



2023 IMPACT REPORT

Stepping Towards A Sustainable Future

ALDO
GROUP

About This Report

The ALDO Group Inc.’s comprehensive 2023 Impact Report is an extensive review of our company’s growth trajectory and dedication to sustainability in the past year. As a privately owned Canadian company, we’ve remained committed to transparency and accountability by sharing and building on our annual CSR brochures since 2018.

As part of our continually evolving mindset and commitment to improvement, we firmly believe that maintaining responsibility and openness with our stakeholders forms the foundation of a diligent and ethical approach. This year marks a key moment for our company as we align with industry best practices and unveil a more wide-ranging and detailed Impact Report that delves deeper into our sustainability initiatives, accomplishments, and community contributions. Our intent is to share a transparent account of our outlook and actions, prioritizing open and honest communication every step of the way. In service of this intent, this report is following the most stringent standards and is reporting with reference to the GRI standard (Global Reporting Initiative).

Covering the period from January 29th, 2023, to February 3rd, 2024, our 2023 Impact Report details the CSR initiatives we implemented during this period and unveils our long-term strategic vision. The scope of this Impact Report covers our footwear, handbags, and accessories business with our three brands’ CSR initiatives (ALDO,

Call It Spring, GLOBO), our corporate offices and stores directly owned by the ALDO Group in Canada and in the United States, our ALDO Product Services division, our wholesale business, and our partners’ accomplishments. It also covers our practices and standards in our global supply chain.

Our previously published CSR Brochures, as well as our Impact Reports, which we will publish in place of the brochures going forward, are available in English and in French.

This 2023 Impact Report is an opportunity to highlight through our diverse brands our commitment to our people, our planet and the world we live in, and to share the progress we’ve made across the years and the learnings we acquired from the various challenges we met along our path.

At the ALDO Group, we strive to better the world we inhabit through our actions, charitable giving and the causes we support. Our story is not about short-term success, but about the long-term positive change we can help bring about in the communities we serve. It’s a vision we pursue one step at a time.

If you have any questions or comments about CSR at the ALDO Group or this Impact Report, please contact us at csr@aldogroup.com



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A Letter From Our CEO

OUR FOOTPRINT, TODAY AND TOMORROW

The story of the ALDO Group is undeniably one of growth. The first free-standing ALDO store opened on Sainte-Catherine Street in Montreal in the late 70s, and from there, we’ve become a globetrotting brand found in more than 100 countries. One first step became a global footprint.

In 2023, we took another step with an eye for the future and set out on a journey that will shape the coming decades as we strive to be Net Zero by 2050. Hitting net zero emissions in little more than 25 years is a lofty goal, but a necessary one. Our commitment to our planet and its people goes beyond this one ambition.

Our brands are known and loved the world over, and it’s a privileged position to be in. We don’t take that privilege for granted, and we embrace the responsibility that comes with it. We want to do our part in making our industry the responsible actor in society I know it can be, and that depends on more than the sustainability of our business.

Transparency and accountability are equally as important, and that’s why I’m proud to present this Impact Report for the fiscal year 2023. It’s the first of its kind for the ALDO Group, and this report, with its wider scope, stringent standards of documentation and disclosure, is part of our ambition to be transparent about our activities, initiatives, and vision for corporate social responsibility at our company.

This report covers it all: the amazing grassroots initiatives our associates launch, how we protect consumer data, our responsible sourcing strategy, and more, giving you an inside look of where we’re at, as well as where we intend to go.

In the years to come, the ALDO Group will continue its story of growth, but what that term holds for us is rapidly expanding. We’re responsible for more than how good our styles look and feel, and we’re accountable to more than just ourselves. We’re ready to grow into the challenges that reality holds, and as the ALDO Group continues on its journey to create a world of love, confidence, and belonging, I know our capacity to do so has never been greater.

DAVID BENSADOUN
Chief Executive Officer





A Letter From Our CSR Representative On The Leadership Team

WE ARE GUIDED BY OUR PEOPLE

Our associates are diverse, passionate, and caring people invested in the welfare of their colleagues and the communities in which they live. As a company, it's our responsibility to follow their example and positively contribute to our communities in the same way.

That starts from within. The welfare of our associates remains our top priority, so we proactively work to always improve in this regard, like instituting a new vacation policy so associates can spend more time with their loved ones. The same applies to those we work with, and we're committed to safeguard and respect human rights throughout our value chain.

As a global company, we have an opportunity to make a difference on a global scale. Guided by our values of Love, Respect, and Integrity, we've done so by supporting social causes and working hard to lessen our environmental impact. I'm proud of how far we've come on this journey and assured of our commitment to keep improving.

The thinking around companies and their place in society has changed a lot during my career. They've gone from separate entities to social players with a key role to play in bringing about a better tomorrow. Nowhere is that more true than at the ALDO Group, where my colleagues have shown me we are not just a part of our communities, we are our communities.

CATHERINE ROSS

Chief People Officer and General Counsel
CSR Representative on the Leadership Team

“The story of the ALDO Group is undeniably **one of growth.**”

DAVID BENSADOUN, CEO

A Different Kind Of Company

Our company is as unique and diverse as its people, but we’re driven by traits we share: our emphasis on innovation, pursuit of excellence, strong work ethic, entrepreneurial spirit, kindness, focus on sustainable actions, and insatiable curiosity. Common to us all is a shared belief in our values: **Love**, **Respect**, and **Integrity**.

Specializing in stylish and accessible footwear and accessories, the ALDO Group has been around for more than 50 years. We operate under two signature brands, ALDO and Call It Spring, and a multi-brand retail concept, GLOBO. We're also an industry-recognized wholesale distributor and third-party sourcing provider of fashion footwear, handbags and accessories.



Bringing about a better world is a never-ending pursuit, a fact we acknowledge with great humility. Looking back, we stand proud of our mission to be the best fashion footwear and accessories company in the world, and of our wish to help solve growing global challenges.



THE ALDO GROUP AT A GLANCE


 **1972**
OUR STORY BEGINS

1978 
First freestanding ALDO store
on Saint-Catherine Street in Montreal.


 **1985**
ALDO launches awareness campaign
in the fight against AIDS.

1988 
Creation of the **CLUB ÉLITE** recognition program.

 **1991**
ALDO opens its **200th store**, and **TRANSIT**
is launched, which will later become **Call It Spring**.

1995 
First franchise license for the ALDO brand in Israel.

 **2000**
Launch of **ALDO ACCESSORIES**.

2005 
First eCommerce transactional websites
launch in the U.S. and Canada.

 **2008**
Call It Spring partners with War Child,
a non-profit organization helping children
affected by armed conflict, raising more
than \$200,000 over an 8-year period.



NET ZERO
by 2050

*We unveil our updated CSR strategy with our three pillars: **People, Planet, and Responsible Business**, and we announce our new sustainability journey focus: **striving for Net Zero by 2050.**



2016

The ALDO Group launches its first **Corporate Social Responsibility strategy**. We participate in Race Across America for **Two Ten Foundation's cancer relief fund**.



2019

The ALDO Group's Science-Based Targets (SBTs) are approved by the **Science-Based Targets initiative**. Call It Spring becomes **100% PETA-Approved Vegan**.



2021

We take part in the **World Climate Summit** and share our initiatives as part of the panel "Lead by Example - Harnessing Innovation Towards a Carbon Neutral Fashion & Textile Industry."

... and the story goes on!

We've come a long way, but we know that 50 years later, **our journey is just beginning.**

2013



The ALDO Group calculates its **carbon footprint** for the first time.

2018



The ALDO Group is the first fashion footwear and accessories company in the world to be **certified climate neutral**.

2020



ALDO launches ALDO Love Planet, its first **responsible collection**.

2022



The ALDO Group **celebrates 50 years** of being in business, and unveils its updated CSR strategy*.

Our Global Footprint

At the ALDO Group, we're obsessed with making a big company feel small – a place that feels more human and casual with everyone closer together, treating each other with kindness and respect. It's a powerful feeling rooted in our values, and it resonates in the work we do and what we build as a team.

When it comes to our unique and diverse culture, there's no need to look any further than the people in our offices and stores worldwide.

FY 2023

5,795

corporate associates in North America

More than

440

stores across North America

21

new corporate stores

Our network now counts more than

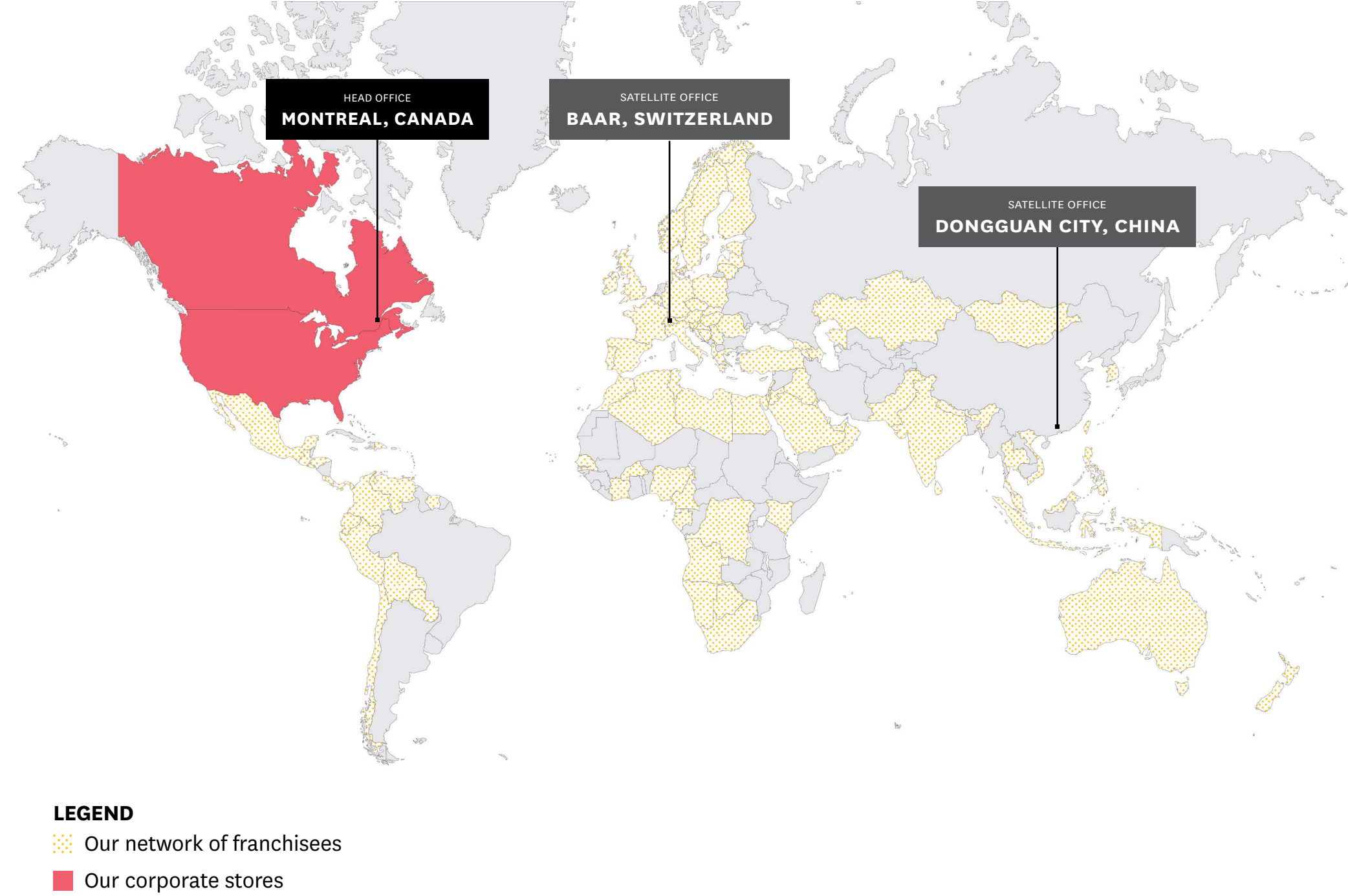
1,500

stores in over 100 countries

Our online community counts more than

11 M

followers from around the world





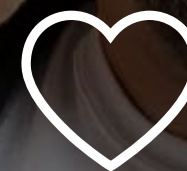
Our Purpose

WE ARE ON A JOURNEY TO CREATE A WORLD
OF LOVE, CONFIDENCE AND BELONGING



Our Vision

TO BE THE BEST FASHION FOOTWEAR
AND ACCESSORIES COMPANY IN THE WORLD



Our Values

LOVE, RESPECT, INTEGRITY

Our CSR Philosophy

CRAFTING A SUSTAINABLE LEGACY

The ALDO Group has a rich history of strong CSR efforts, reflecting our commitment to our people and to the world we live in.

In 2016, we launched our first official Corporate Social Responsibility strategy, built on our three previous pillars: People, Planet, and Partners. This strategy was our way of applying our values and effect concrete change in a world facing evolving social and environmental challenges. Recognizing the need for a deliberate approach, we took a step to address all CSR aspects.

Proud of our accomplishments, we understood the necessity to keep moving forward and embraced the idea of a new action plan to propel us along this journey.

In 2021, we set out to reimagine our CSR strategy, to determine our new priorities and address the evolving needs of our stakeholders. To do so, we initiated a stringent process to assess how the ALDO Group could make a greater contribution to society.

Working with independent experts

An initial collaboration with Anthesis Group, a world-leading, purpose-driven, science-based sustainability consultancy, conveyed fresh insights and provided unbiased perspectives on where the ALDO Group has the most material sustainability impacts.



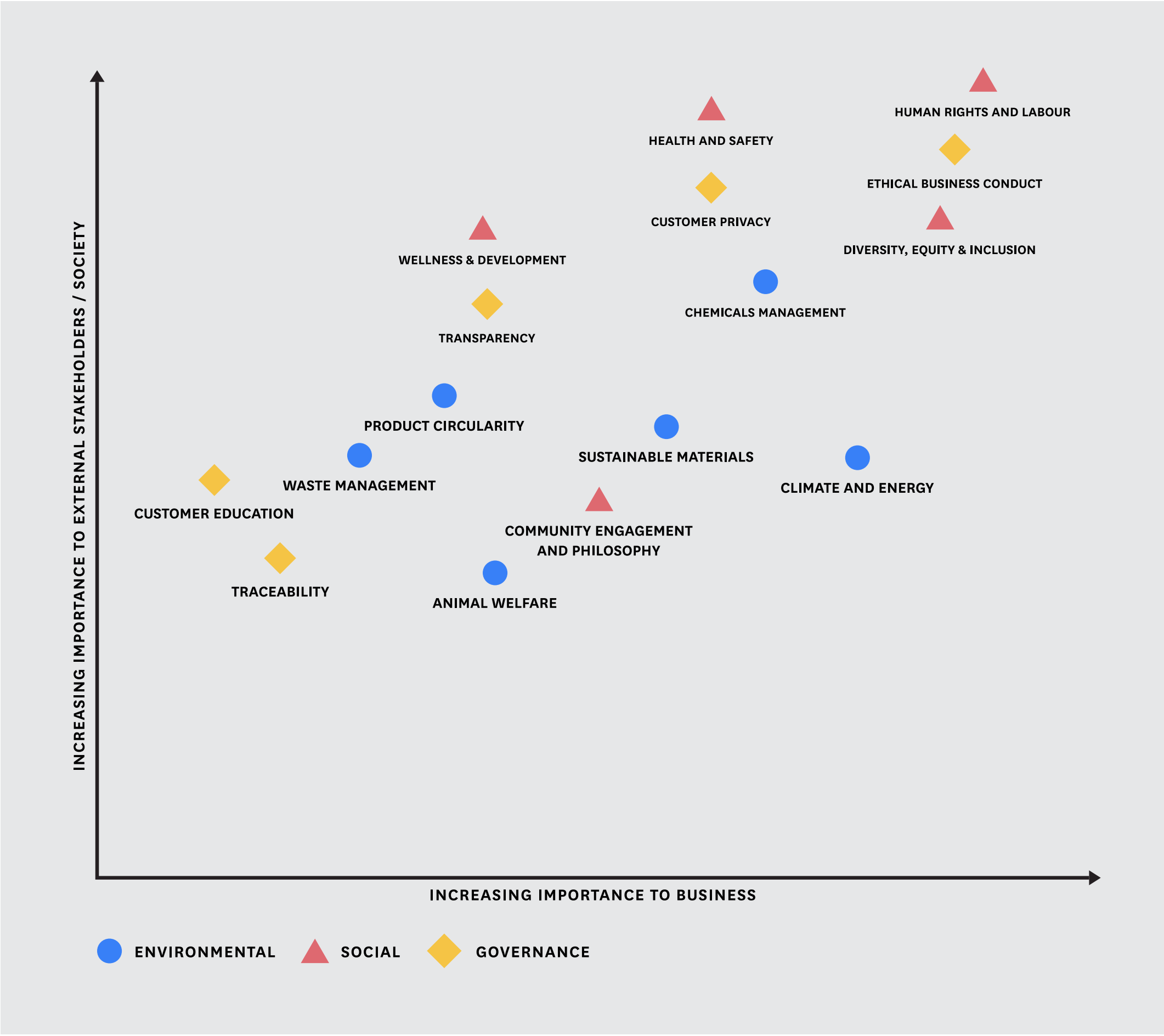
LISTENING TO OUR STAKEHOLDERS

In 2021, we conducted a materiality assessment to survey our associates, vendors, franchisees, and multi-stakeholder recognized associations we partner with (i.e., Cascale, Leather Working Group, Social Labor Convergence Program, Better Work). Our customers' key expectations for CSR-related matters were assessed through a wider study called Brand Equity, which is renewed every year, and includes sustainability criteria.

Our goal was to gain comprehensive insights into our internal and external stakeholders' views on how the ALDO Group should shape its path and move forward, as well as determine the key priorities for our 2022-2030 strategic roadmap. Based on an extensive benchmark of our industry peers' CSR practices, and analyses of our industry's most urgent or emerging ESG issues, we defined **16 material topics**, divided into the three pillars of **ESG: Environmental, Social & Governance**.

Following our materiality assessment and granular studies, we formed a special **CSR strategic committee** composed of key representatives and leaders from each department of the company. This committee conducted internal interviews and organized workshops to define our vision and priorities.

This inclusive approach allowed us to gather diverse perspectives and evaluate potential impactful drivers, ensuring that our future actions align with the expectations of all stakeholders and customers within our community.



LEARNING FROM RECOGNIZED GLOBAL STANDARDS

In our pursuit of excellence, our journey is one of ongoing learning and growth **aligned with global sustainability standards** such as the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (UNSDGs) and the Carbon Disclosure Project (CDP).

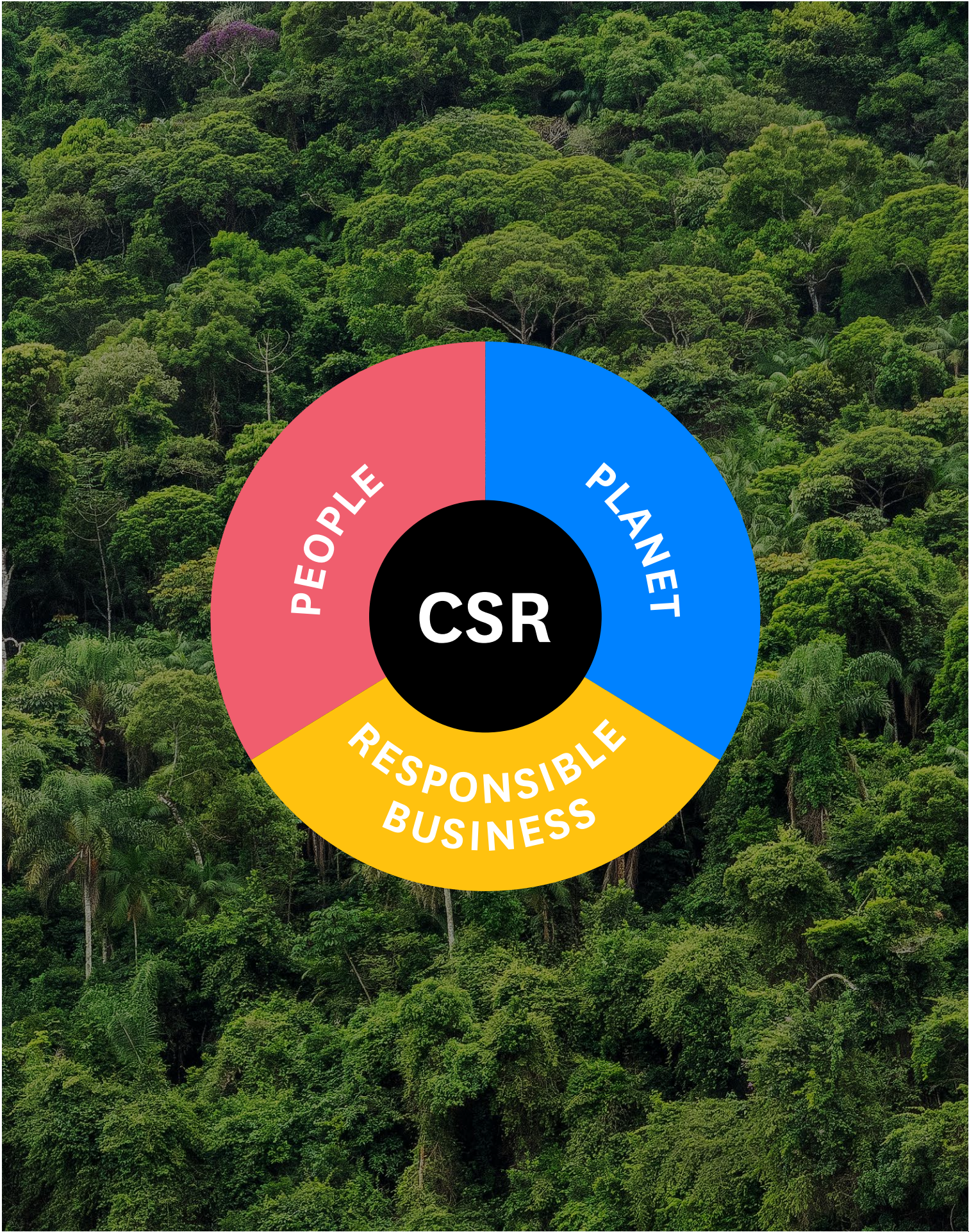
As part of our long process of research and assessments with our stakeholders to define our eight-year CSR plan, we also made sure to align our priorities and goals with the recommendations of the recognized associations we are members of, such as the Fashion Pact, Cascale, and the UN Fashion Charter for Climate Action. Our renewed CSR strategy was also validated against these recognized frameworks.

TAKING CONCRETE ACTIONS

The collective effort led to the identification of vital CSR priorities that will guide our initiatives in the coming years, and a forward-looking strategy was devised based on the insights gleaned from this joint endeavour. This strategy outlines the path of our vision for 2022-2030.

The ALDO Group’s renewed vision for 2022-2030 stands on **three pillars: People, Planet, and Responsible Business**. Eight priorities have been identified as part of these pillars and they come with a roadmap enabling us to focus our efforts where we can accelerate progress and have a meaningful impact.

To ensure that our CSR strategy would be aligned with and integrated into our global corporate strategies, our renewed vision was discussed with Catherine Ross, Chief People Officer and General Counsel, who serves as CSR Representative on the Leadership Team. Once approved, our CSR strategy was presented to our Chief Executive Officer, David Bensadoun, for his endorsement.



♡ PEOPLE

INSPIRE A BETTER TOMORROW FOR EVERYONE.

Our role as a leading corporate citizen comes with important responsibilities toward people and communities, and we are determined in our commitment to continue making a positive difference. Our founder’s vision to create a human company, a brand that cares, serves as a legacy that drives us forward in creating an environment where associates can be healthy, happy and productive. We are dedicated to contributing meaningfully to the well-being of our associates and stakeholders, including protecting the workers in our supply chain. Our commitment to do so goes straight back to our values, which continue to propel and inspire all our corporate initiatives.

We pledge to:

- > Ensure the well-being of our associates and promote diversity, equity and inclusion.
- > Promote human rights and protect our workers in our supply chain.
- > Enrich our communities.

🌿 PLANET

CREATE AND SOURCE PRODUCTS WE LOVE WITH POSITIVE INTENT.

Every step from source to store has been thought out with love, respect, and integrity.

We create products with the planet in mind by maximizing our efforts to foster sustainable growth. In recent years, we have explored different innovations, and increased the use of environmentally preferred materials (EPM) in our collections. We know that authentic and far-reaching sustainability is not achieved overnight. While we are progressively rethinking our designs, we are also reviewing the way we source our products and examining our global footprint. Looking ahead, we are dedicated to further optimize the way we create, source, produce, package, move and sell footwear, handbags, and accessories around the world.

We pledge to:

- > Reduce our carbon footprint as we strive for Net Zero by 2050.
- > Source more responsibly.
- > Reduce our waste.

👤 RESPONSIBLE BUSINESS

INVOLVE EVERYONE TO DRIVE SUSTAINABLE ACTION.

Embracing responsible business practices is not merely a commitment but a journey towards positive impact.

We believe long-term growth goes hand in hand with sustainable action and with a capacity for transformation. We have a set of policies that frame our standards and guide our practices with our associates, vendors, and partners. Through our offering and transparent communication, we intend to enable our customers to make more sustainable choices, while protecting them through rigorous data privacy programs and systems.

We hold ourselves accountable and follow the recognized global frameworks for our business approaches and our programs. We want our progress to be evident and measurable. In our pursuit of corporate social responsibility, and throughout our pathway to creating lasting value and making a difference, we need all stakeholders on board.

We pledge to:

- > Act ethically and with integrity.
- > Communicate our progress.
- > Engage and protect our customers.

Aligned with the UNSDGs:



Aligned with the UNSDGs:



Aligned with the UNSDGs:



2023 Key Highlights



100% OF OUR LEATHERS ARE CERTIFIED
BY LEATHER WORKING GROUP (LWG), AMONG
WHICH 88% HAVE A GOLD-LEVEL RATING



MORE THAN 90% OF OUR EMPLOYEES THINK
THAT THEY WERE TREATED FAIRLY REGARDLESS
OF THEIR RACE, ETHNICITY, OR GENDER



\$CA 625,000 EQUIVALENT DONATED
BY THE ALDO GROUP AND ITS DIVISIONS
TO CHARITIES IN 2023



91% OF ASSOCIATES HAVE COMPLETED OUR
TRAINING ON CYBERSECURITY



OUR CUSTOMERS DONATED AROUND 5 TONS
OF GOODS THROUGH OUR GIVE BACK BOX
CHARITY PROGRAM



100% OF OUR STRATEGIC MERCHANDISE SUPPLIERS
HAVE COMPLETED TRAINING ON HUMAN RIGHTS,
FORCED LABOUR INDICATORS, AND OUR STANDARDS



58% OF DIRECTOR-LEVEL POSITIONS
OR ABOVE ARE OCCUPIED BY WOMEN



WE MADE FORBES MAGAZINE'S **LIST OF CANADA'S
BEST EMPLOYERS 2023**



People

INSPIRE A BETTER TOMORROW FOR EVERYONE

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“We’re **responsible** for more than how good our styles look and feel, and we’re **accountable** to more than just ourselves.”

DAVID BENSADOUN, CEO

Diversity, Equity & Inclusion

WE LOVE, CELEBRATE AND ELEVATE ALL PEOPLE, EVERYWHERE.

Everything we do originates and builds from this core principle. Since the very beginning, we have been **proud advocates of diversity, equity and inclusion (DEI)**. It has always been tied to our mission, and it forms an integral part of our DNA.

As we aim to foster an inclusive work environment, where our associates’ views, opinions and experiences are valued, we never take our progress for granted, and every success paves the way to further achievement. We rely on our comprehensive policies and implement initiatives to follow the best practices of today.

In 2022, we identified three key sub-pillars for our DEI strategy to help focus our initiatives and maximize our impact.

WOMEN

2SLGBTQI+

BIPOC

Our strong corporate presence within these communities and our desire to be a driving force for DEI comes with responsibilities and obligations, and we are very aware that change will only come about through consistent and tangible actions. That is why we take this systemic approach that allows us to pinpoint and focus on specific causes and issues.

FY 2023

VOA SCORE 2023:

8.8/10

“I believe the ALDO Group is a diverse and inclusive workplace”

MORE THAN

90%

of our associates

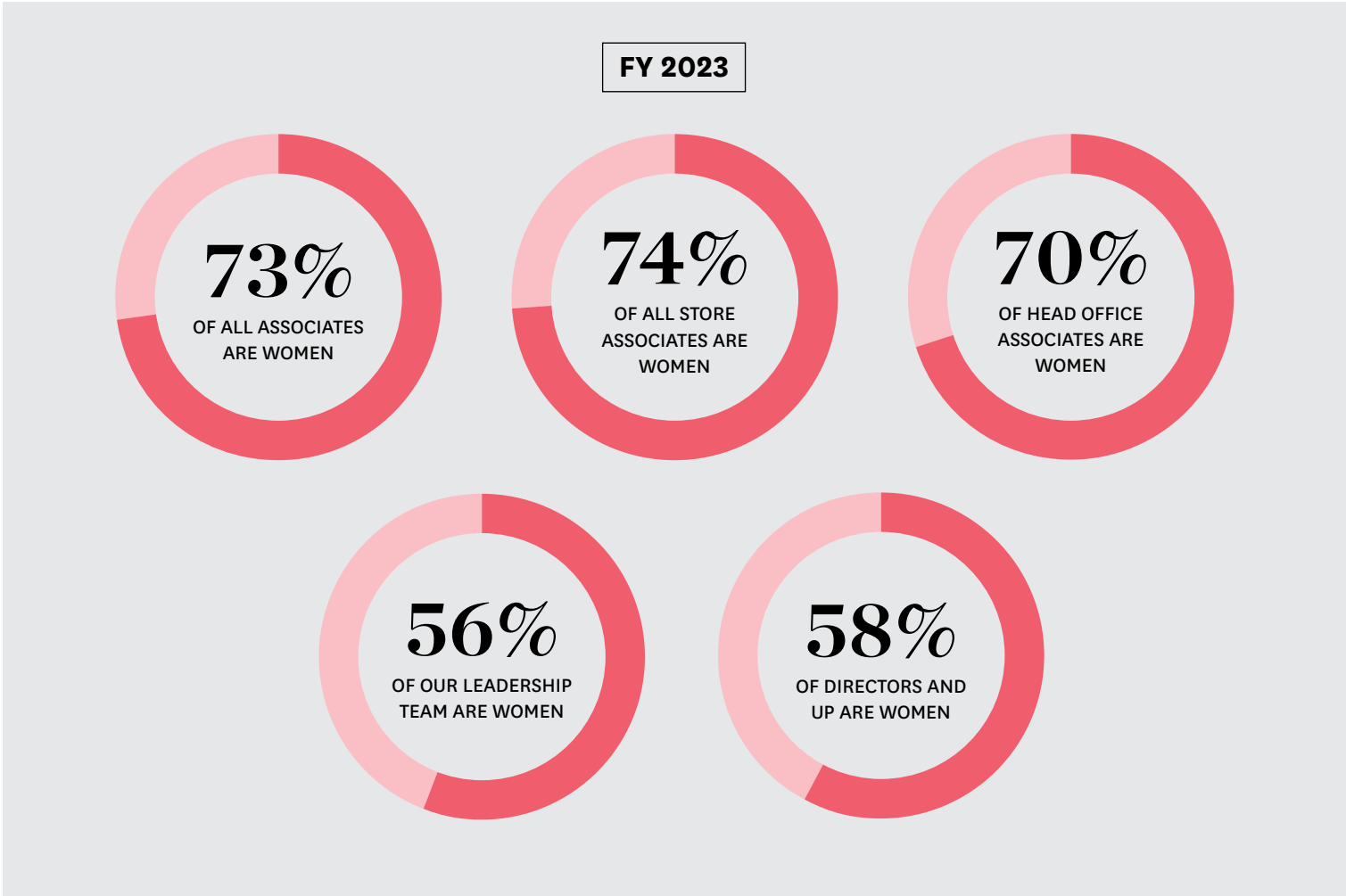
think that “people at the ALDO Group are treated fairly regardless of their race or ethnicity, gender, or sexual orientation”



EMPOWERING WOMEN

The ALDO Group stands up for women’s fight for equality and our CEO is a committed champion of women in leadership roles. We firmly believe that a more diverse management team, with women on board, is a more efficient and innovative team and a catalyst for growth and success.

We’re proud to report that women make up the majority of our workforce at every level of our organization.



► Women’s Leadership Panel

We believe that promoting women in leadership positions who can share experiences on how to balance one’s personal and professional life, is an effective way of encouraging women’s empowerment.

With this in mind, we hosted a panel discussion on women’s leadership at our headquarters and welcomed three remarkable women from the Canadian Army Reserves to talk about their experiences as leaders, covering the topics of well-being and what the buzzword “vulnerability” means to them. Our CEO, David Bensadoun, personally took part in organizing and hosting this event. All this hands-on leadership experience was a source of inspiration for the attendees, and the response was strikingly enthusiastic.

INTERNATIONAL WOMEN’S DAY

International Women’s Day has always been particularly important for the ALDO Group. The day celebrates women’s social, economic, cultural and political achievements while raising awareness about the challenges they continue to encounter daily.

In 2023, the ALDO Group was the official presenter and sponsor of the Two Ten WIFI (Women in the Footwear Industry) Virtual Series. These inspiring discussions, broadcast online and available for free, brought together successful and influential leaders of the industry to discuss various important topics. On the occasion of International Women’s Day, we reminded our associates of our long-term partnership with the Two Ten Foundation and announced the participation of Jennifer Maks, President of ALDO North America, in the panel “Taking the Lead: Leadership Skills to Inspire, Motivate and Influence,” aimed at increasing C-suite representation for women across the industry.

► A Hike for Women’s Health

To take good care of your community, you first have to take good care of yourself. For International Women’s Day, the female associates of the ALDO Far East office went to the Tongsha Ecological Park for a long hike. For these 40 associates, it was an amazing opportunity to focus on their physical and mental health and to connect with each other in a different and nourishing way.



OUR PARTNERSHIPS

Over the years, the ALDO Group has supported women in our communities through various initiatives meant to address women’s needs and foster their growth.



Two Ten

The ALDO Group first partnered with Two Ten, a non-profit support organization for the footwear community, 13 years ago. Two Ten offers grants, scholarships, emergency financial assistance and free legal, financial and mental health counseling to members of the community. **In the last five years only, Two Ten has helped almost 500 of our associates in times of crisis with financial aid totaling almost \$300,000.** We are proud to say that Jonathan Frankel, President of ALDO Product Services, has been on Two Ten’s Board of Directors since 2017. Our historical involvement with Two Ten continues to inspire our vision of women’s empowerment.



Women’s Centre of Montreal

The Women’s Centre of Montréal is a non-profit organization created by women, for women. Its mission is to provide information, counselling, and educational and vocational training to help women help themselves.

In 2023, our Chief Financial Officer, Geneviève Brouillette, was one of the co-presidents of the 24th fundraising evening for the Centre. Before the fundraising had even got underway, the initial \$500,000 goal had been surpassed and at the end of the evening, **a breathtaking total of \$1,088,500 had been raised.**

The ALDO Group felt particularly strongly about this cause. As a **diamond sponsor, we had pledged a \$20,000 donation,** but we went above and beyond as Geneviève worked with several of our teams to offer many enticing items up for bid during the charity auction.



Dress for Success

For several years now, we have been lending a hand to Dress for Success, a non-profit organization that aims to create systemic change by providing thousands of Montreal-area women with a support network and professional attire.

In 2023, **we organized a donation drive of women’s clothes for the organization.** This initiative yielded a sizable amount of clothes which went directly to help building the professional wardrobe of women in need.

SUPPORTING THE 2SLGBTQI+ COMMUNITY

Our historic engagement with the community goes back to our iconic AIDS campaign in the 80s, and we have not backed down since then. Every year, we strive to reinforce our commitment to the 2SLGBTQI+ community through our actions within and outside our organization.

PARTNERING WITH OUT & EQUAL IN 2023

In 2023, we partnered with Out & Equal, a premier global non-profit organization working exclusively on 2SLGBTQI+ workplace equality and who supports organizations in forging a corporate culture that is truly inclusive.

Throughout the year, we made the most of various resources and webinars that our HR Department leveraged to improve our operational practices. Other resources were also shared with our associates to educate them and foster an environment where dialogue, curiosity, and respect is central.

Out & Equal Workplace Summit

The O&E Summit, which takes place over four days, gathers over 3,500 business leaders, people from the 2SLGBTQI+ community, and employees to discuss best practices and participate in training workshops. In 2023, three associates from our stores and operations were given the opportunity to participate in the Summit and share their precious insights with the corporate team to improve our practices.

LOTTERY DRAW FOR VIQ TICKETS TO PRIDE MONTREAL

As a global company, we celebrate Pride internationally in June. However, as a Canadian company based in Quebec, we also feel it is important to celebrate Montreal Pride, which occurs in August of every year.

For the second consecutive year, the ALDO Group offered associates in Montreal a chance to win three pairs of tickets to attend the Montreal Pride as a VIQ (Very Important Queer) and to go to shows during the celebrations. Our winners also had access to an exclusive Meet & Greet with world-renowned drag artists.



WORKING TOGETHER WITH BIPOC

Acknowledging the importance of BIPOC (Black, Indigenous, and People of Color) individuals at the ALDO Group is fundamental in terms of encouraging a diverse and inclusive workplace. Embracing BIPOC diversity enriches our culture beyond representation and encompasses recognizing and valuing the experiences and contributions of individuals from various racial and ethnic backgrounds.

BLACK HISTORY MONTH

Black History Month celebrates the achievements and contributions of Black people throughout history and is observed in February in the US and Canada, and in October in the UK and Ireland. It is a time when everyone is encouraged to reach out and learn more about Black history and culture. At the ALDO Group, we know that education is key, and we make various resources available so that our associates can explore these critical issues and gain a deeper understanding of what is at stake.

► The Call It Spring Crewneck Campaign

As a fashion company, we like to find interesting ways to raise awareness and make an impact, while staying close to our roots. In 2023, Call It Spring worked with Kaya Joan, a Toronto-based, multidisciplinary Afro-Indigenous artist, to create the Nurture Crewneck. It displays messages of empowerment, with “Nurture Your Growth” on the back and “Honour Your Power” on the front. For Kaya, “the design is meant to be uplifting and empowering to those who wear it and see it [...] [and] the illustrations are about expansiveness and joy.” Money raised from sales went to Afri-Can Foodbasket, a non-profit organization working to improve food security among African-Canadian communities.



WORKING TOWARD RECONCILIATION

The ALDO Group acknowledges that we established our company more than 50 years ago on unceded Indigenous lands. As a proud Canadian company, we feel it is our duty to take a strong stand for reconciliation and to strive for stronger relationships between Indigenous and non-Indigenous peoples.

► Partnership with Indigenous Works

In 2023, the ALDO Group entered a partnership with Indigenous Works, a national social enterprise focused on improving the inclusion and engagement of Indigenous peoples in the Canadian economy. This partnership represented a significant leap forward for the ALDO Group when it came to deploying concrete and strategic solutions to foster diversity and belonging in our organization. With the assistance and guidance of Indigenous Works, we educated ourselves on the cultural differences and how to ensure that we implement the means and practices for an inclusive workplace.

► Celebrating the National Indigenous History Month (NIHM) in June: History and Traditions of Indigenous Shoemaking

To celebrate National Indigenous Peoples Day on June 21, we invited Josée Leblanc – member of the Uashat Mak Mani-utenam Innu First Nation and the founder of **Atikuss**, a company that sells handcrafted and traditionally-made footwear and accessories, to teach us about beadwork ancestral techniques and the history and traditions of Indigenous peoples’ shoemaking (see the founder of Atikuss on the right).

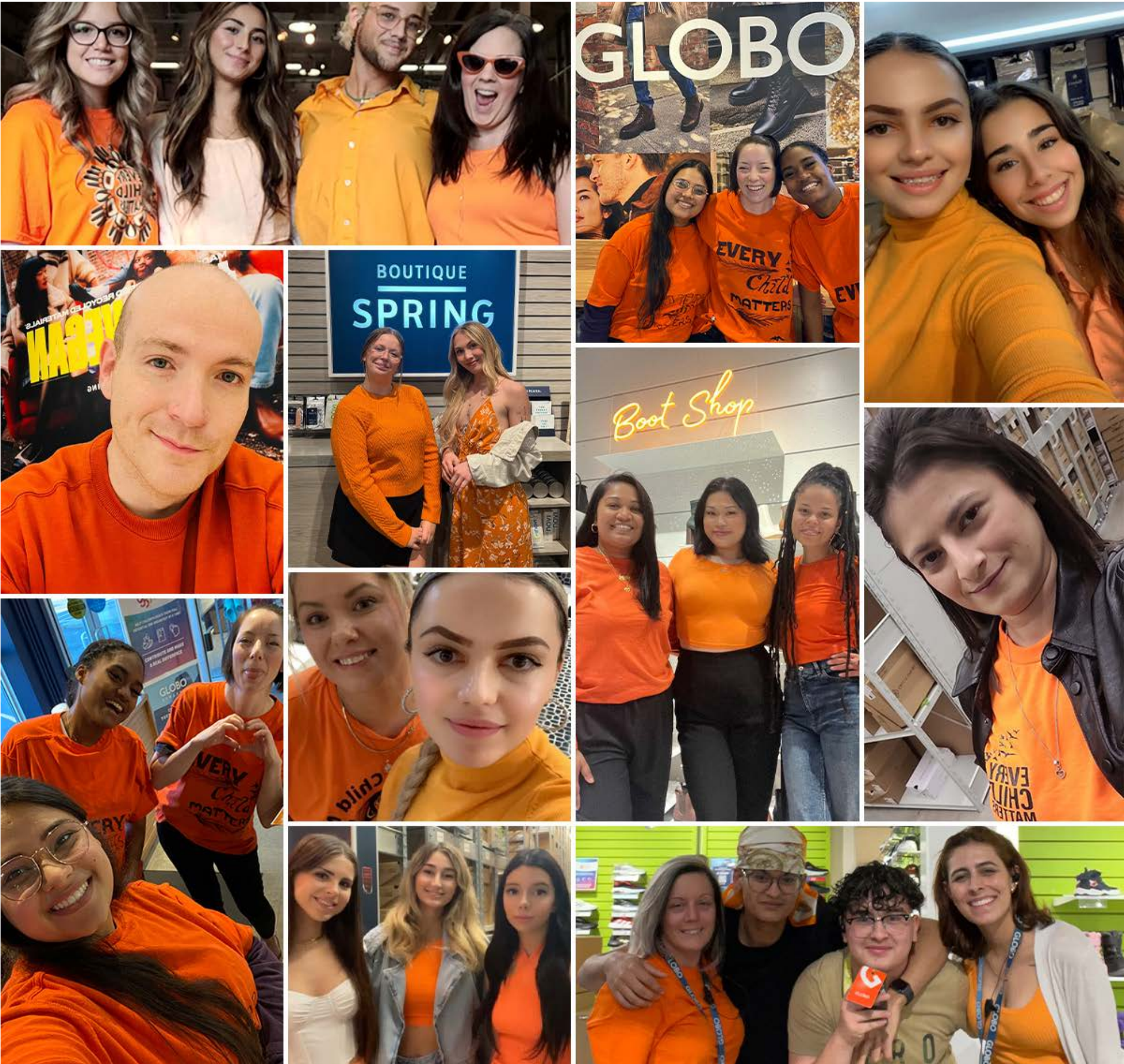


► **National Day for Truth and Reconciliation**

More than 150,000 children of Indigenous descent attended residential schools across Canada, and an estimated 6,000 of them never came back. The National Day for Truth and Reconciliation, a significant milestone in Canada’s history, honours the children who never returned home and the survivors of residential schools, as well as their families and communities. We believe that commemorating and acknowledging this tragic history, and the impacts it continues to have on communities, is part of our duty.

This year, **the ALDO Group encouraged all store associates to wear orange shirts on September 30**, a symbol of our unwavering support for these communities and to help raise awareness. They were told about the importance of the day, how it originated and how they can help educate curious customers.

In addition, the ALDO Group made a **\$20,000 donation to the Native Women’s Association of Canada (NWAC)**, a national Indigenous organization providing critical services to Indigenous Women, Girls, Two-Spirit, Transgender and Gender Diverse+ (WG2STGD+) People in Canada. It was natural to choose to support this beautiful cause, which also aligns with our two other pillars, Women and 2SLGBTQI+. Our donation contributed directly to support the Prince Edward Island Healing Lodge.



EDUCATING OUR ASSOCIATES ON DEI

At the ALDO Group, we know education can have a powerful impact on the way we interact with people and the world. By training our associates to recognize unconscious biases, we can work together to reduce and stop prejudices and other forms of discrimination. When associates and managers join the ALDO Group, we ask them to complete a DEI-specific training. This mandatory onboarding training covers various aspects of DEI and aims to create and sustain a safe and supportive work environment.

In 2023, with a view to address more complex and sensitive topics, we added three new modules to our mandatory training on DEI available to all our employees:

- 1 | Diversity strengthens our teams
- 2 | Expanding our empathy
- 3 | An inclusive and equitable culture

FY 2023

We are proud to have reached an

86%

completion rate among our associates for our DEI training
(up from 63% in 2022)

Life-long learning is a core value at the ALDO Group, and the company makes various carefully selected DEI resources available to its associates. We also offer our associates the opportunity to take their training even further should they wish with a **free LinkedIn Learning license**, where we've curated a selection of in-depth courses aimed specifically at DEI.



A Great Place To Work

The ALDO Group is a people-first organization. For us, that means a constant emphasis on creating a working environment where associates thrive and where they feel empowered to grow and fulfill their potential.

With this in mind, we are proud of the fact that in 2023 we're once again **a Great Place To Work-certified organization in Canada and the USA.**

This prestigious certification is awarded to employers who excel in providing an outstanding employee experience. To be certified, a company must achieve 65% or more positive responses on the GPTW employee survey, and we're proud to say that thanks to feedback from our retail and corporate associates, we scored 77% in Canada, and 79% in the US.

Additionally, the ALDO Group has, for the second time, been listed among **Best Workplaces in Quebec** by Great Place To Work.








We also made **Forbes Canada's best employers list.** Forbes Magazine annually publishes a list highlighting Canada's top employers, and 2023 saw us included among the 300 companies featured on this prestigious list, from a pool of 2,900 companies.



WORK-LIFE BALANCE

We've cultivated an environment where our priority is the health, happiness, and accomplishment of our associates. We know that giving time to our associates to rest and enjoy life outside of work contributes to their well-being at work and therefore makes them better associates.

Here is how our commitment is put into practice:

-  Our head office employees observe a **standard work week of 37.5 hours** with flexible schedules.
-  **Our blackout-period policy** for weeknights and weekends encourages disconnecting from work-related communication channels and promotes a healthy work-life boundary.
-  Depending on their job level, head office employees are entitled to **either three or five weeks of vacation upon joining the company**, and all associates have one week off between Christmas and New Year's Day, where the head office is closed, surpassing by far Canadian annual leave regulations.
-  **A hybrid work schedule** allows a seamless transition between home and our dynamic campus.
-  **Summer Friday** season allows associates to end their day at 1 p.m. on Fridays so they can enjoy more of the summer and all that it has to offer.
-  **Maternity and parental leave benefits** also exceed government programs, featuring a 16-week salary enhancement for higher-level associates. We also ensure continued accumulation of vacation time during leave and the carryover of unused time upon return to work.
-  We offer an array of **perks and benefits**, such as: virtual care, insurance, savings plans, wellness tools like the Headspace guided meditation application, as well as partnerships with daycare services close to our head office and a fitness centre on Campus.

GREEN HEAD OFFICE

We know that our commitment to sustainability must begin at the core of our operations, starting with our head office and extending outwards, enhancing our working environment and positively impacting the community. We aim to lead by example and inspire others to be more environmentally responsible.

Our head office is a reflection of our environmental commitments:

- ▶ We have a central **waste sorting** station.
- ▶ We have a **green cafeteria** on Campus with compostable packaging, reusable plates and cutlery, fresh take-out hot meals and vegetarian options. Employees also get a discount on coffee when they bring a reusable cup.
- ▶ Our Campus is **free of plastic bottles**.
- ▶ We have **two beehives on our rooftop**, tended to by our partner Alvéole, who offer workshops for associates and access to the MyHive online platform; the resulting ALDO honey is sold at the cafeteria and all proceeds are donated to a local charity.
- ▶ We encourage **greener transport options** with bike racks, discount for public transit fares, electric charging stations and parking spots reserved for carpooling.



EMPLOYEE ENGAGEMENT

In fostering a workplace culture that values every individual's contribution and perspective, the ALDO Group proudly champions the **Voice of the Associate (VOA) initiative**.

Once a year, responding to a VOA survey is a powerful tool for associates to offer constructive feedback, share experiences, and provide suggestions openly. For the ALDO Group, it's a great opportunity for continuous improvement as we embrace feedback.

VOAs are more than just a survey and let our associates' collective voice be heard. It stands as a confidential platform where transparency, constructive dialogue and impactful change converge, guiding the ALDO Group in its efforts to continuously offer our associates a better work experience.

FY 2023

84%

of all our associates (corporate, retail, distribution centre) answered the VOA

More than

50%

of the respondents were promoters* of the ALDO Group as an employer

**scores between 9 and 10 on a scale to 10*



GROWTH AND DEVELOPMENT OPPORTUNITIES

Contributing to our employees' growth and development is a great point of pride for us, which is reflected in our results. **In 2023, 57% of our internal positions have been filled by our associates**, through inter-department transfers or promotions within the company.

We believe that offering equal opportunities to all through a robust learning and development strategy also contributes to our associates' professional development within our company.

ENDLESS LEARNING OPPORTUNITIES

The ALDO Group extends its valuable learning resources to all permanent associates across our offices in Montreal, China and Switzerland, as well as US-based HO associates, both on our company's dedicated training platform, or via services provided by our partners. Together, these serve as an exceptional avenue for learning all about our culture and history, in addition to enhancing self-development and career advancement.

Training offer & development for all

Within our training offerings, including our DEI trainings and cybersecurity offer, an array of courses has been meticulously crafted by our Learning & Development team. Numerous training opportunities are available through CAMPUS, the ALDO Group's dedicated online learning platform. Among these trainings, and in line with our steadfast dedication to cultivating an inclusive work environment that thrives on mutual respect and equity, we have implemented language courses and technical skills training.

We also offer our associates free access to **LinkedIn Learning**, the dynamic on-demand learning platform, which helps enable or refine skills and propel career growth through unlimited access to more than 15,000 courses, available in both French and English. Its personalized recommendations allow associates to better expand their expertise, and explore sought-after skills tailored to everyone's experience.

Training our leaders: the NOVO program

NOVO, our leadership coaching program, is a cornerstone for the growth and development of our leaders. A year-long program, it teaches participants how to successfully carry out the three roles required of any great senior associate: Leader, Manager, and Coach.

Tailored exclusively for our managers, workshops are designed to empower them to navigate today's pertinent business demands. The selection of topics is shaped by the extensive feedback received from company-wide surveys, and includes:

- > Coaching & Feedback
- > Stress Management
- > Workplace Respect
- > and much more.

ALDO CAREER EXPERIENCE (ACE) PROGRAM

The ACE program offers our store associates in North America the opportunity to join our teams at the head office for a summer internship, giving them the chance to see what goes on at our headquarters, and enriching our corporate teams with their perspective from the front lines. ACE is a program designed to cultivate new talent and foster diversity and inclusion at the head office by increasing the number of positions filled by associates with store experience who wish to grow within the company.

Since the launch of the program, 39 store associates have been ACE interns at the head office, and of those interns, nine have later been hired for full-time positions at the head office.



RECOGNIZING OUR ASSOCIATES' HARD WORK

At the ALDO Group, recognition is part of our culture. We believe that highlighting our associates' achievements drives cohesion and engagement and makes for a far more lively and interesting working environment. We want our associates to feel supported, validated, and inspired to fulfill their potential.

In addition to daily recognition which we encourage from our associates and leaders, we implemented two major initiatives to recognize the outstanding effort and performance of our associates.

FUTURE

Twice a year, through the **FUTURE** program, we highlight the outstanding performance, effort, and overall attitude of colleagues who have truly excelled. Associates have the opportunity to nominate in the Ambassador category colleagues who have made a real difference in a given task or project, have gone above and beyond established goals, and led with understanding and kindness. The ALDO Group makes it a point to acknowledge and reward the fantastic work of these individuals, who contribute with all their might to a stimulating working environment and ultimately the company's success. In the Collaboration category, celebrating teamwork, the nominees and winners are selected by our leadership team, who decide, based on the impact and complexity of each project, which teams have stood out through the quality of their work and collaboration.



CLUB ÉLITE

Marking over 35 years of success, **CLUB ÉLITE**, established in 1988, is the ALDO Group's unique and innovative way of recognizing our top performers in retail management and sales. This annual contest applauds the outstanding contributions of sales directors, district sales managers, managers, assistant managers, sales leads, support team members, as well as full-time and part-time sales associates from all over the world who prioritize exceptional customer service. This initiative, aligned with our values of Love, Respect, and Integrity, ensures we can celebrate CLUB ÉLITE winners quarterly across the entire organization. Yearly winners enjoy special recognition with a grand ceremony.

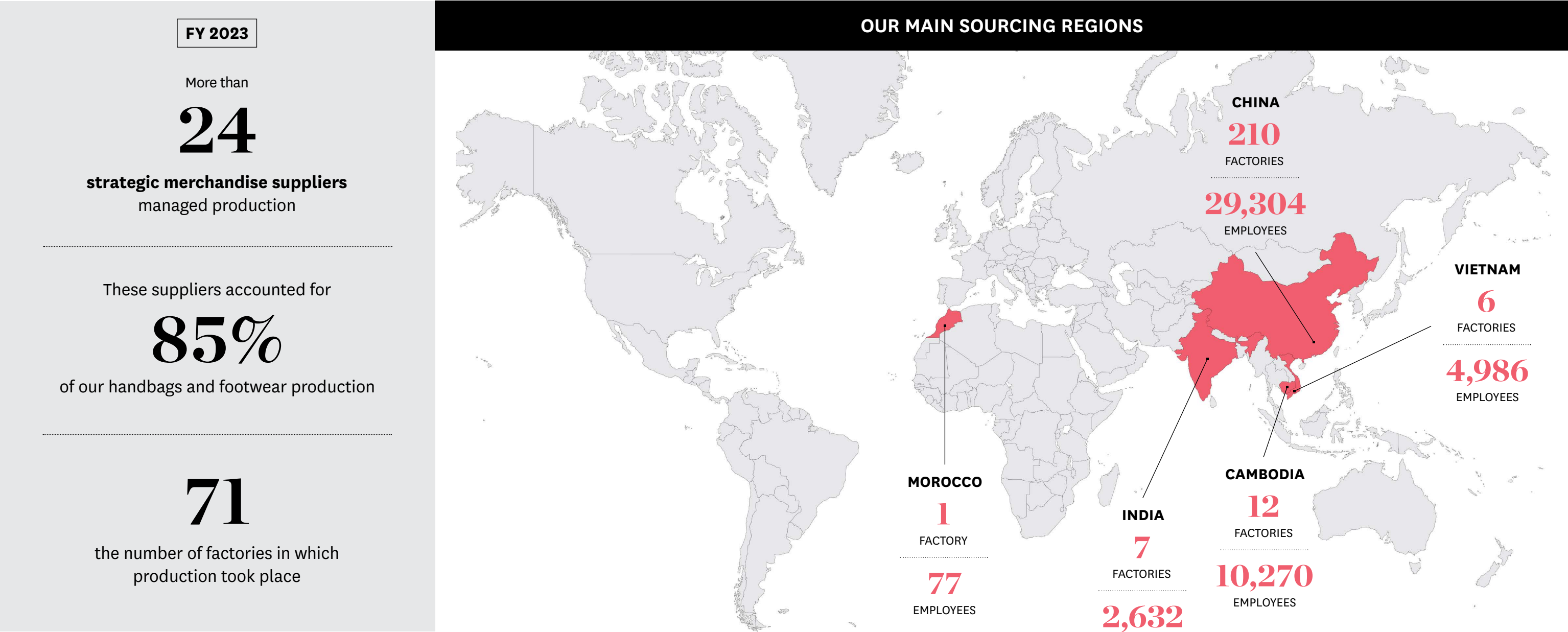


Human Rights

On our journey to create a world of love, confidence, and belonging, we at the ALDO Group, respect, promote, and protect human rights. It’s not just a policy we adopt, but rather a fundamental part of our business philosophy.

OUR GLOBAL SUPPLY CHAIN

At the ALDO Group, we work closely with our **merchandise suppliers**, who are responsible for manufacturing products bearing an ALDO Group owned or licensed trademark, which must follow our requirements and standards. Our company does not operate any manufacturing facilities. Our approach is to collaborate and maintain a dependable and long-term network of merchandise suppliers with independent contract manufacturers bringing our designs to life while adhering to our standards and requirements.



STRINGENT STANDARDS: OUR SOCIAL COMPLIANCE PROGRAM

Our approach to identify and mitigate potential human rights risks is guided by our corporate values of Love, Respect, and Integrity, promoting a fair and sustainable global supply chain safeguarding workers' rights and ensuring dignified and lawful workplace practices.

We stand committed to preserving ethical standards and social responsibility across our supply chain. Our core objective is to ensure that all our merchandise suppliers and manufacturers comply with our Code of Conduct and meet the established benchmarks of international labour standards. Through our initiatives, we implement various types of audits and verification processes.

► **The ALDO Group Vendor Code of Conduct** serves as a cornerstone for establishing responsible practices and the highest levels of ethical standards and mutual expectations among our diverse network of merchandise suppliers worldwide. Applicable to vendors, contractors, sourcing agents, subcontractors or any other type of merchandise suppliers, the Code condemns abusive practices and emphasizes the significance of ethical business behaviours, fundamental human rights, labour practices, workplace safety, abstaining from corrupt practices, compliance with diverse local regulations, and environmental sustainability to all our business partners. Our Code clearly prohibits any form of coerced or involuntary labour and any type of modern slavery.

Aligned with globally recognized labour practices such as the International Labour Organization (ILO) Standards, Universal Declaration of Human Rights, United Nations Guiding Principles for Business and Human Rights (UNGPs), and OECD Diligence Guidance in our industry, our Code, updated in 2022, is an essential tool to ensure the ethical, social, and environmental integrity of our operations.

► **Pre-Sourcing Assessments** serve as an essential component of our onboarding process. We conduct pre-sourcing assessments of all merchandise suppliers for our core categories of footwear and handbags. All such suppliers must have their final factory site(s) audited prior to working with the ALDO Group to assess the actual and potential risks of forced labour and child labour at those sites of manufacture. We also conduct pre-sourcing assessments at certain factories of key suppliers of materials.

► **Social Audits**, conducted by trusted third-party auditors, typically occur every 12 to 24 months.

As signatories of the Social & Labour Convergence Program (SLCP), we have access to the Converged Assessment Framework, which consists of a data collection tool, a verification methodology, and includes guidance documents. Additionally, we use the Higg Facility Social and Labour Module (FLSM), which monitors, among various social compliance topics, working hours, health and safety, and employee treatment. We also accept factory site audits from the independent organization Better Work.

The ALDO Group's Social Compliance team issues an internal scoring grade, based on those reports. Factories that receive a failing grade are not approved for production and are required to work on a detailed corrective action plan before they can be reconsidered for approval.

► **Corrective Action Plans (CAP)** are individually tailored for all our vendors' factories, developed collaboratively with the supplier based on priority findings. These plans provide suppliers with sufficient time to properly implement the required measures. Our compliance team tracks and verifies the actions and accomplishments of our suppliers with respect to their commitment to their CAP.



Our associates and suppliers need to be equipped with the right tools and knowledge to identify problems and apply corrective measures where necessary. To achieve our objectives to reduce and prevent risk of human rights violations, we offer trainings to our associates, as well as to our suppliers.

ASSOCIATES

Internal training happens at the very beginning when an associate joins the ALDO Group. All new associates must undergo an onboarding training program which includes a presentation of the ALDO Group, its values and corporate purpose, as well as an overview of its CSR priorities and human rights-related initiatives.

In 2023, we launched a new mandatory human rights training targeting our Leadership Team and specific teams that work in more sensitive areas of activity, which can have a direct or indirect impact on our suppliers’ practices. The course covered the topics of forced labour risks and mitigating strategies, including key indicators of forced labor, responsible purchasing practices and how to report a suspected violation of our standards.

FY 2023

100%

of leadership team members completed training on safeguarding human rights

86%

of targeted associates completed the new human rights training

MERCHANDISE SUPPLIERS

Supplier education is an integral component of our approach. We provide training to raise awareness among our suppliers and ensure our values are respected. Our training programs cover our Code of Conduct, our procedures and requirements, and focus on high-priority areas that have been identified through due diligence. The ALDO Group’s social compliance teams are in constant communication with our suppliers and can advise them regarding any existing or potential issue or concern.

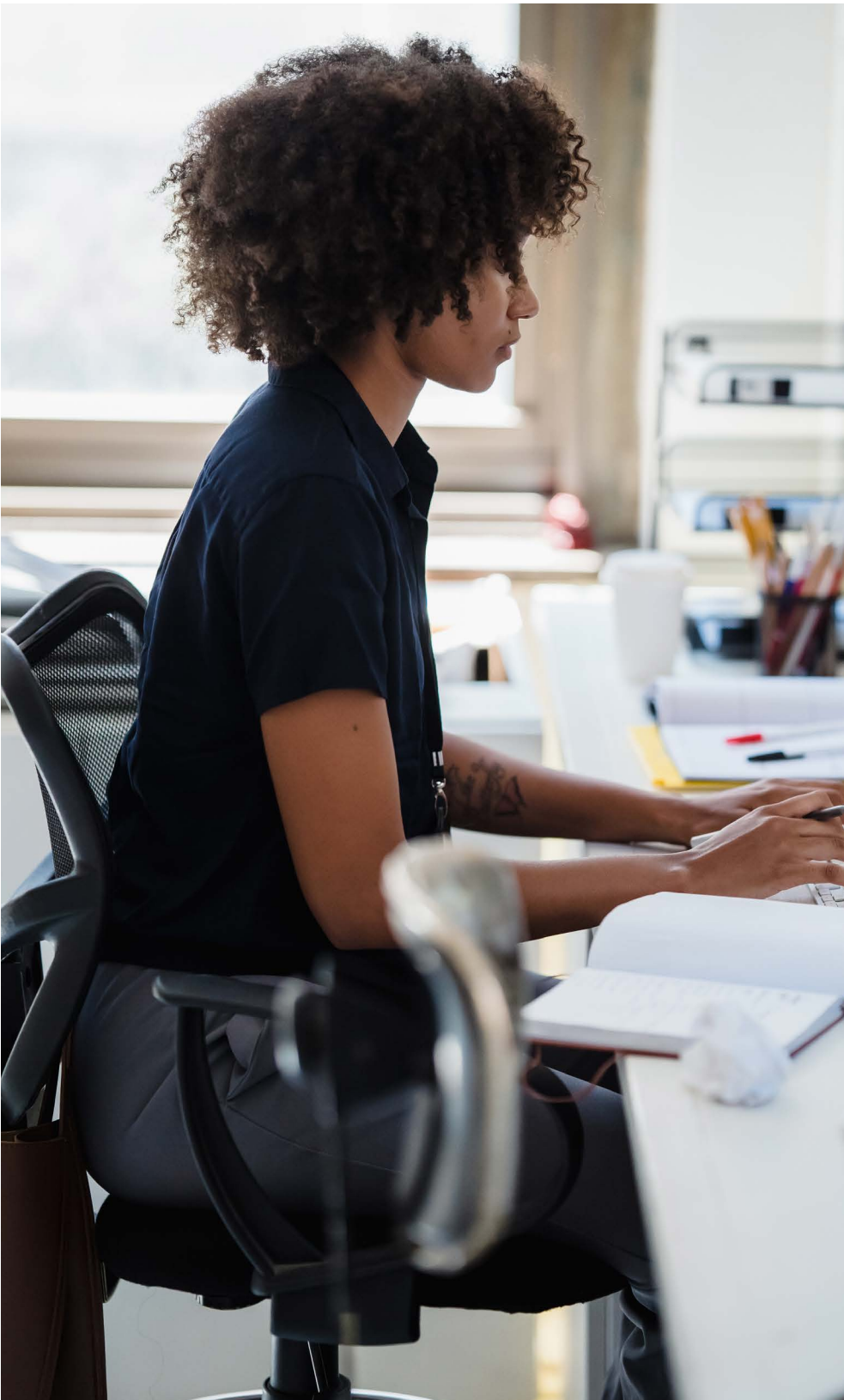
In 2023, we deployed a forced labour prevention training, which featured a detailed review of the ALDO Group’s compliance programs.

FY 2023

100%

of our strategic vendors, representing 85% of our business volume, completed the training

By FY 2025, we aim to offer our training on forced labour, human rights, and our Code of Conduct to all our Tier 1 suppliers, and our key Tier 2 main material suppliers.



Supporting Our Communities

HOW WE STRIVE TO MAKE THE WORLD A BETTER PLACE

Over the years, we have developed various ways to give back to communities, whether by dedicating time, donating products, or providing financial support. Associates are actively encouraged to contribute to causes they hold dear and to participate in various initiatives in and outside their departments.

Each year, our associates are allotted **15 paid volunteering hours** to use as they see fit in addition to team building efforts that are directed toward supporting a charitable cause.

In 2023, on multiple occasions throughout the year, associates from the ALDO Group’s departments lent a hand to various organizations. Among many volunteering initiatives, our associates supported Moisson Montréal, to help sort food donations in their warehouse and Le Centre de pédiatrie sociale de Saint-Laurent, to help them out with their communal garden. Some also volunteered for the Walk of Hope, a fundraising event organized by Ovarian Cancer Canada.

All in all, our **associates dedicated a total of 1,650 hours to community endeavours** through our volunteering program, in addition to our departments various philanthropic team building activities.



Volunteers from the Finance & Store Portfolio Management team at Le Centre de pédiatrie sociale de Saint-Laurent, helping in their communal garden over the summer.

APS MAKE IT COUNT

In 2020, in the wake of the Black Lives Matter protests, members of ALDO Product Services department met to discuss a very simple question: "What can we do?" As a response, they created APS Make It Count, a grassroots organization that would work to help underrepresented and underprivileged youth.



Backpacks for back-to-school

For the fourth year running, the team worked with Carrefour Jeunesse Emploi to supply immigrant teenagers in Ville Saint-Laurent with backpacks full of goodies and school supplies. Since getting underway, this initiative has helped 420 teens get ready for the school year.



Kids Summer Camp Fundraiser

In collaboration with several CLSCs in Montreal, Projet Villeray dans l'Ouest, and Yopi Camps, APS Make It Count works to send kids to summer camp for a week, lunches included. In 2023, they worked with GLOBO to help 68 children have an unforgettable summer.



Supporting Multiple Sclerosis Research

In support of Multiple Sclerosis Society of Canada and MS Hope, the team raised funds via a bake sale, and in October, for the first time, they hosted a Trivia Night! Associates competed on their knowledge of facts and figures, with money raised benefitting the two organizations working to research multiple sclerosis and support those affected by it. Between the two fundraisers, \$3,000 was raised.

ALDO GROUP SWITZERLAND

The team lent a hand to ZuKi-Abenteuerland Teuflibach, an adventure land in the town of Cham. The non-profit aims to create a family-friendly environment by providing green spaces and arranging community events or special activities like crafting. The team got down to business by first sanding shutters and doors, and then repainting them in vibrant colours. Then, they wrapped up the day with some gardening work.



ALDO FAR EAST (CHINA)

AFE TAKES CARE OF THE ELDERLY

To celebrate the Mid-Autumn Festival, one of the most important holidays in Chinese culture, associates decided to give back to the community by taking care of the elderly. Our colleagues cooked delicious vegetarian food for the attendees and celebrated the birthdays of a few centenarians. It was a very sweet moment conveying a powerful message: Sometimes, the simplest gestures can bring about a meaningful difference. The ALDO Group's AFE office was recognized as a compassionate company by local authorities.



AFE TAKES ON CANCER

For Breast Cancer Awareness Month, ALDO Far East associates joined the annual Pink Walk, which took place in Dongguan Huying Park. This year, the event was organized by a breast cancer survivor and a local hospital, and it included talks where people had the opportunity to share their experiences in living with and overcoming the disease.



OUR BRANDS

Les Fées Marraines

In 2023, **ALDO Brand** and **Call It Spring** collaborated once again with Les Fées Marraines to bring joy to many young men and women by helping them through prom season, which can be costly and cause social exclusion. The Montreal organization provides free clothes, accessories, and style advice to Secondary V students from underprivileged backgrounds.



In 2023, 17 of our associates volunteered with Les Fées Marraines and helped a total of 389 students. Since partnering with Les Fées Marraines, ALDO Brand and Call It Spring have donated over 500 pairs of dress shoes, as well as handbags and accessories, for students to wear.

ALDO BRAND

Bingo Night Fundraiser for Women's Centre of Montréal

ALDO brand hosted an old-school bingo night with a ball cage and microphone callouts, to raise money for the Women's Centre of Montréal. In the end, an astounding 102 associates came to play, and \$2,407 was raised for the Centre.

Helping Survivors in Türkiye and Syria

ALDO Brand's Social Committee organized a Valentine's Day bake sale fundraiser. The urgent need for support after the disastrous earthquake in Türkiye and Syria in February 2023 made the brand decide to **support the Canadian Red Cross**. With the Canadian government matching donations, the \$1,000 from the bake sale became \$2,000.

The ALDO Group also initiated new efforts through our local franchise partner. With frigid temperatures in the region making the situation even more precarious for displaced survivors, and understanding the urgent need for assistance, we took action by sending 7,000 pairs of boots to the affected regions and those impacted.

GLOBO

The Breakfast Club of Canada

GLOBO has been a partner of the Breakfast Club of Canada since 2020, and has helped them serve over 74,000 breakfasts since then. The non-profit organization strives to ensure all children have an equal chance at success. In April 2023, GLOBO donated approximately \$16,000 to the cause, for a total of \$67,992 since the beginning of the partnership. The donation was raised from the sale of reusable bags, Banff Trail products and from point-of-sale fundraising.

Give a Boot, Get a Boot

GLOBO teamed up with The Welcome Collective, a non-profit organization that helps families with furniture, winter clothing, and kitchen tools and other household items. GLOBO asked clients to bring in a pair of kid's winter boots in usable condition to get a \$15 coupon on a new, regular-priced pair of kid's winter boots – give a pair, get a pair! During the 2023 campaign, a total of 267 pairs of boots were collected. The initiative made a big difference for many families that winter.

GLOBO Collaborates with Les jeunes artistes

For the launch of the 2023 fall/winter teen collection, GLOBO decided to do something special. They teamed up with Les jeunes artistes to create a mural for the display area inside the stores. Les jeunes artistes is an organization that seeks to mentor young artists, foster a sense of belonging and support entrepreneurial culture. The result of all that work was a stunning collective mural, which was created by combining the drawings of young artists across the province of Quebec.



Dreams Take Flight

GLOBO has supported the Dreams Take Flight organization since 2013, primarily by donating kids' shoes. The Canadian charity has been flying special needs children to Walt Disney World since 1989, and is now present in eight cities. GLOBO is a proud sponsor of this great initiative, which aims to change the lives of children with a trip of a lifetime. In 2023, GLOBO donated a total of 1,000 pairs of kids' shoes, for a retail value of \$25,000.

GIVING BACK FOR THE HOLIDAYS

In 2023, in keeping with tradition, various departments set up some great initiatives for the holidays to make a difference for those most in need. These events occur between November and December and associates are actively encouraged to participate.

GIVING TUESDAY

Every year on the last Tuesday of November, the ALDO Group celebrates Giving Tuesday by making corporate donations of care packages to those in need. This year, 80 volunteers stayed after office hours and gathered to prepare backpacks and personal care packages. At the end of the evening, we donated 120 backpacks, filled with gloves, winter hats and fun surprises for the Centre de pédiatrie sociale de Saint-Laurent; 230 personal care packages for Le Chaînon, one of the main women’s shelters in Montreal, and 280 backpacks for Dans la rue, filled with essentials for Montreal’s at-risk and homeless youth.



USED ELECTRONICS DONATIONS

In an effort to reduce electronic waste, our IT department asked associates to give away their old devices in support of the Centre intégré de santé et des services sociaux des Laurentides. Through this initiative, 30 pieces of technology were given a new lease on life.

ELVES FOR SENIORS MONTREAL

Our Finance and Store Portfolio Management department teamed up with Elves for Seniors Montreal and set up a big Christmas tree with gift tags hanging from its branches. The non-profit organization provides gifts to seniors in residences around Montreal and the surrounding area, in an effort to make holidays brighter for many for whom this season can feel lonely. Tags were quickly snagged and fulfilled by associates, and 59 presents were donated.

ALDO BRAND HOLIDAY DRIVE

2023 was the second year ALDO brand organized this fundraising event. This year, they organized a toy and food drive for the Generations Foundation and supported Carolyn’s Toy Drive – an initiative of Carolyn’s Community, an organization that supports women and children – by sponsoring presents for children.

GIVE BACK BOX WITH CALL IT SPRING & GLOBO

Once again, in 2023, Call It Spring and GLOBO partnered with the Give Back Box organization to donate gently used clothing and shoes to local Canadian charities. Altogether, it was a colossal 18 boxes worth of clothing and shoes that were packed and shipped off for donation.

APS MAKE IT COUNT CHRISTMAS CONCERT

In 2023, after three years of virtual holiday concerts, the APS Make It Count 4th Annual Holiday Concert in support of the Montreal Children’s Hospital Foundation was in person. The initiative raised over \$6,000 for the Foundation, bringing the total money raised from the four holiday concerts to \$27,000.



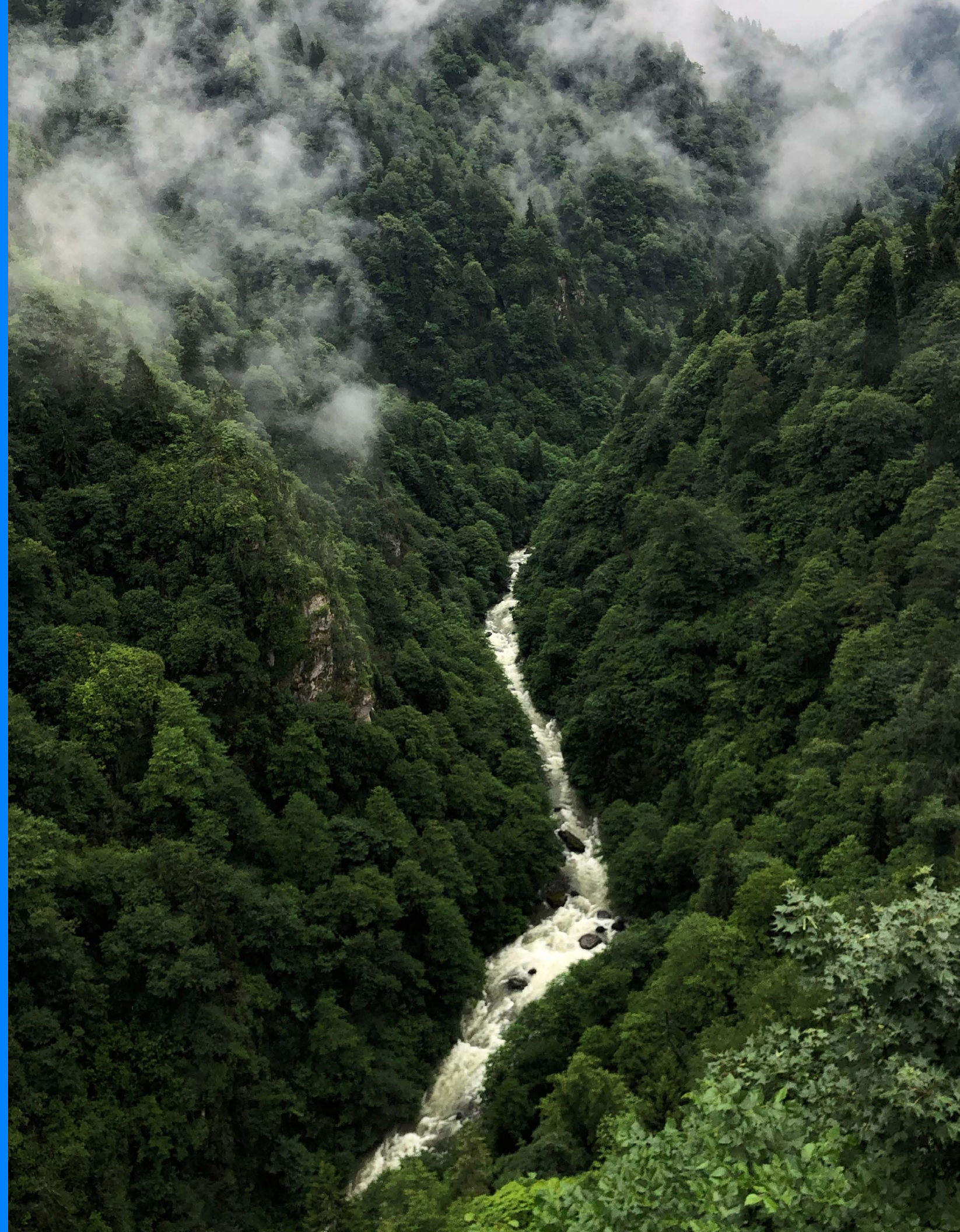
Our volunteers with the boxes of donations for Give Back Box



Planet

CREATE AND SOURCE PRODUCTS WE LOVE WITH POSITIVE INTENT

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“In 2023, we took another step with an eye for the future [...] **as we strive to be Net Zero by 2050.**”

DAVID BENSADOUN, CEO

Climate Action

As a responsible fashion company committed to our communities, we recognize the significant impact the fashion industry has on climate change. In acknowledging this reality, we are dedicated to spearheading efforts to bring about a more sustainable future.

In pursuit of this goal, we’ve taken a comprehensive approach aimed at mitigating our environmental impact while offering products that resonate with the values of our customers.

OUR GOALS

The ALDO Group has pledged its support of limiting global warming to below 1.5°C. This entails collectively reducing global greenhouse gas (GHG) emissions by half within this decade and achieving carbon neutrality by at least 2050. As a signatory of the UN Fashion Industry Charter for Climate Action, we have pledged to achieve the ambitious target of reaching net zero emissions by 2050.

We strive for Net Zero by 2050 – a step by step approach. Aligned with this overarching goal, we have established science-based target milestones to guide our endeavours leading up to 2030. To ensure the accuracy of our calculations and the alignment of our targets with scientific recommendations, as well as with the Paris Agreement's goal of limiting global warming to 1.5°C, we adhered to the rigorous standards set forth by the Science Based Targets initiative (SBTi) and obtained approval for our targets. This initiative provides companies with a clear framework for harmonizing their efforts to reduce greenhouse gas emissions with scientific criteria.

- ▶ By 2030, we aim to cut carbon emissions by 60% across our own operations (scope 1 & 2), compared to our 2016 levels.
- ▶ By 2030, we aim to cut carbon emissions by 30% per pair of shoes, compared to 2016 levels.

To maintain alignment between a company's climate objectives and scientific standards, the SBTi mandates that targets be reassessed regularly. Accordingly, we plan to revise our targets by 2025 and publicly communicate our updated aspirations to inspire others to participate in this initiative.

Our focus is on continuous improvement to address the various challenges of reducing carbon emissions within our own operations. We’ll do this by driving scopes 1 and 2 emissions down, setting our priorities to lower emissions at the source, while taking another step forward for our planet and exerting all our efforts to achieve scope 3 as well. Together, these three scopes cover the entirety of our operations.

Scope 1 emissions are the direct emissions owned or controlled by our company and related to our operations.

Scope 2 emissions are indirect emissions that are a consequence of our company’s energy needs, such as the electricity we purchase and use in distribution centres, offices, and corporate stores.

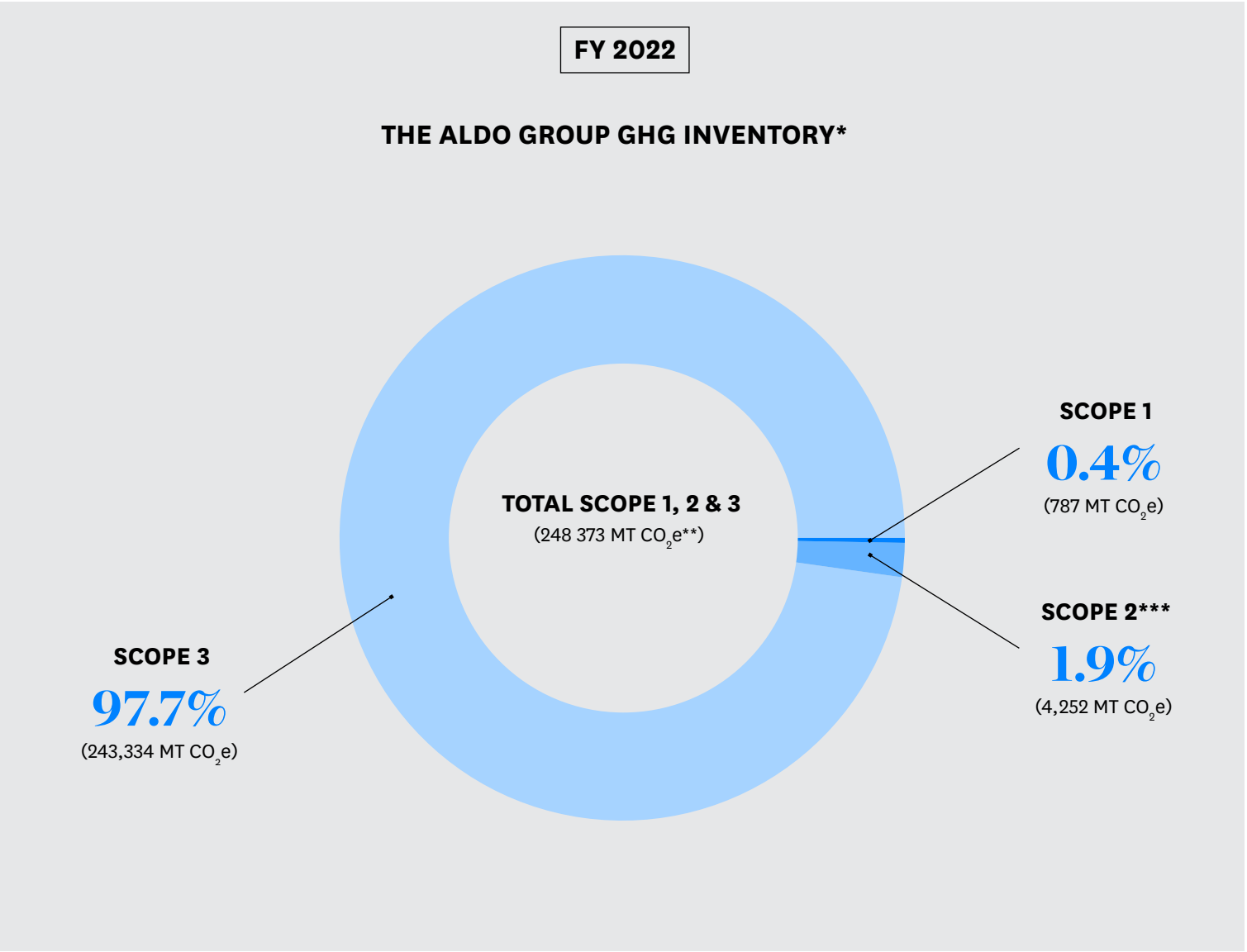
Scope 3 emissions are the emissions connected to our suppliers, such as the emissions involved in the manufacture of our products, from textiles and leather production to the finished product.



OUR CARBON FOOTPRINT

The ALDO Group has long been a leading advocate for initiatives that contribute to make the fashion industry more sustainable. In 2013, long before it was the norm, we calculated our carbon footprint and set a baseline for improvement. Over the years, we’ve added categories to our assessments and upgraded our primary data collection methodologies to improve calculations. Since 2021, we’ve been working with Anthesis Group, a leading global sustainability consultancy, to calculate our full value chain GHG emissions inventory, in line with the GHG Protocol. Mandating a third party for this task is for us a guarantee of the accuracy and the objectivity of the calculations.

The primary bulk of our carbon footprint resides within our scope 3 emissions, constituting nearly 98% of our total global greenhouse gas emissions. Within this category, a significant portion is ascribed to the category Purchased Goods & Services, which covers products & packaging, and comprises 67% of our scope 3 carbon footprint. Additionally, upstream transport, encompassing the movement of our products from manufacturing sites to warehouses, contributes 14% to our scope 3 GHG inventory.



Ten years on from calculating our carbon footprint, we have a lot to celebrate. We have substantially reduced carbon emissions across our operations, stores, and offices, and in 2022 we reached a **65% decrease in scopes 1 and 2 emissions (market-based) compared to our baseline year of 2016**.

To accomplish this feat, we dedicated ourselves to enhancing energy efficiency in our operations and invested in renewable energy sources for our stores wherever feasible. Additionally, reducing the carbon emissions within our scope 3 remains a pivotal focus. We've introduced a plethora of initiatives aimed at minimizing our environmental impact and meeting our targets. These include initiatives such as slashing the carbon footprint associated with our packaging, prioritizing maritime freight routes over air transport for our product shipments, and progressively replacing conventional, non-sustainable options with environmentally preferred materials (EPM).

Over the past decade, our journey has been centered on reducing our carbon emissions at their source, yet **we acknowledge there's still much more to do to reach our ambitious goals**, and we're dedicated to advancing our efforts in collaboration with esteemed global organizations like the Fashion Pact, the UN Fashion Charter for Climate Action, and initiatives such as the Science-Based Targets (SBTi), which provide invaluable guidance on our path towards greater sustainability.



**Based on our FY22 greenhouse gas inventory. At the time of publication, the calculations were not finalized and will thus be disclosed in our next Impact Report, in FY2024. All the results of our GHG inventory presented in this section include the following gases: CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃.*

***Metric Tons CO2 equivalent*

****Market-based*

DRIVING CHANGE WITH CARBON REDUCTION INITIATIVES

OPTIMIZING TRANSPORT

Addressing carbon emissions from transportation is paramount, so improving the efficiency of our transportation lies at the heart of our efforts to downsize indirect greenhouse gas emissions generated within our supply chain.

One way in which we optimize our supply chain is by maximizing the volume of goods we put in a container before it is shipped out of its country of origin. In previous years, we were below 70% utilization in terms of container space and we are proud to say **we've improved in 2023 to the point where we utilize up to 85%**. This improvement was made possible by adopting new strategies and using consolidation centres more systematically, which allowed us to combine volume from different factories instead of shipping smaller volumes from individual factories. We've also been more disciplined in how we plan exit dates from factories, to consolidate volumes even earlier in the process.

FY 2023

WE SAVED

1 container

for every 8 containers shipped.

This adds up to more than

300

containers saved per year

Collaborating closely with our freight forwarders, we continuously strive to enhance global shipping routes and minimize distance traveled per unit. Our commitment to sustainability drives us to prioritize low-carbon shipping methods such as boat, truck, and train over air transport whenever feasible. **Air freight now represents only around 5% of our upstream transport carbon emissions.**

USING RENEWABLE ENERGY AND LOW-ENERGY SOLUTIONS

Our head office, distribution centre and all our stores in Quebec benefit from hydropower, the province's renewable energy source. For certain stores in deregulated markets in the US, **we purchase RECs (Renewable Energy Certificates) which help reduce reliance on fossil fuels and support renewable energy projects.** In addition, we purchase green energy instead of brown, for stores also located in deregulated markets in the US.

Enhancing energy efficiency in stores is a key strategy for reducing carbon emissions in the retail sector. We are currently working towards improving the efficiency of our operations and transitioning to renewable energy sources as opportunities arise. This has been achieved by increasingly adopting energy-saving LED light bulbs, using smart sensors and temperature controls, optimizing heating and cooling systems, and integrating smart technologies to monitor and regulate energy usage in most of our corporate stores across Canada and the United States.

FY 2023

CORPORATE STORES POWERED BY GREEN ENERGY:

in Canada

61 stores

(Quebec)

in the USA

20 stores

(Illinois, Maryland, New Jersey, and Texas).

For these stores, the ALDO Group purchases Renewable Energy Certificates (RECs)

DESIGNING PRODUCTS AND PACKAGING MORE RESPONSIBLY

The materials used to create our products, the manufacturing emissions linked to their production, and our packaging carbon emissions account for 67% of our scope 3 greenhouse gas footprint.

As such, we have been introducing an increasing array of **environmentally preferred materials (EPM) in our products**, and particularly intensified our efforts since 2019, when our ALDO brand launched the RPPL, its first ever sneaker made with recycled yarns and CleanStep in the outsole, a material made of 50/50 virgin thermoplastic rubber and algae biomass.

Our efforts to **reduce our packaging footprint** dates back to 2008, when we designed our shoeboxes with handles to reduce shopping bag use. Since then, we have been adopting a four-step approach to optimizing our packaging: Eliminate unnecessary packaging and reuse; design optimally; select the right materials; foster recyclability.

Our initiatives concerning these two major sources of our greenhouse gas emissions are detailed in the *Responsible Products* section.



OFFSETTING CARBON EMISSIONS

At the ALDO Group, we strive to reduce our emissions at the source, and this extends to minimizing our footprint during shipping by optimizing packaging, transport routes, and delivery.

We've been **offsetting the remaining carbon emissions related to our ecommerce business** since 2022. Concretely, this initiative involves purchasing high-quality carbon credits to compensate for all shipments from our warehouses in North America and all packaging-related emissions. On behalf of our customers, we invest in projects primarily focused on forest conservation and renewable energy projects located in the regions where we operate, which reduce and remove CO₂ from the atmosphere.

Shipping emissions are calculated using data provided by our shipping partner and information regarding the quantity and weight of our packaging. **Our carbon footprint calculation follows the most rigorous methodology in accordance with the GHG Protocol's recognized standards.** Once the total emissions are determined, we invest in carbon credits to compensate for the equivalent emissions generated by our product shipments and packaging.

While our primary focus and investments are directed towards reducing carbon emissions at the source, we recognize the importance of offsetting emissions from our ecommerce deliveries. This also serves as an opportunity to educate our environmentally conscious customers about the environmental impact of their online purchases.



Responsible Products

PRODUCT CHEMISTRY MANAGEMENT

At the ALDO Group, we strive to ensure that our sourcing partners and their factories supply us with products that comply with the chemical and substance limits outlined in our **Restricted Substances List (RSL)** - [available to the public on our website](#) - and with the numerous international regulations on hazardous substance use in effect in all our markets.

In addition, our sourcing partners are required to establish testing and quality assurance programs that align with **SGS protocols**. SGS is a leading international testing, inspection, and verification company with which we collaborate closely. If SGS is unavailable in a region, sourcing partners may work with any other third-party testing authority and then provide us with the official test report. We also follow industry updates from FDRA, AFIRM, SATRA as well as regulations in CA/US/EU (Health Canada, CPSC, Prop 65, REACH).

100% of our products are tested at least for lead, phthalates and Azo dyes. Additional tests can be done, and all products must comply with the substance limits for all applicable chemicals, as outlined in our RSL.

SUPPLIERS' ENVIRONMENTAL PERFORMANCE

In our ongoing efforts to be sustainable and environmentally responsible, we also rely on the **Higg Facility Environmental Module (FEM)**, developed by Casmile, an organization previously known as the Sustainable Apparel Coalition. This tool allows us to assess the environmental performance of product manufacturing at facilities, based on factors such as water use, waste management, chemical and energy use.

By using the Higg FEM, we aim to identify areas of improvement, track our supply chain progress over time, and make informed decisions to minimize our environmental footprint.



ENVIRONMENTALLY PREFERRED MATERIALS

The production of materials, manufacturing emissions, and packaging carbon emissions collectively contribute to 67% of our scope 3 greenhouse gas footprint.

SYNTHETIC AND BIO-BASED MATERIALS

We favour fibers and materials with reduced impact compared to their conventional counterparts. Accordingly, we use environmentally preferred materials (EPM), including recycled materials certified with environmental certifications (e.g., polyester, metal, nylon, neoprene, jersey). We also use solvent-free polyurethane (waterborne PU), which requires less water and energy to be produced. In addition, our design and product development teams are always on the lookout for new, innovative bio-based materials to include in our collection, whenever possible.

This strategic shift towards sustainable materials plays a pivotal role in significantly mitigating our carbon emissions, while creating more environmentally responsible shopping experiences for our customers.

RESPONSIBLE LEATHER SOURCING

From our very beginning, leather has been a fundamental material for our signature shoe brand ALDO. Mostly used in our footwear category, the ALDO Group maintains a steadfast commitment to sourcing leather responsibly.

As members of the Leather Working Group (LWG), we take pride in our collaboration with a global community, and we are engaged in achieving shared goals to promote traceability and sustainability in the leather industry. Our commitment is to source from tanneries rated Gold or Silver for environmental responsibility. In 2022, a significant portion of the leather used in our collections - at least 80% - was certified with the LWG.

The LWG audit standards cover various elements in detail, namely traceability, energy consumption, water usage, waste management, effluent treatment, and production data. This certification guarantees adherence to superior practices during the tanning process, aimed at reducing environmental impact and safeguarding the well-being of workers involved at this stage of leather processing.



ANIMAL WELFARE

The ALDO Group prioritizes animal welfare throughout its supply chain, recognizing the high risks associated with this complex issue. Collaborating with industry associations like LWG, as well as our sourcing partners, we actively address concerns related to animal well-being.

ETHICAL ANIMAL SOURCING POLICY

Our Ethical Animal Sourcing Policy, which is publicly available on our corporate website, covers a wide range of guidelines and prohibitions to ensure responsible practices related to leather, fur and feathers for our products. Exotic skin and leather from the Amazon biome in Brazil are considered forbidden materials. We don't allow the use of any real animal fur, except hair-on hides or shearling, and we don't accept feathers that have been plucked from living birds. Moreover, we abstain from accepting Angora rabbit hair or fiber due to concerns over inhumane farming practices and we ban the use of materials from threatened or endangered species whether listed by the International Union for Conservation of Nature (IUNC) Red List or the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

CALL IT SPRING, PETA-APPROVED VEGAN

Beginning with its Spring 2019 collection, Call It Spring made a major shift and committed to going fully vegan to align with their values and offer a comprehensive set of animal-friendly options to customers without compromising on style. That same year, Call It Spring became PETA-Approved Vegan. **All the brand's shoes, handbags and accessories are entirely animal-free.** This includes all animal derivatives, such as animal skins, feathers, fur, hair, wool, shells, silk and adhesives. The certification is renewed on an annual basis, to ensure that all new suppliers comply with Call It Spring's commitment.

Furthermore, **the brand engages SGS, a reputable independent third-party laboratory, to conduct an extra evaluation of vegan compliance.** This involves testing representative samples from each collection for any animal fibers or derivatives, utilizing the most rigorous methodology to detect any animal traces.

FY 2023

100%

of our samples received a PASS grade from SGS

The brand is also **PVC-free**, a synthetic material known as particularly harmful for the environment and human health. In addition, all styles that are made with an insole uses Call It Spring's B.E.D Foam™, a material made from 30% post-consumer waste, sourced in large part from recycled cushions and mattresses.



Waste Reduction

DEVELOPING LOWER-IMPACT PACKAGING

Since 2008, the ALDO Group has been on a journey to reduce the environmental footprint of its packaging. It started with creating a shoebox with a handle, to scale down shopping bag use, but we have gradually optimized other aspects of our packaging, such as hangers for accessories. In 2016, we introduced e-receipts and a low-stuffing policy for handbags, and in 2019, we banned single-use shopping bags from ALDO and Call It Spring corporate stores, saving 10 million bags annually.

Our shoeboxes are now made of a minimum of 80% recycled fibers and are certified by the Forest Stewardship Council, guaranteeing sustainable forest management. To further reduce plastic and CO₂ emissions, new paper-based shoebox handles were introduced in 2019. As of 2021, the **ALDO Group’s ecommerce shipping bags are made from 100% recycled materials**. These steps significantly diminish waste without compromising aesthetics, weakening functionality or jeopardizing the quality of our products.

Over the years, we’ve built an approach to sustainable packaging that follows four simple principles:

- 1 | Eliminate unnecessary packaging and reuse whenever possible
- 2 | Design optimally to reduce over-packaging
- 3 | Select the right materials with a preference for certified and/or post-consumer recycled content
- 4 | Foster recyclability by selecting packaging that is recyclable and easy to disassemble

All our packaging initiatives are evaluated according to these principles. There is more work ahead of us and these solid principles will guide our present and future actions.

GIVE BACK BOX

The ALDO Group is taking responsibility for end-of-life product waste by partnering with Give Back Box, a non-profit organization.

Give Back Box provides a convenient platform for customers who receive a free shipping label that allows them to clear some closet space and donate worn articles using the same box they received their new purchases in. **The initiative empowers customers to give their shoes, accessories, and handbags a second life**, while helping those in need, by donating through the program to local charities in the US and Canada, namely Goodwill, Salvation Army or Dress for Success, and also reusing the cardboard boxes used for free online shipping.

At the ALDO Group, we initially launched our partnership with the Give Back Box organization in 2019, but it had to be suspended during the pandemic. We relaunched the partnership in 2022, with our ALDO and Call It Spring brands, and since then, **10,945 pounds (about 5 tons) of goods have been donated** through the program.





Responsible Business

INVOLVE EVERYONE TO DRIVE SUSTAINABLE ACTION

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Ensuring Effective Governance

Our actions are guided by our values of Love, Respect, and Integrity, and we are driven by our purpose to create a world of love, confidence, and belonging. This is reflected in the way we operate our business. To ensure the long-term sustainability of our company, we maintain corporate governance functions tasked with ensuring efficient management and protecting the interests of our various stakeholders.

OUR GOVERNANCE FUNCTIONS

The governance structure of The ALDO Group Inc., a privately owned company, is composed of a **leadership team**, which leads the day-to-day operations, and a **board of directors**, counting two members: Aldo Bensadoun, our founder, and Norman Jaskolka, our chairman. None of the directors on the board are executives of the company.

Our board of directors guides our organization with its wealth of experience. The directors are responsible for providing strategic input on key topics of the utmost importance for our business, as well as sharing their expertise and guidance with the leadership team on an ad-hoc basis as required and during structured monthly meetings.

The leadership team is composed of nine members, five of them women, who each manage different functions of our company and report to Chief Executive Officer David Bensadoun:

- ▶ Legal, Human Resources, Communications and CSR
- ▶ Finance and Risk Management
- ▶ Information Technology
- ▶ Supply Chain & Operations
- ▶ Global Sourcing
- ▶ ALDO Product Services (APS) (Wholesale and Licensing)
- ▶ ALDO Group International (AGI)
- ▶ ALDO Group North America
- ▶ ALDO Brand

The role of the leadership team, led by the Chief Executive Officer, is to define the company’s business objectives as well as its strategy, and ensure the implementation thereof.

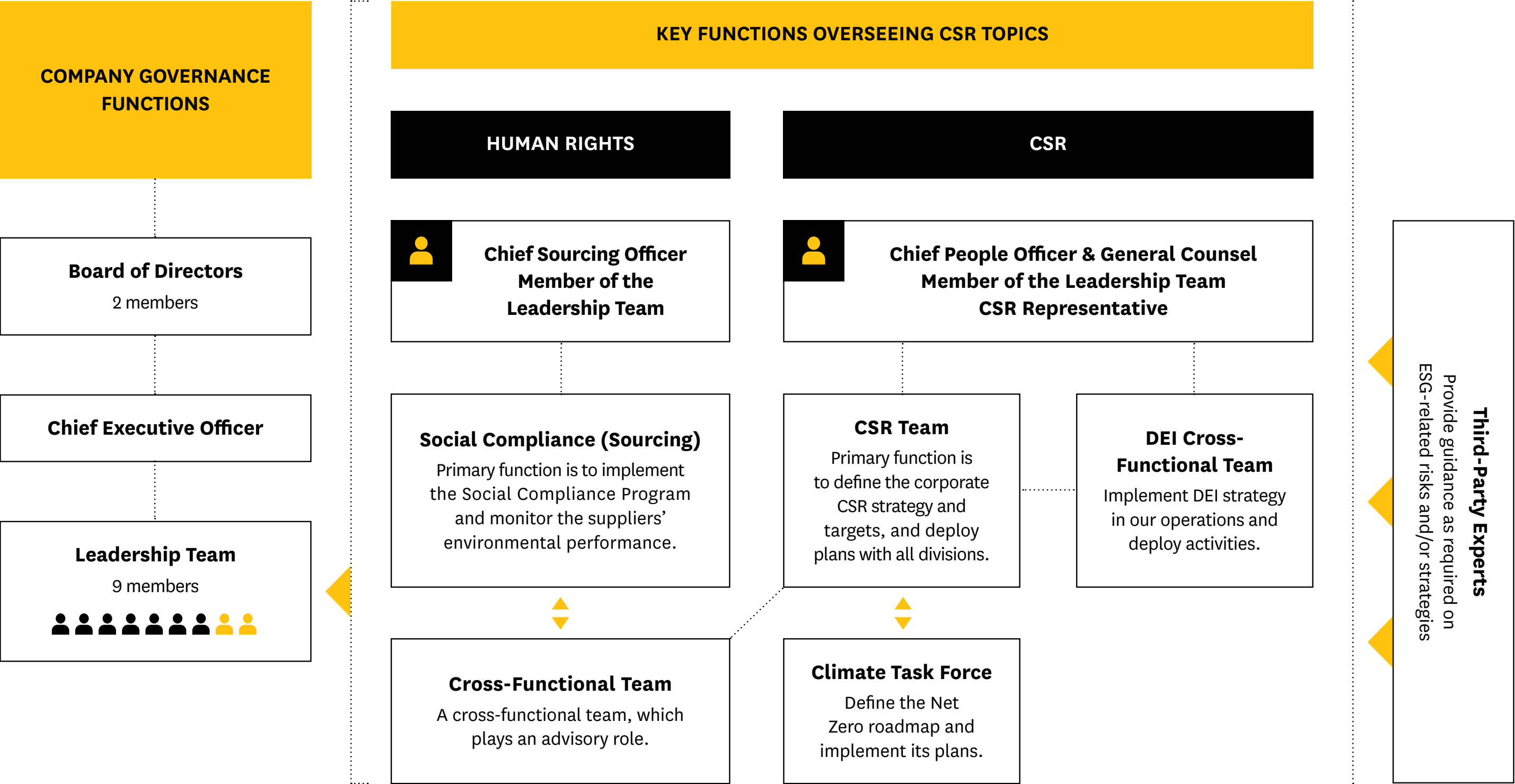
OUR GOVERNANCE FOR KEY CORPORATE SOCIAL RESPONSIBILITY (CSR) FUNCTIONS

Chief People Officer & General Counsel Catherine Ross, a member of the leadership team, is responsible for the CSR function within the company. In this role, she acts as the CSR representative and ensures CSR-related matters, results and important updates are shared with the CEO and appropriate members of the leadership team and the board of directors as required.

The CSR team, which reports directly to the Chief People Officer & General Counsel, oversees the ALDO Group’s **CSR strategy**. The team also ensures alignment with the emerging trends and concerns in our industry and works closely with the Legal team to monitor CSR-related laws and regulations, and implement the means for compliance in the markets where we operate. The CSR team also manages the **ALDO Group’s climate commitments and leads the implementation of its strategy** with the different business units of our company to ensure alignment with globally recognized frameworks (e.g., SBTi, UN Fashion Charter). In 2023, we created a new governance function specific to our climate strategy called the Climate Task Force. This governance function is composed of representatives from every department, and its purpose is to define and support the implementation of our initiatives to reduce our carbon footprint in service of our Net Zero by 2050 ambition.

Our **DEI strategy is also the responsibility of the Chief People Officer & General Counsel** and is managed by a cross-functional team composed of human resources and communication professionals. Our DEI practices and strategies are reviewed and approved by the Chief Executive Officer and presented once a year to the board.

Chief Sourcing Officer Jane Chow, a member of the leadership team, is responsible for the **Social Compliance** function within our company. The Social Compliance team is the primary function deploying our social compliance programs with our merchandise suppliers to ensure the respect of human rights throughout our supply chains. The team is also in charge of monitoring our merchandise suppliers’ environmental performance through the FEM report, as described previously in this report. A cross-functional team composed of members from the Legal team, the CSR team, and the Supply Chain department, acts as advisors and collaborate with the Social Compliance team as required.



OUR GUIDING PRINCIPLES

Policies, guides, and forms lay out the rules of conduct and guiding principles of our business, ensuring alignment with the organization's culture. They provide a framework for maintaining operational integrity and securing standards of conduct for both the employer and the employees.

These guidelines serve as a roadmap for our associates as they navigate day-to-day activities in fields such as:

- ▶ **Human Resources:** Discrimination, Harassment and Bullying Policy; Black-out Period Policy
- ▶ **Business Conduct:** Business Ethics Policy
- ▶ **Information technology:** Data Security & Privacy Policy; Artificial Intelligence (AI) Workplace Policy
- ▶ **Finance:** Indirect Procurement Policy; Responsible Sourcing Policy

Our **Supplier Partnership Manual** is shared with all merchandise suppliers to govern their conduct. It collects all our policies and standards, including those related to the **respect of human rights and the environment, the cornerstone of which is our Vendor Code of Conduct.**

Periodic reviews of these guidelines are carried out by designated cross-functional teams to ensure relevance and effectiveness.



Ethical Business Conduct

At the ALDO Group, ethics serve as the foundation of our journey towards success. By prioritizing ethical practices, we build a reputation rooted in trust and integrity, reflecting our values and paving the way for long-term sustainability and growth. This commitment to ethical conduct shapes our actions and decisions and reinforces our dedication to operating with transparency and accountability in all aspects of our business.

REGULATORY COMPLIANCE MANAGEMENT

Within the ALDO Group, compliance functions sit within key business units of our organization and the Legal Services team provides counsel to the compliance functions when required. The Legal Services team, which assumes a key role in safeguarding the legality of our operations, also leverages our partnerships with industry organizations such as the FDRA, to stay updated on emerging concerns and new laws impacting our industry.

Besides our main responsibilities, our internal legal experts play an integral role in ensuring compliance with laws and regulations related to CSR matters by continuously monitoring evolving legislative standards. Our monitoring efforts extend to various areas, including human rights, environmental regulations such as waste management, accountability and transparency, and communication guidelines for sustainability-related labels.

OUR BUSINESS STANDARDS

At the ALDO Group, we pride ourselves on a culture built on integrity and transparent collaboration with our diverse stakeholders. As part of the onboarding package, all new associates are introduced to our **Business Ethics Policy**, which acts as a guiding framework for ethical conduct and company representation.

This policy sets forth the ethical and legal standards to be adopted by our various associates across the entire spectrum of our operations. The management team assumes the responsibility of fostering an ethical environment, educating associates on business ethics, administering the policy, addressing misconduct, and reporting it to the next level of management whenever needed. In turn, associates are entrusted with promptly informing their managers of any circumstances conflicting with the policy.

The policy, publicly available on our CSR website, explicitly outlines numerous examples of unethical and illegal conduct, and covers the ethics topics below:

- ▶ Conflict of interest
- ▶ Data privacy
- ▶ Falsification of documents
- ▶ Corruption and trading in influence

If identified, such misconduct shall not be tolerated, and associates are encouraged to immediately report instances of ethical breaches. In addition, violations of the Business Ethics Policy may lead to legal actions and disciplinary measures, including termination.

By 2025, we aim to disclose a new and additional policy — Occupational Fraud Prevention and Anti-Bribery & Corruption Policy — in order to increase the scope of our standards and better equip our associates to act in line with our business conduct requirements. In addition, our objective is also to conduct training sessions for all associates on our business ethics standards and our new policy to reinforce our dedication to integrity and responsible conduct across the organization, and empower all team members to address ethical challenges in their daily roles.



REPORTING MISCONDUCT OR VIOLATIONS OF OUR STANDARDS

GIVING A VOICE TO THE WORKERS IN OUR SUPPLY CHAIN

At the ALDO Group, we defined zero-tolerance issues which correspond to very severe violations of human rights. These include forced labour, child labour, and physical abuse. We established fundamental requirements for ethical business practices encompassing fair treatment of workers and focusing on respectful workplaces, and **we strictly prohibit any form of misconduct that compromises the rights or well-being of workers**. This is detailed in our Code of Conduct and examples of misconduct include excessive working hours, all types of discrimination, harassment, unsanitary working conditions, unsafe fire safety systems, and environmental violations, namely those regarding waste, chemicals, water discharge, environmental laws, chemicals, and hazardous materials.

Any non-compliance issues are subject to a corrective or improvement action plan, and we reserve the right to discontinue business if violations of our zero-tolerance issues are found. We provide avenues for continuous improvement and feedback, fostering transparency and accountability throughout our operations and activities to protect the well-being of the workers in our supply chain.

FY 2023

Zero complaints

reported to the grievance mechanism

To uphold these standards, **we encourage all workers to report any issues they encounter**. In 2023, we produced informational posters in English and Chinese for display in 63 factories, covering 85% of our business volume, to ensure workers are aware of our standards. These posters also provide them with a direct contact to report any violations of our standards.

Our Social Compliance team manages the reporting program and is committed to investigating and resolving all grievances in a fair and transparent manner.

THE ALDO GROUP ETHICS HOTLINE

We recognize the invaluable role our associates play as vigilant observers on the ground, capable of identifying and reporting instances of misconduct.

As part of our ongoing commitment to nurturing ethical workplace practices, we inaugurated an **independent global Ethics Hotline** in 2017 to offer a confidential tool to handle all complaints. This strategic step solidified our dedication to promoting ethical standards and transparency throughout our organization.

Available to our head office and corporate store associates, the primary mission of this hotline is to empower every member of our community to voice concerns about any discriminatory behaviour or any failure to comply with our company policies that they may witness or experience. Administered by EthicsPoint, a third-party contractor, this free hotline ensures confidentiality, allowing callers to use a code key and remain anonymous. Operating around the clock and available in multiple languages, the hotline serves as a valuable resource for inquiries or reports concerning unethical business practices.

The measures we have implemented are designed to cultivate an environment where every member of our working community feels empowered to support our ethical standards and contribute to the continued success and well-being at the ALDO Group.



Data Protection And Digital Innovation

At the heart of our commitment to our associates lies our data security and privacy policy, which is aligned with the privacy legislation within each jurisdiction where we operate and is periodically reviewed to uphold confidentiality across all our activities and operations.

We are committed to providing clear and transparent procedures for data collection, utilization and storage, and have appointed a data protection officer to oversee compliance. The ALDO Group strives to maintain an array of safeguards that are designed to protect our customers' and associates' personal information from loss and unauthorized access, copying, use, modification, or disclosure.

We understand all associates have a role to play in protecting our organization and IT environment, so in 2023 we developed a revised version of our security policy to protect ourselves against ever-evolving cyber security risks. All associates must comply with this policy as part of their onboarding, and it addresses a wide range of topics, including:

- ▶ Physical security
- ▶ Security threat prevention
- ▶ Authentication
- ▶ Data protection
- ▶ Reporting security incidents
- ▶ Cyber security vigilance and best practices



OUR DIGITAL PROTECTION MEASURES

At the ALDO Group, we recognize the importance of safeguarding our customers’ privacy and protecting their personal information, and **we’re committed to upholding the highest standards of security and privacy** to maintain their trust and confidence.

We’ve implemented cutting-edge security technologies such as multi-factor authentication (MFA) and encryption protocols to enhance security and better protect the data of associates and stakeholders throughout our network, both during transmission and storage, whether online, on our website, on our mobile applications, or in our stores.

We emphasize the importance of instilling a cyber security culture among all associates, and our mandatory training, facilitated by a recognized third-party platform, is given in different modules throughout the year, covering various cyber security issues. This proactive approach, initiated in 2022 with a completion rate exceeding 96%, aims to increase the awareness of our associates by developing the right reflexes, maintaining high data privacy standards, and reinforcing the security of personal information against potential cyber attack risks.

FY 2023

91%

of our associates completed our **Cyber Security Awareness and Training Program**

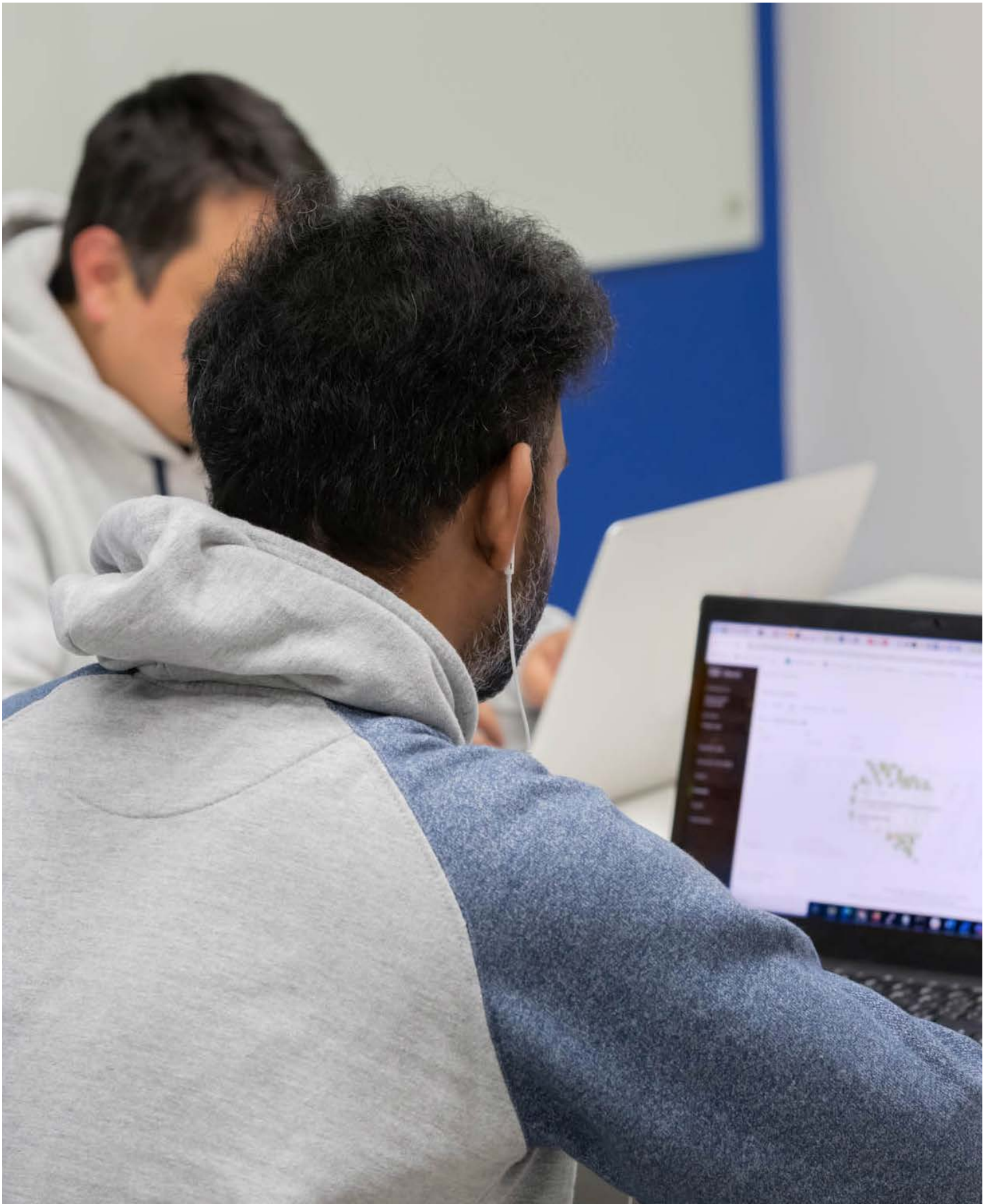
Notably, our latest phishing statistics indicate a **significant improvement**,
with a **reduced click-through** rate of

7%

down from the previous rate of

52%

In 2023, the ALDO Group received no complaints from outside parties, customers, or government bodies concerning breaches of customer privacy, and has not identified any leaks, thefts, or losses of customer data.



OUR AI REVOLUTION IS UNDERWAY

As advancements in artificial intelligence (AI) continue to shape our society, it is crucial for companies to navigate these innovations thoughtfully. As a responsible company, we're committed to leveraging AI's potential to enhance our operations, driving efficiency and innovation, while **upholding the utmost ethical standards and safeguarding stakeholder interests**. We truly believe that our success depends on people and on human qualities like creativity, empathy, and emotion. We envision AI as a super-tool to take away repetitive tasks and empower our associates to spend more time leveraging their human skills.

In 2023, our journey saw significant undertakings that bear witness to our strategic, forward-thinking approach to AI integration.

► Revenue Management Project

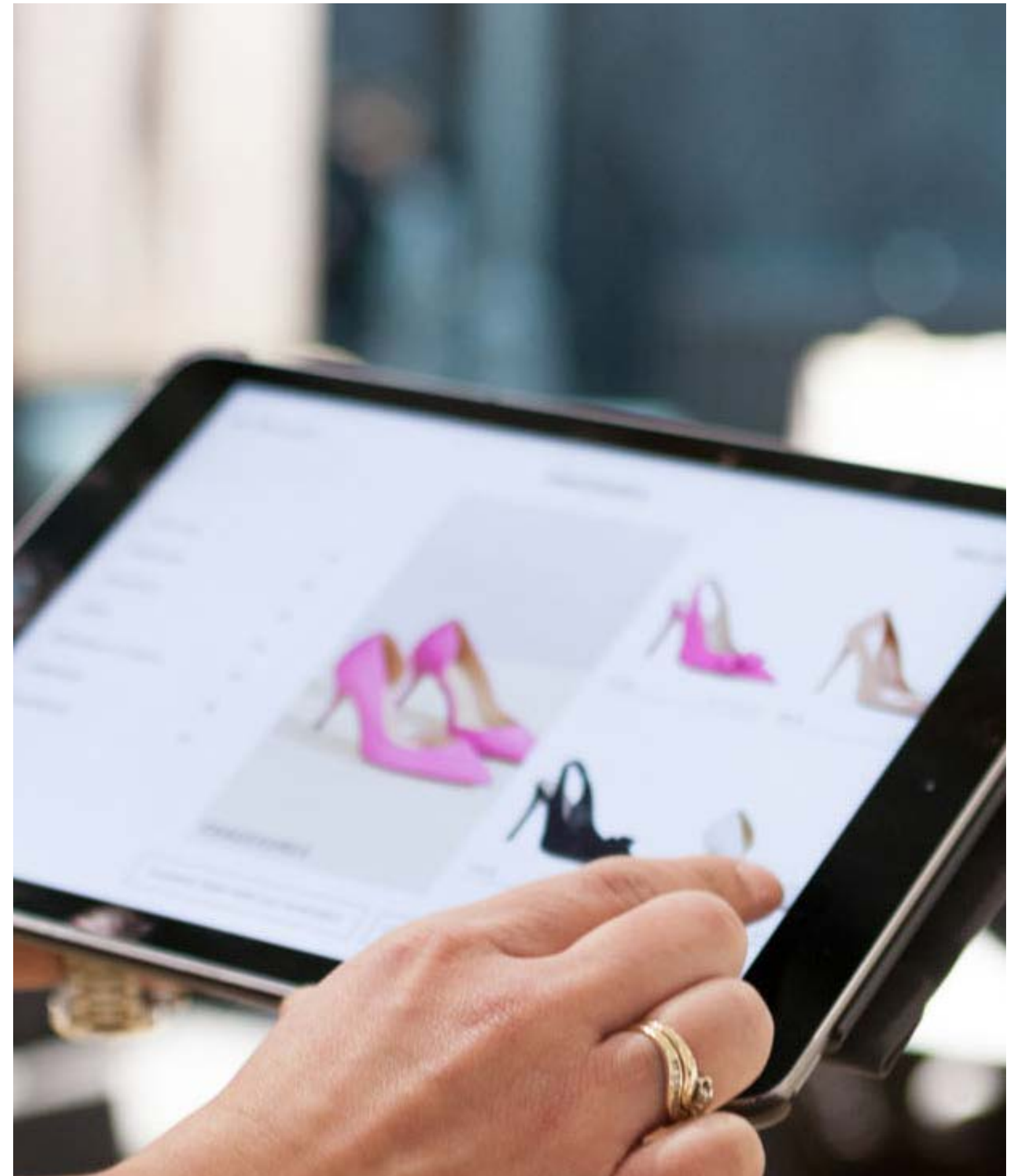
Thanks to the support of a grant from SCALE AI, this project – in partnership with IVADO Labs, Retailogists and ITL – aims to refine demand and sales forecasting through machine learning across our operations – from banners and channels to merchandise divisions and individual store clusters. Additionally, the project explores markdown optimization, store-based transactions, and order fulfillment, employing operations research to enhance decision-making and operational efficiency. Through smart transportation strategies, we aim to significantly lessen the final-mile distance, a notoriously environmentally impactful phase of the supply chain.

► Capstone Project with McGill University

With an eye for optimizing return management, we collaborated on a capstone project for fit prediction. By predicting product fit, we aim to reduce returns, which will not only enhance customer satisfaction, but also help improve the sustainability of our retail operations.

► Generative AI and Machine Learning for Enhanced Product Search

Following a victorious idea at our Retail Gen AI Hackathon (see next page), we partnered with McGill's Data Sphere Lab to revamp our product search capabilities. Integrating generative AI and machine learning, this project aims to create a dynamic recommendation engine, personalizing customer experiences and optimizing product discovery. In helping our customers find the right products, this initiative will also help decrease return rates and thereby also reduce the carbon footprint associated with transportation of returns.



**RETAIL GEN AI HACKATHON:
PIONEERING AI INNOVATION IN RETAIL**

In October 2023, the **ALDO Group** partnered with the **Bensadoun School of Retail Management at McGill University** to host the inaugural Retail Gen AI Hackathon. Over two days, 10 teams of students, guided by faculty and associates from the ALDO Group and Amazon Web Services, competed to deliver the most promising AI-driven solution capable of revolutionizing the retail industry.

Participants were tasked with creating AI solutions that could navigate the complexities of modern retail, enhance customer experiences, and optimize operations. Moreover, the event underscored the importance of bridging academic knowledge with industry experience as these innovative students could spar with professional experts to incorporate real-world insights into their projects, refining their proposals into viable solutions.

With the hackathon, we look to nurture the next generation of talent in the retail industry, and position Montreal as a hub for innovation, making technological advancements a competitive edge in the global retail sector.



Chief Executive Officer David B speaks to students at the Retail Gen AI Hackathon

ADVANCING AI GOVERNANCE

In alignment with these technological strides, we've also focused on strengthening the governance framework surrounding AI use within the ALDO Group. We place ethical principles at the forefront of our AI integration and strive to minimize risks, drive innovation, promote trust, and gain valuable insights to make informed decisions in the digital age.

In 2023, we introduced a comprehensive AI workplace policy alongside detailed guidelines to ensure the responsible deployment of AI technologies across all our operations. These documents, designed to evolve alongside technological advancements, outline our **three key principles**:

- 1 | Using AI responsibly
- 2 | No infringement on existing copyright & intellectual property
- 3 | Cautiousness with data

These principles serve as constant reminders to be mindful when using AI tools.

► Whitelist of Generative AI Tools

As part of our ethical integration approach, we've curated a whitelist of approved generative AI tools for our associates to use. Each tool undergoes rigorous evaluation to confirm its adherence to our security standards and ethical criteria, ensuring safe and beneficial use in our workplace.

► AldoWise

Anticipating the need for a tailored solution, we developed AldoWise, an AI application designed specifically for the ALDO Group. It features secure Retrieval Augmented Generation (RAG) capabilities and accesses our internal knowledge base to provide precise, context-relevant insights.

LOOKING AHEAD

As we proceed, **our focus remains on transparency and responsibility in AI adoption.**

In 2024, we plan to publish our AI Governance Guidelines Framework, which will help us navigate AI's complex landscape, ensuring that as we innovate, we remain steadfast in our principles. Along with the new guidelines, we also aim to launch a new training on Data & AI Literacy to educate our associates on how to responsibly use AI in our operations.



Partnerships & Collaboration

PARTNERING FOR SUCCESS

Addressing the enduring sustainability challenges in the global fashion industry requires a systemic transformation that goes beyond the capacity of any single company. Collaborating with multiple stakeholders to achieve common objectives allows the ALDO Group to leverage diverse strengths for positive change in the industry as a whole. Partnerships with fellow companies, leading experts, and non-governmental organizations (NGOs) serve as key drivers for fostering innovation, setting guidelines, and sharing best practices in sustainability.



GRI content index

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