process

MEASUREMENT OF OUTCOME

- Inclusivity details
- 0 cases of forced and child labour filed against the company

IMPLEMENTATION

- Contracts with all employees
- All employees above 18 years of age
- Apparel Development Pathway
- Medical insurance
- Implementation of Oracle HCM has increased service speed; all HR-related requests for documentation are processed within 6-24 hours

2018 TARGETS

- HSE training for backoffice employees
- Formal safety register



ENVIRONMENT

POLICY/ PROCEDURE

- Code of conduct

MEASUREMENT OF OUTCOME

- Recycling details
- Waste management details

IMPLEMENTATION

- Recycling programme
- Sewage Treatment Plant
- Steps to reduce carbon footprint
- Oracle HCM

2018 TARGETS

- Implement Environment policy
- 100% waste segregation
- Add renewable sources of energy



ANTI-CORRUPTION

POLICY/ PROCEDURE

- Code of conduct

MEASUREMENT OF OUTCOME

- No criminal or financial offence case registered against the company in 2017

IMPLEMENTATION

- Use of Oracle Finance
- External audits
- VAT implementation and training
- Risk Management team
- Internal audit
- Online bidding for procurement of non-merchandise articles

2018 TARGETS

- 100% training on anti-money-laundering laws
- Implement sustainable supplier code of conduct

ABOUT APPAREL GROUP

Apparel Group is a global fashion and lifestyle retail conglomerate based in Dubai, United Arab Emirates. With more than 75 brands spread across 1,750+ stores, the Apparel Group caters to eager shoppers in four continents. We have footwear, clothing, food & beverage, beauty/ cosmetics, malls, kidswear as the primary brands, products, and services, supported by our 12,000 employees.

Apparel Group has carved its strong presence not only in UAE, Kuwait, Qatar, Bahrain, Oman, and Saudi Arabia, but opened thriving gateways to market in India, South Africa, Singapore, Jordan, Indonesia, Thailand and Malaysia. Additionally, clear strategies are in place to enter emerging markets such as Hungary, Pakistan, Egypt and Philippines.



Apparel Group operates brands from around the world, originating from USA, Canada, Europe, Australia, Asia, include leading names such as Tommy Hilfiger, Juicy Couture, Nautica, Aldo, Nine West, Aeropostale, Tim Hortons, Cold Stone Creamery, Inglot, Rituals among others.

The Apparel Group owes its growth to the vision and guidance of its Chairman, Nilesh Ved, who has taken the company from strength to strength since its inception in 1999, and has sustained performance in creating enduring value for the nation, customers, employees and principals.

AÉROPOSTALE

ALDO

ALDO
ACCESSORIES

ANNE KLEIN

adams kids

AUSTIN REED
LONDON EST. 1900

Watches

athlete's co.

ARDENE

BEVERLY HILLS
POLO CLUB

babycenter

BIRKENSTOCK
MADE IN GERMANY • TRADITION SINCE 1774

Bottega Verde
NATURA ITALIANA

CALL IT SPRING
SHOES FOR ALL SEASONS

CHARLES & KEITH

Cath Kidston®
EST. LONDON 1993

charming charlie

Calvin Klein

Grand Centrale

LC WAIKIKI
Everyone deserves to dress well

Juicy Couture®

kidiliz

Glimmer
Body Art

Levi's®

la Vie en Rose
LINGERIE • NIGHTWEAR • SWIMWEAR

MBT®

Moreschi
THE FINEST FOOTWEAR AND ACCESSORIES

new balance.

NINE WEST

naturalizer
SHOES FIT FOR YOU

NAUTICA

NEW YORKER
Dress for the moment.

Pedro

ANTA
Keep Moving...

pumpkin patch

R&B
LOOK GOOD. STAY SMART.

DSW
DESIGNER SHOE WAREHOUSE

RITUALS

SKECHERS

SKECHERS

SBARRO

phonewear

All for kids!

THE CHILDREN'S
PLACE

THE WALKING
COMPANY

uniQ

COLD STONE
CREAMERY

DOCKERS

easyspirit

GARAGE

DollarPlus
your family store

Dune
LONDON

THE FINEST QUALITY
Herschel
SUPPLY CO. BRAND
TRADE MARK

Ice
watch

Tim Hortons
CAFE & BAKE SHOP

TOMS

emporio

INGLOT
THINK BEAUTY • THINK INGLOT

crocs™

TOMMY HILFIGER

2-generation

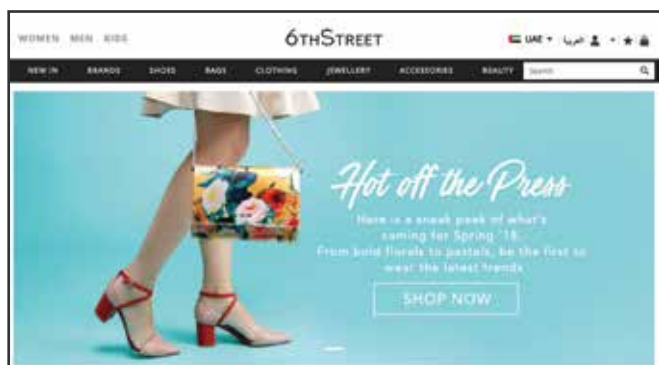
UGG

SHOE GALLERY

SHOE STUDIO

OTHER BUSINESSES

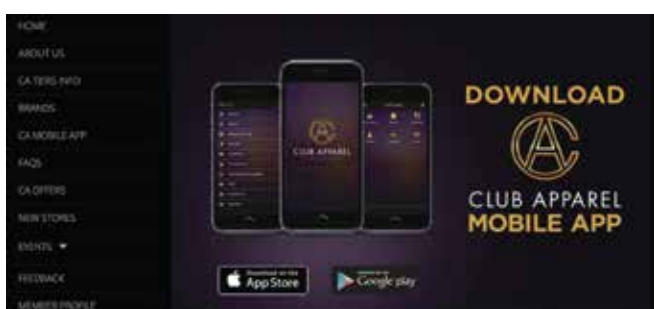
6THSTREET.COM



Our ecommerce business offers a wide selection of shoes, bags and accessories from the world's most coveted fashion brands including Aldo, New Balance, Nine West, Dune London, Skechers, Call It Spring and many more! 6THSTREET.COM provides customers an experience of shopping from the comfort of their own home with ease and convenience. Returns and delivery across the UAE are free on all orders (no minimum spend). One can shop online at www.6thstreet.com for the latest fashion for women, men and children.



CLUB APPAREL
NO CARDS. ONLY REWARDS.



Club Apparel is a cardless loyalty program that offers reward points on every purchase, which can then be spent on your next purchase across 70 brands in 700+ plus stores in the UAE, using just your mobile phone number.



Leela Megh (LM) Exchange Limited Liability Corporation (LLC) was established in Dubai, United Arab Emirates, in 1970. It is an ISO 9001:2008 certified and one of the oldest exchange house's in the UAE. For the past 40 years, LM exchange has been serving money remittance and foreign exchange needs of more than 180 nationalities and UAE nationals across UAE. Today, LM exchange is a trustworthy name in the exchange industry, serving customers through 15 strategically-located branches with the UAE.



**HARLEY INTERNATIONAL
MEDICAL CLINIC**



Harley International Medical Center is a world-class multi-specialty clinic that was established in 2005 with a view of providing quality healthcare at affordable cost.