



# Environmental, Social and Governance Policy



## **Disclaimer**

Our ESG policy primarily focuses on matters that hold significant relevance to our business operations and our stakeholders, encompassing a comprehensive approach to Environmental, Social, and Governance (ESG) factors crucial for our long-term sustainability and societal impact.

Our ESG targets are formulated based on our existing assumptions and business strategies outlined in our current plan. However, it's crucial to acknowledge that future outcomes may deviate from our projected results, especially in the event of significant changes in circumstances. These alterations could stem from various factors, such as shifts in regulatory frameworks, market dynamics, technological advancements, or unforeseen external events.

Therefore, while we strive to provide accurate forecasts and set ambitious goals, we remain vigilant and adaptable to evolving conditions. Continuous monitoring, evaluation, and, if necessary, adjustment of our targets enable us to navigate uncertainties effectively and uphold our commitment to responsible business practices and stakeholder engagement.

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## 1. Introduction

At Lulu Retail Holdings PLC (the “Company” and, collectively with its subsidiaries, “LuLu/Group”), sustainability is not just a buzzword, but a guiding principle ingrained in our DNA. It permeates every aspect of our business, from strategic planning to daily operations. In today's world, marked by growing environmental challenges, the pursuit of social equity, and the demand for ethical governance, sustainability isn't just an option; it's a necessity. Through this Environmental, Social, and Governance (ESG) Policy, we affirm our unwavering dedication to sustainable progress and the highest standards of ethical business practices.

### 1.1 Purpose

This Policy serves a dual purpose: firstly, to establish a robust framework for integrating sustainability principles into all aspects of our group operations, and secondly, to define our organization's interpretation of ESG. ESG, representing Environmental, Social, and Governance factors, serves as the guiding principles steering our corporate behavior. Environmental considerations involve our efforts to address climate change, conserve natural resources, and minimize our environmental footprint. Social factors include our commitment to fostering inclusive workplaces, supporting local communities, upholding human rights, and meeting the expectations of our customers. Governance principles ensure transparency, accountability, and ethical decision-making across our organization.

Through clear definition and purpose, this Policy lays the foundation for embedding sustainability as a core driver of our business strategy and operational excellence.

## 2. Position on Key ESG Areas

LuLu is dedicated to upholding strong ESG principles, which include reducing our carbon footprint, supporting communities, ensuring employee well-being, and practicing sustainable sourcing. Through active engagement, we strive to be a responsible corporate citizen across all ESG areas.

### 2.1 Climate Change

LuLu acknowledges climate change as a glaring issue and is committed to addressing and mitigating it through actions to measure, reduce and report on our climate footprint.

## Our Commitments

LuLu endeavours to commit the following:

- Reduce GHG emissions across the value chain and strive towards:
  - Measuring and monitoring our Scope 1 and 2 emissions
  - Exploring a mechanism to measure and monitor our Scope 3 emissions
  - Optimizing our transportation network and vehicle fleet
  - Working towards reducing our downstream emissions i.e., product use and end of the lifecycle
- Set emission reduction targets and develop a roadmap to achieve these targets
- Improve energy efficiency and energy consumption management across our operational activities and value chain
- Increase the use of renewable energy in our operations
- Develop and integrate metrics to measure and monitor our impact and communicate progress to stakeholders consistently and transparently

- Collaborate with peers, industry associations and policymakers to distribute and share knowledge and best practices, strengthen our and the industry's position on tackling climate change and contribute towards climate change mitigation together
- Develop a climate change resilience plan by identifying and mapping the physical and transition risks of climate change along with the opportunities that may arise in the future
- Conduct scenario analysis to understand the impact of identified risks and incorporate mitigation strategies into the business strategy

## 2.2 Environment

LuLu recognizes the impact that its operations and value chain can have on the environment. We are committed to minimizing our environmental impact through efficient water and effluent management, as well as robust solid waste management practices. We are dedicated to working alongside our suppliers, customers, and other stakeholders to protect nature, the environment, and the world we live in.

### Our Commitments

LuLu endeavours to commit the following:

#### Water and Effluents:

- Conserve water and optimize water consumption across operations
- Work alongside suppliers and across the value chain to reduce water consumption
- Ensure that wastewater produced as a result of operations and through the value chain does not have any harmful impact on the environment
- Install water-efficient fixtures, fittings, and appliances throughout the locations of operations, where applicable
- Raise awareness and educate employees and customers on water conservation practices
- Measure and monitor water consumption throughout applicable operational boundary

#### Solid Waste:

- Establish total waste quantification mechanism to setup waste related KPIs
- Implement programs to reduce waste at the source
- Establish comprehensive recycling systems focused on circular economy
- Encourage and facilitate composting of organic waste, diverting it from landfills and turning it into nutrient-rich compost
- Explore technologies that convert waste into energy, reducing the amount of waste sent to landfills while generating useful energy
- Educate the employees about the importance of proper waste disposal, recycling techniques, and the benefits of waste reduction for both the environment and society
- Collaborate with local governments, NGOs, and other stakeholders to create effective waste reduction strategy, and develop innovative solutions
- Establish partnerships with waste collectors that ensure timely pickup and proper disposal or recycling of waste materials
- Regularly evaluate waste management processes, seek feedback, and apply the learnings to find new, more efficient ways to manage waste
- Setup initiatives to engage customers to reduce in-direct waste generation

## 2.3 Employee Wellbeing

LuLu, as a responsible employer, is committed to ensuring the well-being of all its employees. This encompasses optimizing and maintaining the physical, mental, financial, and social health of all employees. This policy intends to promote a workplace environment where wellbeing has high significance, is recognized, and is embedded into our everyday operations. This Policy details our objective to make continuous efforts towards enhancing employee wellbeing.

### Our Commitments

LuLu endeavours to commit the following:

#### Overall Wellbeing:

- Raise awareness and guidance on issues relating to health and well-being
- Ensure that mental health and well-being are considered, in addition to physical health
- Encourage the adoption of practices that promote well-being in the workplace
- Create a supportive environment that enables employees to be proactive in recognizing and sustaining their health and wellbeing
- Equip managers and leaders with the skills to identify and assist employees with mental health conditions
- Maintain complete confidentiality in matters relating to employee health and mental health conditions

#### Employment:

- Identify and implement best employment practices in the industry
- Work towards hiring and retaining the right talent
- Engage with employees continually to receive their feedback and identify concerns
- Provide a platform for employees to anonymously raise concerns and provide feedback
- Ensure fair labor practices and build a working environment that is free of unlawful practices

#### Diversity and Equal Opportunity:

- Promote a working culture where all employees are treated fairly, with respect and dignity
- Maintain an inclusive workplace environment, free of discrimination, harassment, and victimization
- Identify and challenge discriminatory behaviors wherever they occur and respond in a prompt, efficient, and sensitive manner
- Hire and promote based on merit and performance, without bias towards gender, age, cultural or religious background, ethnicity, sexual orientation, disability, marital or family status
- Implement policies and practices that promote gender balance and gender pay equality across different positions in the organization

#### Training and Development:

- Conduct mandatory induction programs for all recruits along with departmental inductions
- Encourage all employees to acquire and develop the relevant knowledge, skills, and competencies to enhance their performance in their current roles
- Encourage and support succession planning to support the diffusion of knowledge and experience
- Encourage each employee to express career objectives and expectations

- Ensure that each employee has a clear development and training pathway to reach objectives and goals
- Provide on-the-job and off-the-job training to employees to upgrade their skills leading to increased productivity
- Provide transition assistance programs to facilitate continued employability and the management of career endings
- Provide regular feedback to employees on their performance and career aspirations through multiple channels and processes
- Regularly monitor and assess the effectiveness of the training programs for continuous improvement

## 2.4 Health and Safety

LuLu recognizes and adheres to its health and safety duties for providing a safe and healthy working environment for all its workers. We also commit to ensuring the health and safety of all customers who visit our stores and purchase/consume our products. We are actively working towards reducing the levels of sugar, salt, and fat in our in-house products through a reformulation process aimed at providing customers with healthier options.

### Our Commitments

LuLu endeavours to commit the following:

#### Overall health and safety for our employees:

- Raise awareness and provide guidance, training, and materials on occupational health and safety
- Develop, communicate, implement, and strengthen existing health and safety practices and procedures
- Encourage the adoption and integration of policies and practices that ensure health and safety in the workplace
- Provide regular health and safety training across all operations and locations
- Equip health and safety officers across divisions and operational activities with the skills, training, and knowledge required to safeguard health and safety
- Ensure all mitigation and remediation measures are placed in accessible and identified locations
- Provide and communicate an accessible platform for feedback and identification of concerns
- Continue to measure, monitor, track and report all health and safety incidents transparently and confidentially

#### Healthy and high-quality products for our customers:

- Ensure affordable and accessible healthy and high-quality products to all customers
- Guarantee product quality and food safety through quality control measures, in-store quality checks, and alert mechanisms
- Promote customer feedback for quality assurance and continuous improvement of product quality
- Offer products that meet our customers' highest expectations
- Ensure that the customers observe and acknowledge the continuous improvements by maintaining regular and personal communication with them regarding the efforts

- Secure in-store and warehouse safety and quality through training, systematic hygiene, and cleanliness
- Diligently monitor and respond to the presence of substances that may be harmful to health and the environment in our products
- Provide and maintain platforms of communication between customers, staff, and the quality assurance team
- Explore strategies to engage suppliers in maintaining production quality
- Proactively collaborate with key stakeholders to promote the enhancement of healthy and high-quality products
- Empower individuals to make informed choices about their dietary habits, promoting a balanced approach to nutrition, and support their efforts to lead healthier lifestyles.

#### **Marketing and labelling of our products:**

- Ensure that all certifications, labels, and claims presented on products are accurate
- Ensure all labels are provided in accordance with local requirements
- Engage and communicate with the marketing and branding divisions to ensure the labels and marketing materials are in line with our brand, policies, and all relevant legislation
- Monitor, track, and report labelling and marketing non-compliances

## **2.5 Human Rights**

LuLu is strongly committed to safeguarding human rights in its operations and across its value chain, while respecting the dignity of all its employees, workers and relevant stakeholders. LuLu complies with all applicable human rights laws, including the UN Guiding Principles on Business and Human Rights and United Nations Global Compact<sup>2</sup>.

### **Our Commitments**

Lulu endeavours to commit the following:

- Promote human rights awareness within the workforce at various levels of operations through regular training and communication
- Ensure adherence to the applicable laws in the countries where we operate
- Engage with stakeholders in an inclusive and transparent manner on human rights concerns related to business activities
- Prohibit all forms of child, forced, or trafficked labor, modern slavery, discrimination and harassment
- Work with suppliers and partners to uphold the same values and implement similar policies and practices
- Work towards continually improving human rights performance within the value chain by implementing best practices and learnings

## **2.6 Corporate Social Responsibility (CSR)**

As a responsible business LuLu strives toward enhancing the quality of life in the communities we operate in. LuLu intends to promote a culture of social responsibility within the organization and create sustainable value for stakeholders, and communities around us.

### **Our Commitments**

LuLu endeavours to commit the following:



- Foster positive relationships with local communities through meaningful engagement and dialogue, actively addressing their concerns, and respecting their cultural, social, and economic diversity
- Engage with communities by supporting community events and initiatives that contribute to social cohesion and well-being
- Invest in programs and projects that promote community development, focusing on areas such as education, healthcare, infrastructure, and environment preservation
- Partner with local organizations, NGOs, and government agencies to maximize the impact of our community development initiatives
- Measure and evaluate the outcomes of our community development efforts to ensure effectiveness and accountability
- Empower communities to become agents of change by providing them with resources, skills, and opportunities for self-development
- Ensure that our products and services meet high standards of quality, safety, and ethical standards, with due consideration for their impact on the community
- Innovate and develop sustainable solutions that address societal needs and contribute to the well-being of communities
- Promote and embody the culture and heritage of the communities in which we operate
- Participate, promote, and celebrate national and local events, initiatives, and days of national importance
- Provide relief materials to disadvantaged communities globally through CSR campaigns, aiming to alleviate suffering and promote resilience in times of need
- Communicate company's CSR objectives to its employees and raise their awareness and knowledge of social responsibility
- Promote employee volunteering as a form of giving back to society beyond traditional charitable or philanthropic investments

## 2.7 Sustainable Sourcing

LuLu is committed to selecting goods and services that are produced and provided in compliance with the environmental, social, and governance standards.

### Our Commitments

LuLu endeavours to commit the following:

- Manage the environmental and social impacts across our supply chain
- Take measures to ensure the protection of human rights and implementation of ethical practices across our supply chain
- Screen suppliers against social and environmental performance criteria to ensure ethical and sustainable sourcing practices
- Promote business relationships with suppliers that have embedded sustainable practices in their organizations and who drive such practices within their supply chain
- Ensure that purchase/buying department is aware of these commitments, and those in charge of procurement are appropriately informed
- Act as an advocate for sustainable sourcing practices within the industry

### **3. Governance**

At LuLu, the governance aspect of an ESG (Environmental, Social, and Governance) policy encompasses the structures and processes guiding decision-making and accountability regarding sustainability and ethical practices. It involves defining the roles and responsibilities of leadership, establishing clear metrics and targets for ESG performance, and ensuring transparency in reporting to stakeholders.

We endeavour to commit:

- Establish a governance structure to overlook and promote the sustainability agenda within the organization
- Sensitize LuLu's Board members about sustainability and the organization's sustainability agenda
- Facilitate resources and assistance for the realization of ESG policy commitments
- Incorporate sustainability principles into operations, decision-making, policies, and business strategy
- Align with applicable national and international initiatives such as the United Nations Sustainable Development Goals (UN SDGs), and contribute towards achieving their goals and objectives
- Monitor current trends, upcoming risks, and opportunities in the field of sustainability and evaluate their impact on the business
- Review the organization's activities to ensure compliance with applicable sustainability laws and regulations in the territory we operate
- Engage with relevant stakeholders to incorporate their feedback, identify key concerns and work towards resolving them
- Continuously work towards updating the sustainability agenda and policy in line with best practices and international frameworks

### **4. Responsibility and implementation**

The Chief Sustainability Officer and ESG department at the Group level are responsible for overlooking the day-to-day implementation of this Policy and providing the required guidance, training, and resources for implementation.

### **5. Document Approval**

This ESG Policy was approved by the shareholders of Lulu Retail Holdings PLC on October 2, 2024.