2024 IMPACT REPORT

Stepping Towards A Sustainable Future

ALDO GROUP

About This Report

The ALDO Group Inc.'s comprehensive 2024 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. For the second consecutive year, our 2024 Impact Report – which replaces our former CSR Brochures – intends to share a transparent account of our outlook and actions under our CSR strategy, 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).

From February 4, 2024, to February 1, 2025, our 2024 Impact Report details the CSR initiatives we implemented during this period and unveils our long-term strategic vision. This report outlines the CSR data and initiatives of The ALDO Group Inc. across its footwear, handbags, and accessories divisions. It encompasses both owned brands - ALDO and Call It Spring - and licensed third-party brands. The scope includes our corporate stores in North America, Canadian headquarters, distribution centre, and international offices. It also highlights the efforts of our franchise partners and details the standards and practices maintained throughout our global supply chain.

Both available in English and in French, the 2024 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 over the years and our learnings 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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FINDING OUR FIT

This past fiscal year began with our announcement that we had signed on to be the operating partner for Sperry, an iconic brand we've long admired.

The Sperry deal has great potential for our business, and it is an exciting opportunity for our teams, who have done an amazing job getting the operation up and running in record time despite the change it brought. Associates transitioned to new roles and were joined by new team members. A new business unit came into being overnight.

The seeds of this successful addition were planted years ago. For a while, we've been obsessed with the idea of rightsizing and creating an effective and efficient organization that can capitalize on opportunities because of the agility and talent within our ranks.

To empower our associates, we implemented artificial intelligence solutions in a big way this past year. Beyond improved efficiency, AI has also shown the potential to make our business more sustainable. For example, using AI in our order fulfillment processes helps us ship more efficiently, leading to better logistics and a reduction of greenhouse gas related emissions in the long run. On the product development side, it has helped us provide a better fit for customers. This has the potential to reduce the amount of returns we get, and thereby also reduce the carbon footprint of shipping and handling those returns.

This search for the right fit is emblematic of our journey, both as an organization and corporate citizen. As we grow, we will continue to stay true to who we are and our commitments. We are a family-owned business and people-first company made up of more than 5,000 passionate associates, working with our worldwide network of partners to offer quality products at an affordable price. We will continue to be customer-obsessed and offer them styles that they love. We will pursue a vision for sustainability and lend a hand in our neighborhoods, because we're committed to both our global and local communities.

We want to strike that perfect balance of striving to be better while never losing sight of who we are, what we do, and what our purpose is. It's how we keep our footing even as we tread new ground and continue on our journey to create a world of love, confidence, and belonging.

DAVID BENSADOUN
Chief Executive Officer





A Letter From Our CSR Representative On The Leadership Team

STAYING TRUE TO OUR COMMITMENTS

This past year saw us reaffirm our commitments to both our planet and its people. We maintained our long-standing initiatives and continuous improvement defined our efforts to reduce our environmental footprint, improve our associates' experience at work, and make a positive impact in our communities.

We're a people-first company and that was highlighted during FY 2024. We launched a new employer brand, Find Your Fit, a testament to our desire to be a place where our associates feel seen and respected for who they are, as well as encouraged to realize their full potential.

We also continued our efforts to protect those indirectly employed by us, strengthening the compliance framework we have for our network of suppliers, and increasing the number of on-site visits made to the factories that produce our products to ensure compliance with our standards.

We worked with the Science Based Targets initiative to renew our climate targets, so we're aligned with the latest climate science in our ambition to reduce our environmental footprint. We continued to make our packaging more sustainable, and 100 percent of the leather used in ALDO shoes is now certified as responsible by the Leather Working Group.

We made donations, both cash and in-kind, totaling CA$600,000 to local charities who help those who need it most, while our associates showed up for their communities in a variety of ways, like going tree planting, preserving moorlands, raising money for worthy causes, donating and distributing school supplies to underprivileged students, and volunteering at food banks. The list of their good works goes on.

No step towards a better tomorrow can be too small. I'm proud to present this detailed and transparent report of our achievements, and I know that if we remain steadfast in our commitments and stay true to our values and purpose, there will be many more to come.

CATHERINE ROSS

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

“We are a **family-owned business and people-first company** made up of more than 5,000 passionate associates, working with our worldwide network of partners to **offer quality products at an affordable price.**”

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. We're also an industry-recognized wholesale distributor and third-party sourcing provider of fashion footwear, handbags and accessories. In January 2024, we were proud to sign a licensing agreement for the Sperry brand to oversee its wholesale, eCommerce, and store operations, as well as its global footwear design, production, and distribution in North America, bringing our comprehensive industry expertise to this iconic brand.

ALDO CALL IT SPRING SPERRY

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.



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.

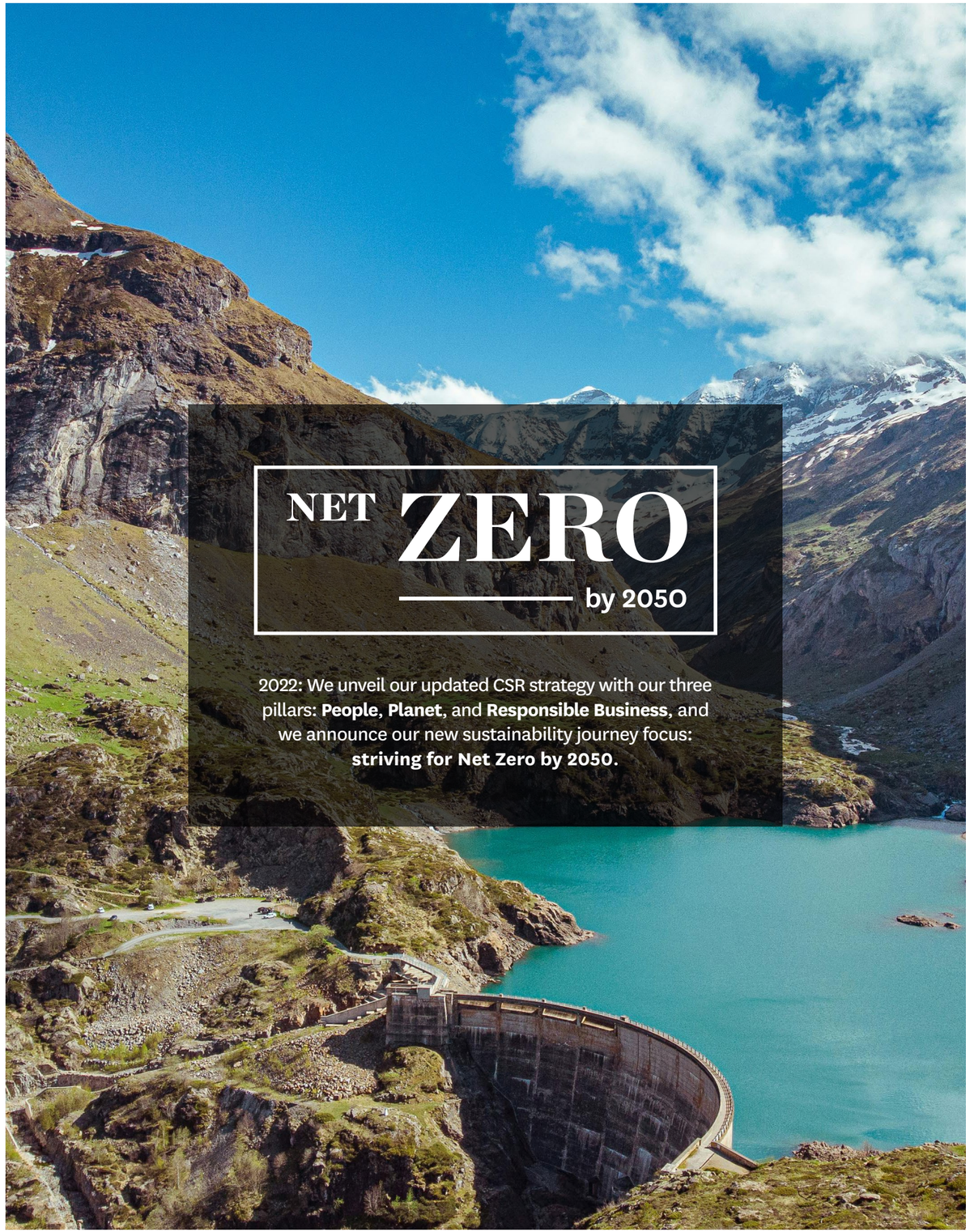
1991
ALDO opens its **200th store**, and **TRANSIT** is launched, which will later become **Call It Spring**.

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.



2013

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

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**.

2018

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

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**.

2020

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

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."

2022

The ALDO Group **celebrates 50 years** of being in business.

2024

We become the **operational partner for SPERRY** in North-America.

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

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 2024

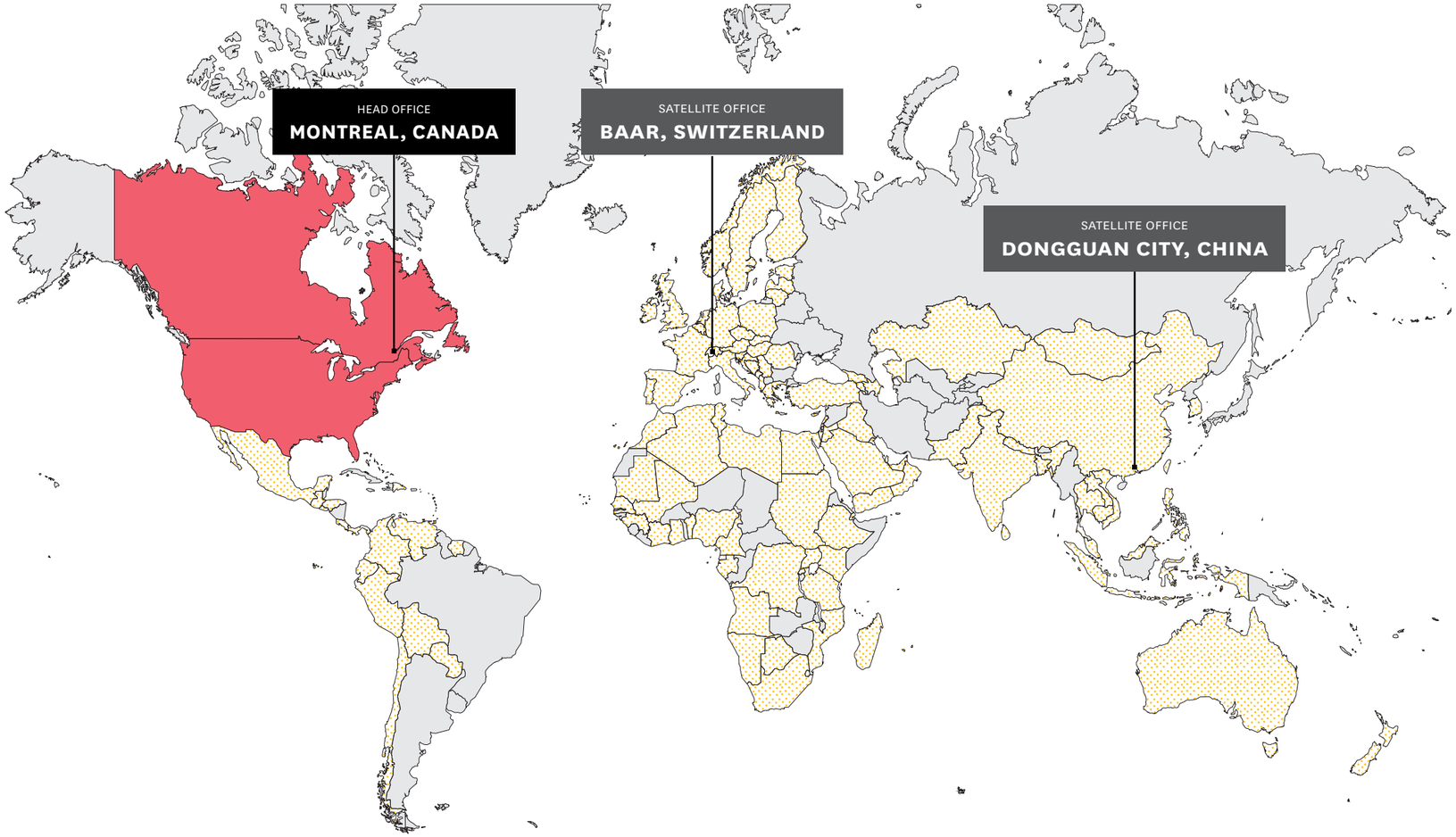
5,265
corporate associates in North America

More than
400
stores across North America

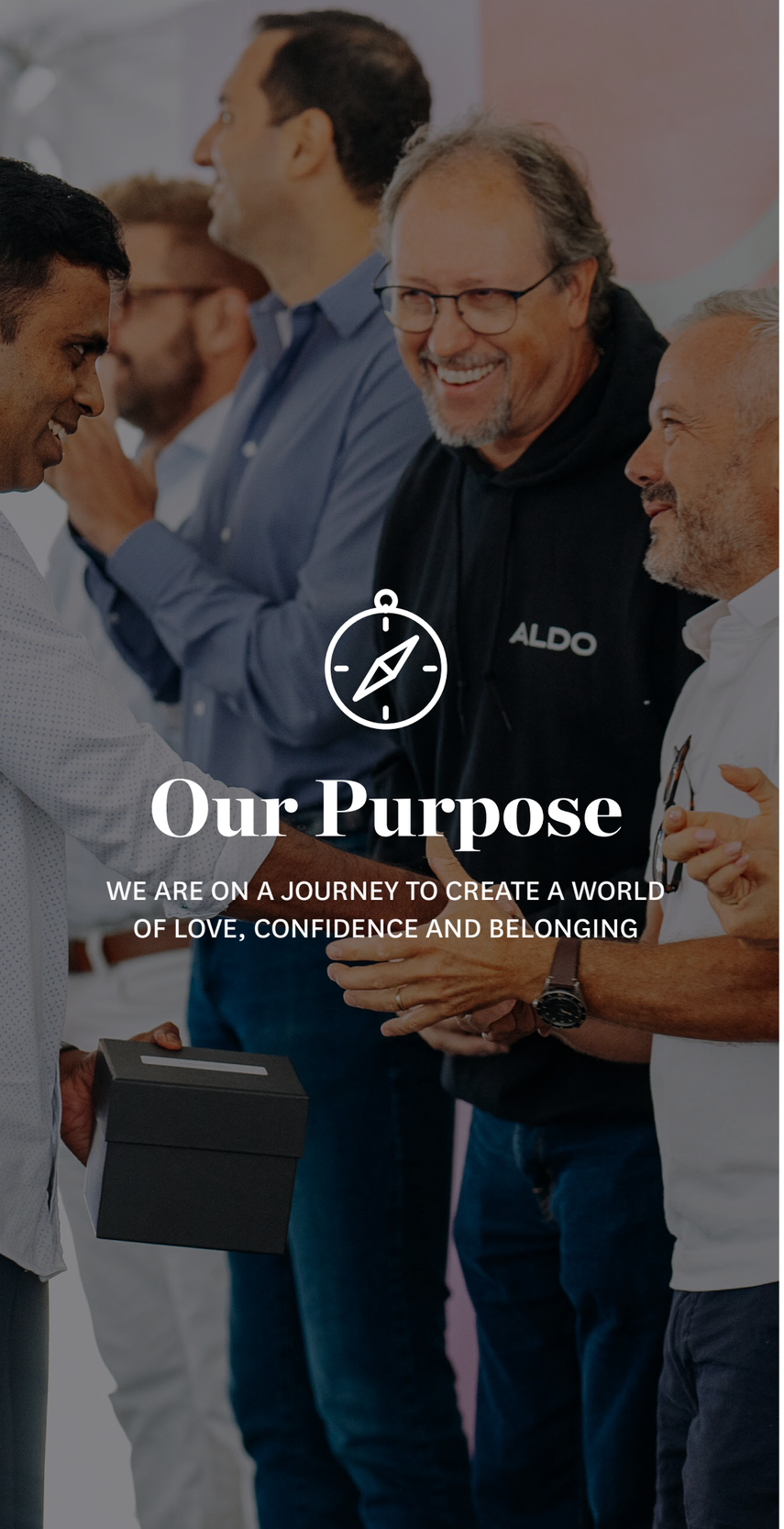
3
new corporate stores

Our network now counts more than
1,500
stores in over 100 countries

Our online community counts more than
12.2 M
followers from around the world

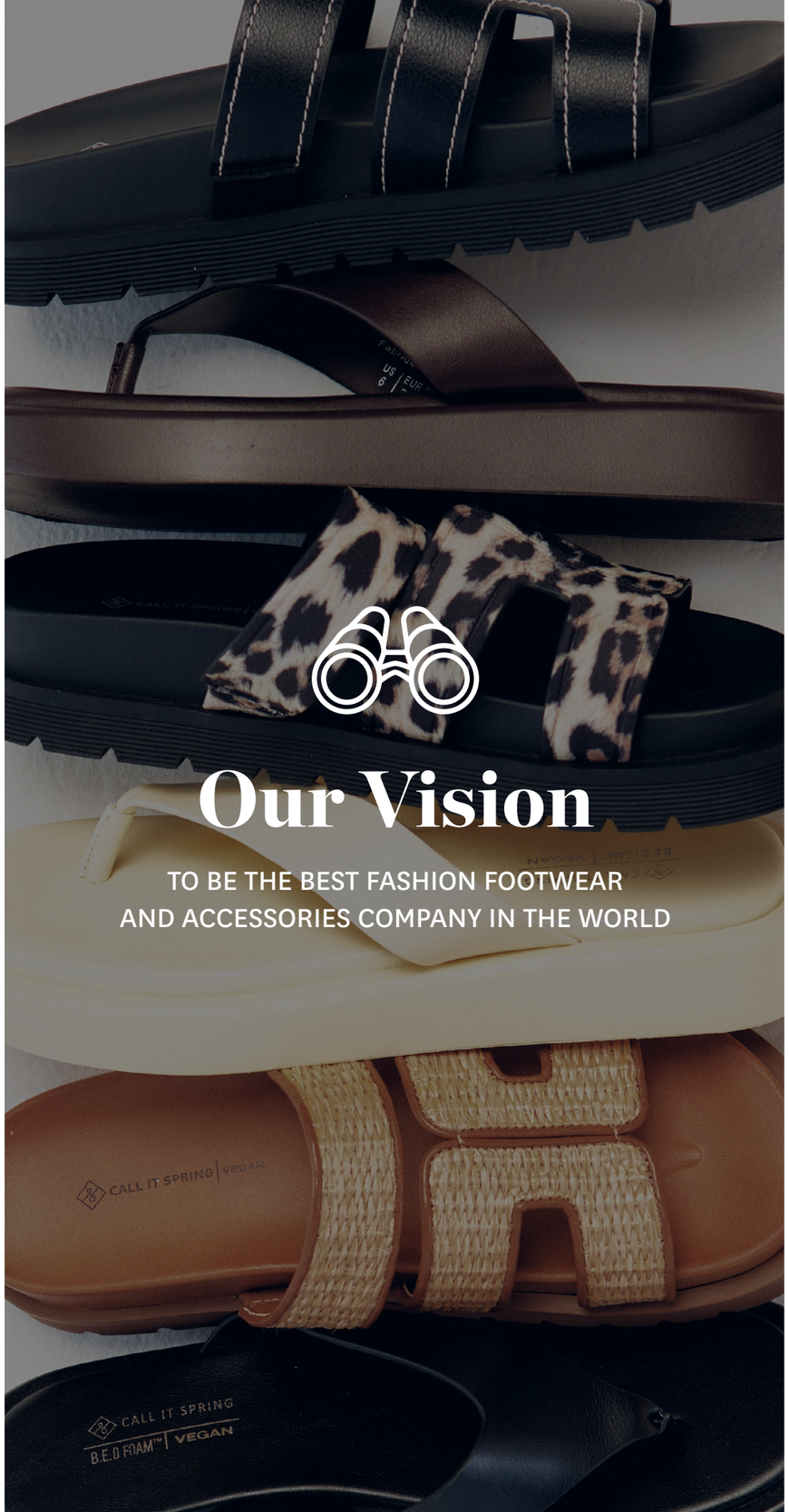


LEGEND
- Our network of franchisees
- Our corporate stores



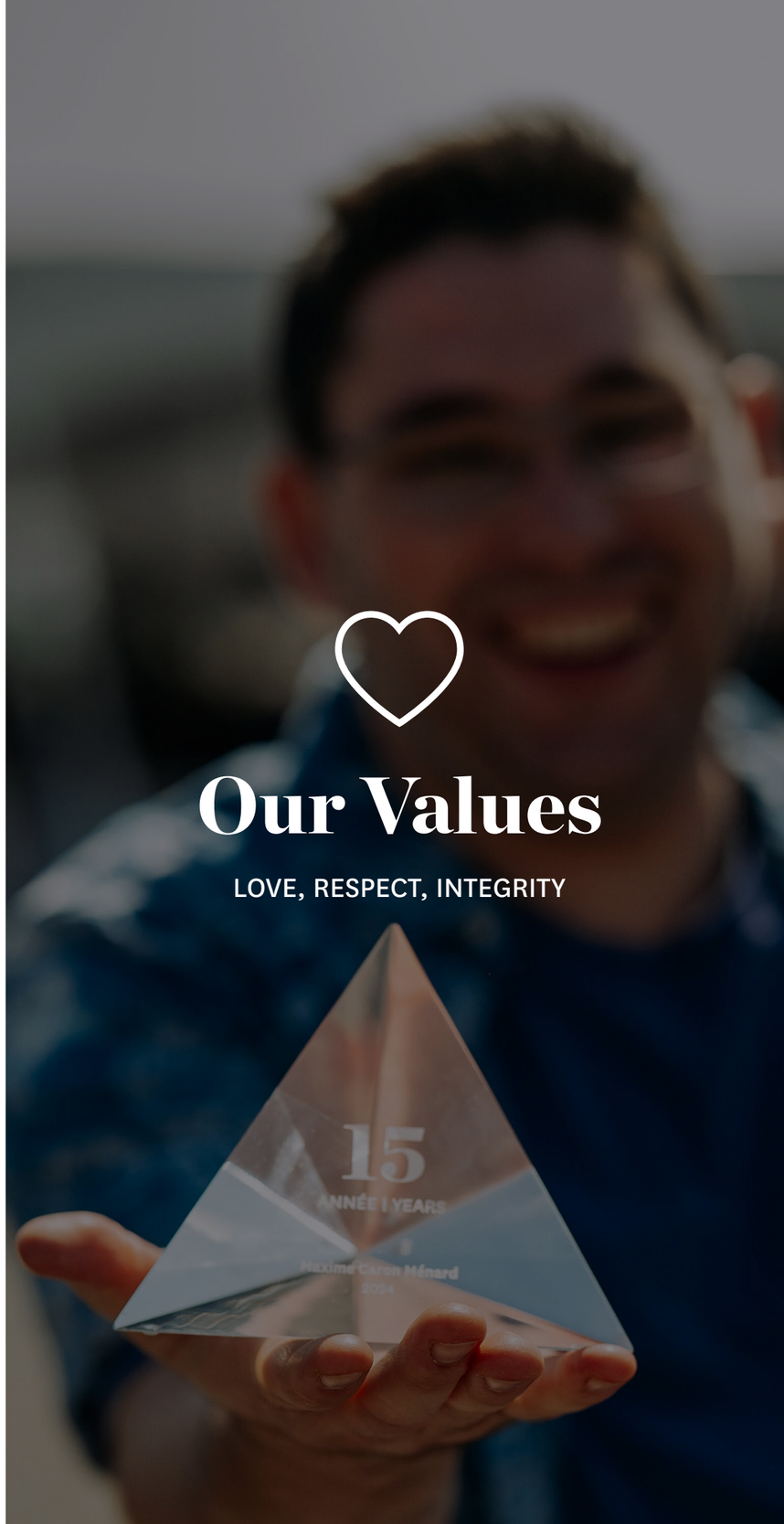
Our Purpose

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 included 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**.

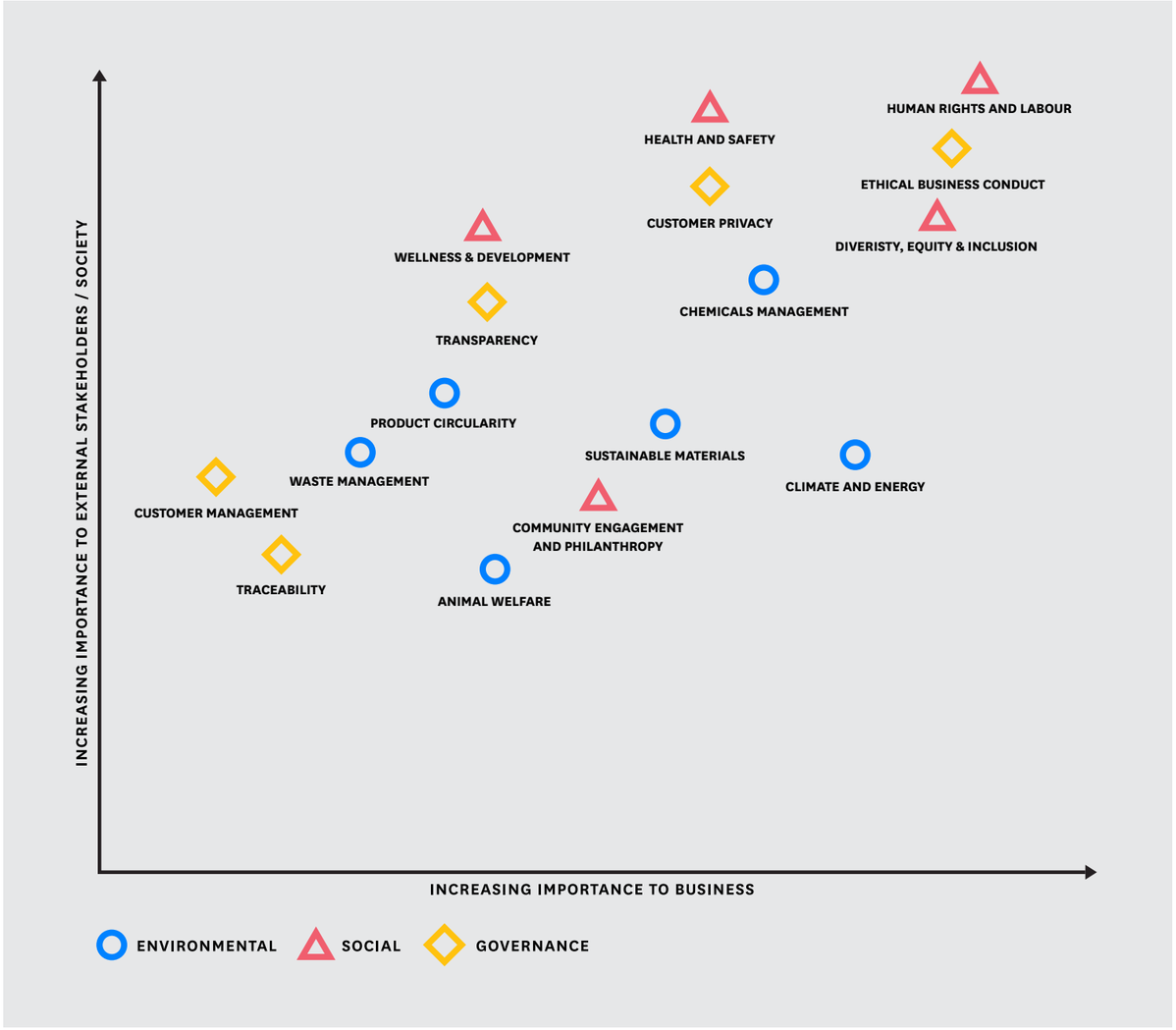
Following our materiality assessment and granular studies, we formed a special **CSR strategic committee** composed of key representatives and leaders from each department of the company. This committee conducted internal interviews and organized workshops to define our vision and priorities.

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.

In the fall of 2024, we conducted a comprehensive survey as part of our continuous improvement approach, engaging a representative panel of more than 500 customers. **This survey aimed to assess our customers' priorities in Environmental, Social, and Governance (ESG) matters**, ensuring we address the most relevant ESG concerns of our stakeholders and foster a more sustainable and responsible business practice.

The results were enlightening. Our customers demonstrated a strong interest in brands' ESG commitments, with over 50% having reviewed a brand's sustainability initiatives in the past year. Additionally, nearly 90% of our customers are aware of our Net Zero by 2050 ambition, and **40% perceive our sustainability efforts as superior to those of other brands**.

The insights gained from this survey have been instrumental in guiding our CSR initiatives. By understanding and responding to our customers' needs and expectations, we ensure that our efforts are aligned with their values and concerns, reinforcing our commitment to sustainability and responsible business practices.



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).

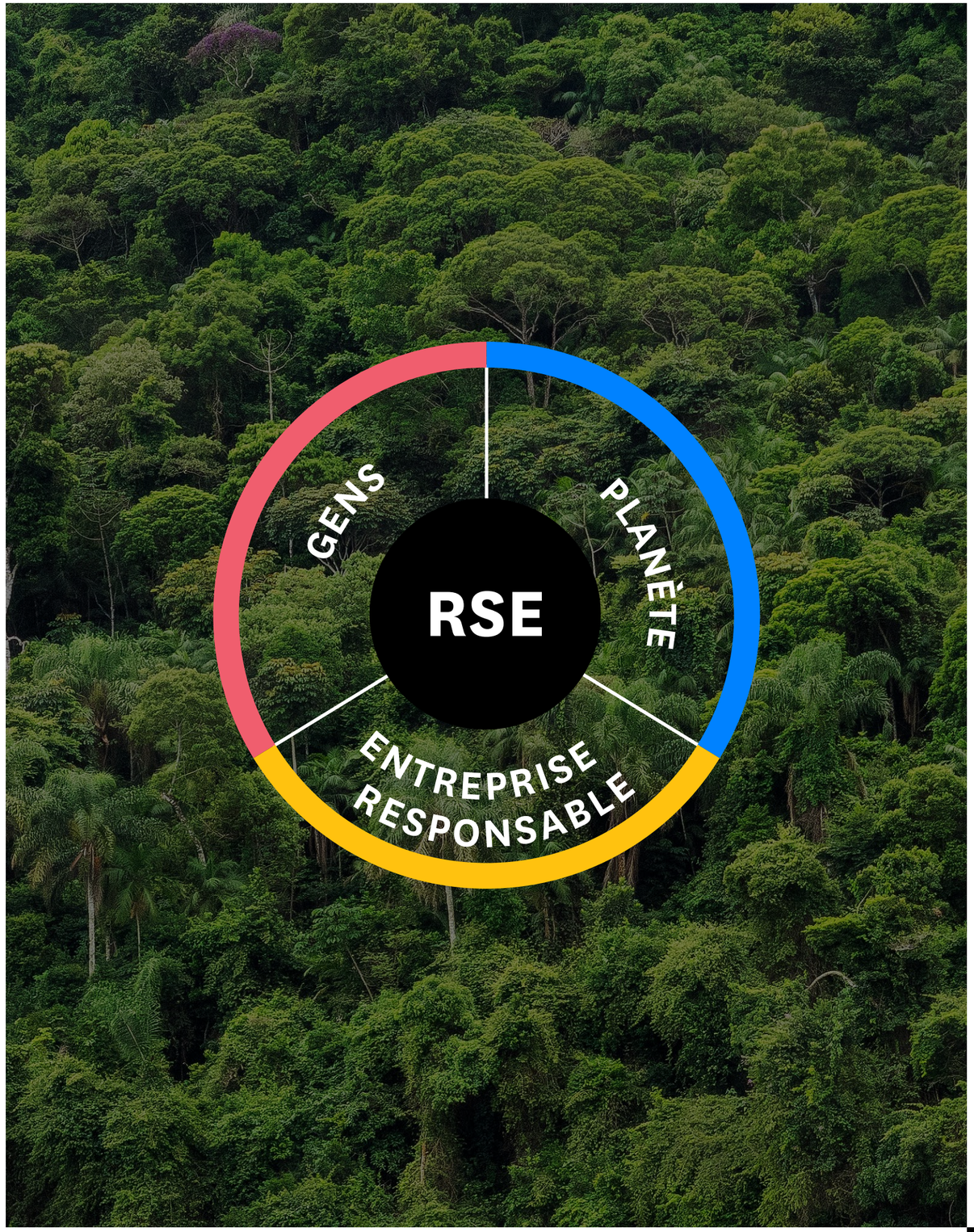
As part of our long process of research and assessments with our stakeholders to define our eight-year CSR plan, we also made sure to align our priorities and goals with the recommendations of the recognized associations we are members of, such as the Fashion Pact, Cascale, and the UN Fashion Charter 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 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.



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 foster a supportive workplace where everyone feels empowered to be their authentic selves.

› Promote human rights and protect the workers in our supply chain.

› Enrich our communities.

Aligned with the UNSDGs:





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.

Aligned with the UNSDGs:





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:



2024 Key Highlights

100% OF OUR LEATHERS ARE CERTIFIED
BY LEATHER WORKING GROUP (LWG), AMONG WHICH 95% HAVE A GOLD-LEVEL RATING

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

CA$ 600,000 EQUIVALENT DONATED
BY THE ALDO GROUP AND ITS DIVISIONS TO CHARITIES

99% OF ASSOCIATES HAVE COMPLETED OUR TRAINING ON CYBERSECURITY

OUTSTANDING FILIPINO RETAILERS AWARD
GOES TO ALDO'S FRANCHISE PARTNER IN THE PHILIPPINES FOR ITS SUSTAINABILITY EFFORTS

100% OF OUR LEADERSHIP TEAM COMPLETED TRAINING ON HUMAN RIGHTS, FORCED LABOUR INDICATORS, AND OUR STANDARDS

61% OF DIRECTOR-LEVEL POSITIONS
OR ABOVE ARE OCCUPIED BY WOMEN

WE RANKED 17TH ON FORTUNE MAGAZINE'S LIST
OF THE BEST WORKPLACES IN RETAIL IN THE US

People

INSPIRE A BETTER TOMORROW FOR EVERYONE

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“We want to strike that perfect balance of striving to be better while **never losing sight of who we are**, what we do, and what our purpose is.”

DAVID BENSADOUN, CEO

Building A Culture Of Belonging

WE LOVE, CELEBRATE AND ELEVATE ALL PEOPLE, EVERYWHERE.

Everything we do originates and builds from this core principle. Since the very beginning, we have always stood for fairness, belonging, and equal opportunity for all. It has always been tied to our mission, and it forms an integral part of our DNA.

As we aim to foster a supportive 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.

To focus our efforts and maximize impact, we've identified three strategic areas where our initiatives can make the most meaningful difference.

WOMEN | **2SLGBTQIA+** | **BIPOC**

Our strong corporate presence within these communities and our desire to be a driving force for good 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 2024

VOA SCORE:

8.8/10

"I believe the ALDO Group is a diverse and inclusive workplace"

MORE THAN

90%

of our associates

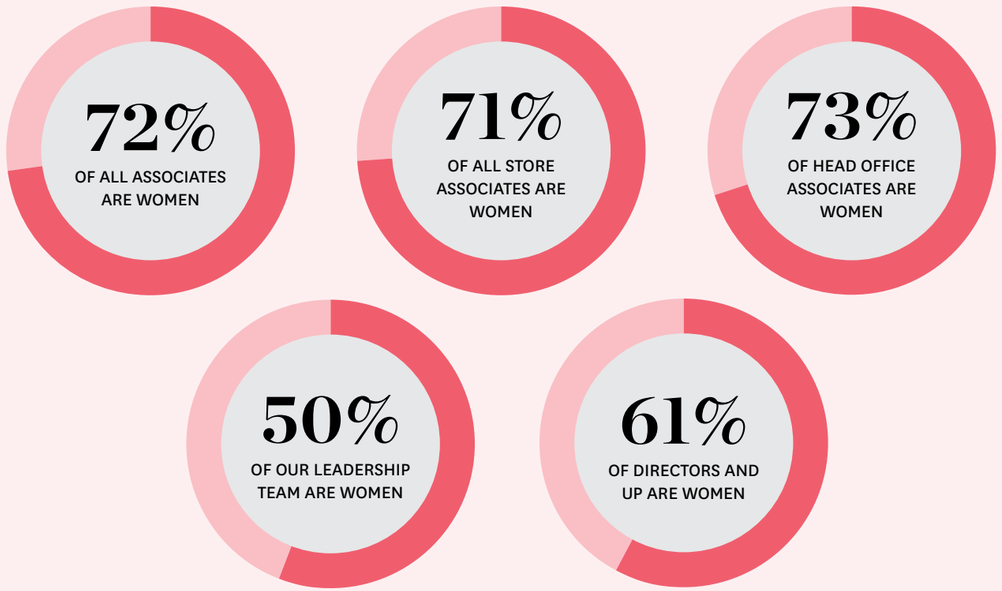
think that "people at the ALDO Group are treated fairly regardless of their race or ethnicity, gender, or sexual orientation"

EMPOWERING WOMEN

The ALDO Group stands for gender equality and remains deeply committed to empowering women to lead and thrive. Our CEO is a steadfast supporter of this mission, recognizing the immense value that highly qualified, talented, and deserving women bring to the organization. We believe that a diverse leadership team is not only more efficient and innovative, but also a powerful catalyst for growth and long-term success.

For us, championing the fight for equal opportunity is all the more important given that the majority of our workforce is composed of women.

FY 2024



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 2024, we took advantage of the occasion to unveil a special hub on our corporate website showcasing the outstanding achievements of women in leadership at the ALDO Group, and we reinforced our ongoing commitment to supporting the success of women across the company and in our communities.

BEST WORKPLACE FOR WOMEN

In 2024, we made the Great Place to Work® Canada 2024 list of Best Workplaces™ for Women. This recognition stands as a powerful testament to our ongoing commitment to fostering an inclusive work environment where everyone can feel a true sense of belonging and reach their full potential.

To be eligible, organizations must be Great Place to Work-Certified™ in the past year, have at least 50 female employees complete the survey and 90% of all respondents must agree that people are treated fairly regardless of their gender. Entries on this list are determined based on the average Trust Index score from female employees in eligible organizations.



OUR PARTNERSHIP AND INITIATIVES

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. Here are a few standout collaborations that helped uplift and empower women in our community in 2024.

Two Ten

The ALDO Group first partnered with Two Ten, a non-profit support organization for the footwear community, in 2010. Two Ten offers grants, scholarships, emergency financial assistance and free legal, financial and mental health counseling to members of the community.

In 2024, for the second consecutive year, we are also the official presenter of their Women In Footwear Industry (WIFI) Virtual Series. This Series sees panels organized throughout the year, bringing together illustrious leaders to share their insights and opinions on the industry's important topics. The events are part of the Two Ten WIFI Community, an affinity group for women in the industry. WIFI members connect, network, share information, and support each other while advancing their careers.

Le Chaînon

Founded in 1932, Le Chaînon's mission is to welcome, unconditionally and without judgment, women in difficult situations. They offer them safe housing as well as assistance and support tailored to their needs. The ALDO Group has long supported Le Chaînon through product donations, care packages, and volunteer efforts. In 2024, we made a monetary donation as part of our Giving Tuesday initiative.

Breast Cancer Awareness

In October, in recognition of Breast Cancer Awareness Month, associates from our ALDO Far East office joined volunteers at Dongguan Tungwah Hospital to support breast cancer patients. The day featured free breast disease screenings, educational sessions on prevention and early detection, and heartfelt moments as patients shared personal stories of resilience and courage. Thoughtfully prepared gifts were also distributed to offer encouragement and show solidarity.

ALDO Run Club Fights Breast Cancer

In Montreal, our head office associates were invited to join the ALDO Run Club and participate in the Quebec Breast Cancer Foundation 10K to raise funds and awareness for the cause. There were several ways to support their efforts —whether by donating, cheering them on, or helping spread the message of early detection and care.

Ovarian Cancer Walk of Hope

In early September, C.H.A.I.N. (Charitably Helping All In Need), Supply Chain & Operations' grassroots organization, helped out at the Ovarian Cancer Canada Walk of Hope. A large group of volunteers helped facilitate the fundraising event where survivors, friends and loved ones walked together to remember the journey of ovarian cancer and those who have lost the battle.

SUPPORTING THE 2SLGBTQIA+ 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 2SLGBTQIA+ community through our actions within and outside our organization.

ALDO'S MADE WITH HEART TOTE FOR PRIDE

In support of improving access to mental health resources for all young people, ALDO unveiled the Made With Heart tote bag. During Pride month, 100% of net proceeds were donated to Crisis Text Line (U.S.) and Kids Help Phone (Canada), non-profit organizations that provide free, 24/7, confidential mental health support. The initiative was supported by a series of videos shared on the brand's social media platforms, featuring store associates who identify as members of the 2SLGBTQIA+ community.

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 third 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

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.





NATIONAL DAY FOR TRUTH AND 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.

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 and head office associates across Canada 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 monetary donations to the Native Women's Shelter of Montreal and the Native Women's Resource Centre of Toronto, two organizations aiming to support, empower, and advocate for the rights and well-being of Indigenous women and their families.

EXPLORING WHAT IT MEANS TO BELONG

We believe that fostering a culture of belonging is an ongoing journey, one that requires continuous reflection, growth, and action. That's why we're committed to creating space, year after year, for new opportunities that raise awareness, spark dialogue and drive meaningful change.

OFFERING CONTINUOUS LEARNING OPPORTUNITIES

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, they are asked to complete an onboarding training that introduces key principles aimed at fostering a safe and supportive work environment for all.

In 2024, with a view to address more complex and sensitive topics, we added two new modules to our training on DEI available to all our employees:

1 | Unconscious Bias

2 | Recognizing and Avoiding Microaggressions

FY 2024

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 we make various carefully selected resources available to our associates who are looking to deepen their understanding and explore the meaningful role they can play in creating a welcoming and respectful workplace. We also educated our associates on how to get free access to LinkedIn Learning and make use of its in-depth courses on related topics.

AMPLIFYING ASSOCIATE VOICES

Recognizing that there's always more we can do to support our associates' well-being, in the spring of 2024 we went directly to the source, inviting our associates to participate in a roundtable discussion on how to foster a sense of belonging. By doing so, we provided a space for them to openly share their ideas and concerns, and to help shape future initiatives that could meaningfully enhance their experience at the ALDO Group.

EMPOWERING NEURODIVERSE YOUTH

In fall 2024, the ALDO Group partnered up with Montreal's Summit School, an organization dedicated to supporting neurodiverse students aged 4 to 21, helping them reach their full potential through personalized education and skills development. Through this partnership, the Sample Management team in ALDO Brand had the privilege of welcoming its first intern from Summit School—an experience that proved deeply rewarding, promoting personal growth, inclusive values, and shared learning.



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 2024 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 78% in both Canada and in the US.

The ALDO Group has also, for the third time, been listed among the **Best Workplaces in Quebec** by Great Place To Work. Additionally, we have been included on the lists of Best Workplaces with Most Trusted Executive Teams in Canada, Best Workplaces For Women With 1000+ Employees, and Best Workplaces in Retail in the United States.



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 seniority, 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.
- In FY 2024, we offered a new training session **focused on well-being**, titled *Managing workloads and priorities effectively*, to all managers and head office associates.

RALLYING OUR ASSOCIATES AROUND SUSTAINABILITY

We know that our commitment to sustainability must begin at the core of our operations, starting with our offices 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 **waste sorting stations** on our campus, found around our offices and in our cafeteria, enabling the proper sorting and recycling of all suitable waste.
- 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.
- We have **two beehives on our rooftop**, tended to by our partner Alvéole, who offers 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 transportation options** with bike racks, discount for public transit fares, electric charging stations and parking spots reserved for carpooling. In 2024, we installed a BIXI station on our campus to encourage our associates to bike to work. BIXI is a bike sharing system operating throughout Montreal, giving associates the ability to rent a bike via subscription or one-time pass from any of its stations and deposit it at a station near their destination.

Also, to excite and unite our associates around sustainability, we organize various activities and initiatives on internationally celebrated days, such as Earth Day. We aim to engage associates in our journey, encourage them to adopt more sustainable lifestyles, and educate them on sustainability topics so they may make better choices for themselves and our planet.

- We hosted kiosks on beekeeping and organized visits to our beehives.
- Our associates took part in a gardening activity on campus to celebrate the arrival of spring – an occasion to discuss the benefits of biodiversity through a fun activity.
- We celebrated Earth Day through various initiatives connected to sustainable mobility. We kicked it off with a conference questioning the role of government, employers, and citizens in sustainable mobility, the inequalities between city dwellers and people living in the suburbs, and the need for changes in lifestyle. We also issued a challenge, asking associates to share their environmentally friendly commute with us, whether that's by bike, carpool or public transit. The winner of this challenge, a store associate based in California, got a brand-new bike to commute with every day to work!



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 2024

86%

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 hiring practices. **In 2024, 50% of our internal positions were 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 help our associates get 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, bring a diversity of backgrounds and knowledge into our teams, and foster a culture of belonging 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, 52 store associates have been ACE interns at the head office, and of those interns, ten 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 - one for our corporate associates and a second one dedicated to our retail business.

FUTURE

Once 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 2024, we decided to add a new category to recognize our outstanding leaders. This category recognizes the leaders at the director-level and above of our company who have stood out among their peers. Excellence in leadership takes many forms, but we want to recognize those who not only demonstrate mastery of their profession, but also prove themselves as leaders by enabling the success of their teams and inspiring a culture of kindness and continuous development.



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.

FY 2024

More than

23

strategic merchandise suppliers
managed production

These suppliers accounted for

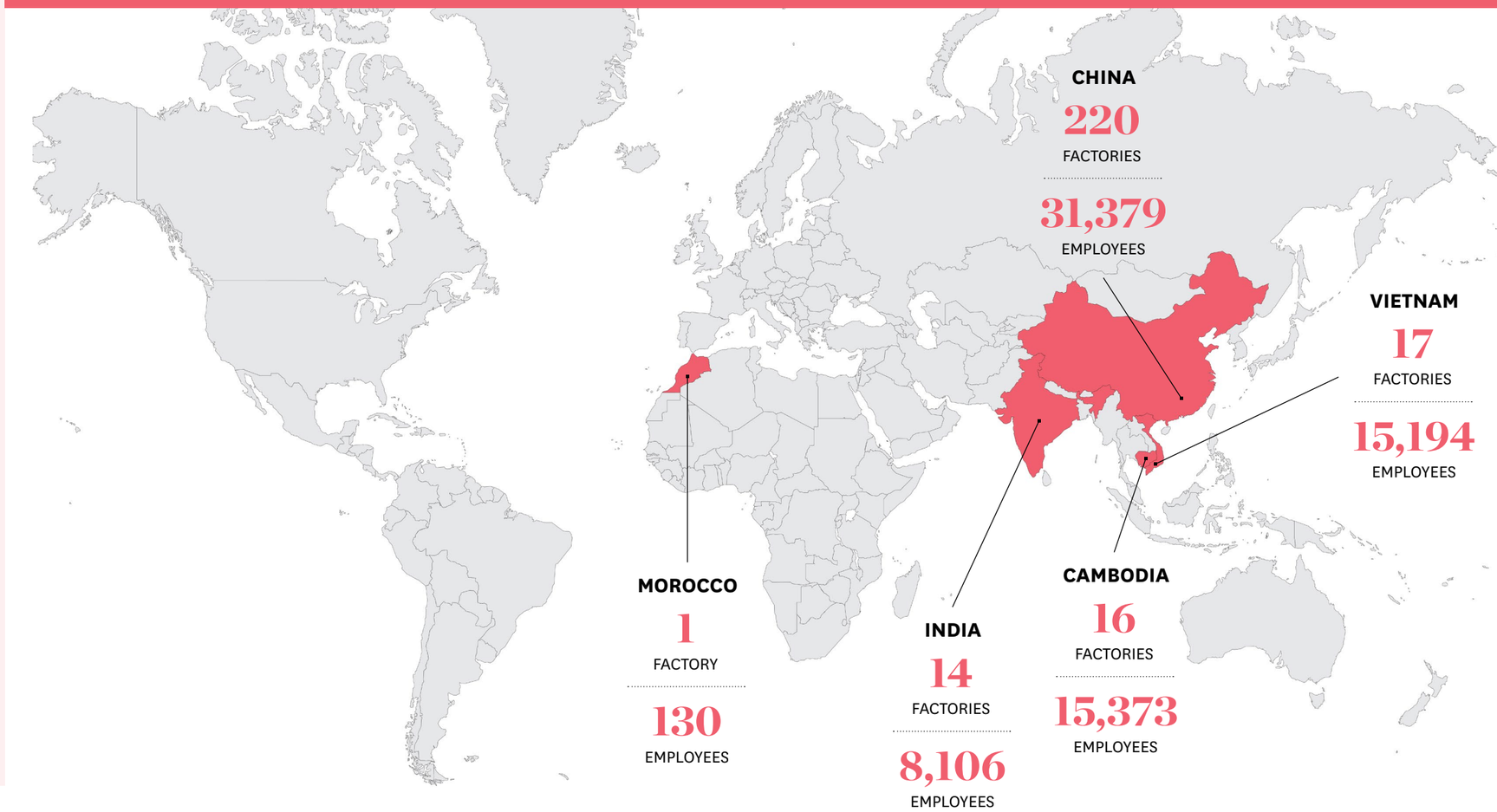
80%

of our handbags and footwear production

84

the number of factories in which production took place

OUR MAIN SOURCING REGIONS



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.

In 2024, all new non-merchandise suppliers whose contract exceeded a value of US$25,000 received our Vendor Code of Conduct. Existing non-merchandise suppliers for contracts exceeding US$25,000 in value were also sent the Code of Conduct if their contract was renewed during this reporting period. Acknowledgment of receipt was required from all of the abovementioned suppliers.

- **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.

- **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 (FSLM), which monitors, among various social compliance topics, working hours, health and safety, and employee treatment. We also accept factory site audit reports 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.



TRAINING

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 our dedicated Human Rights training, sharing it with our leadership team, and with targeted associates who work with suppliers on a daily basis. It was completed by 86% of associates, and 100% of leadership. In 2024, we extended our training to all our associates, save store associates, in order to educate all our associates – even those not working directly with our suppliers – on this important topic to our company. The course covered the topics of forced labour risks and mitigating strategies, including key indicators of forced labour, and how to report a suspected violation of our standards.

FY 2024

100%

of leadership team members completed training on safeguarding human rights

81%

of targeted associates completed the human rights training

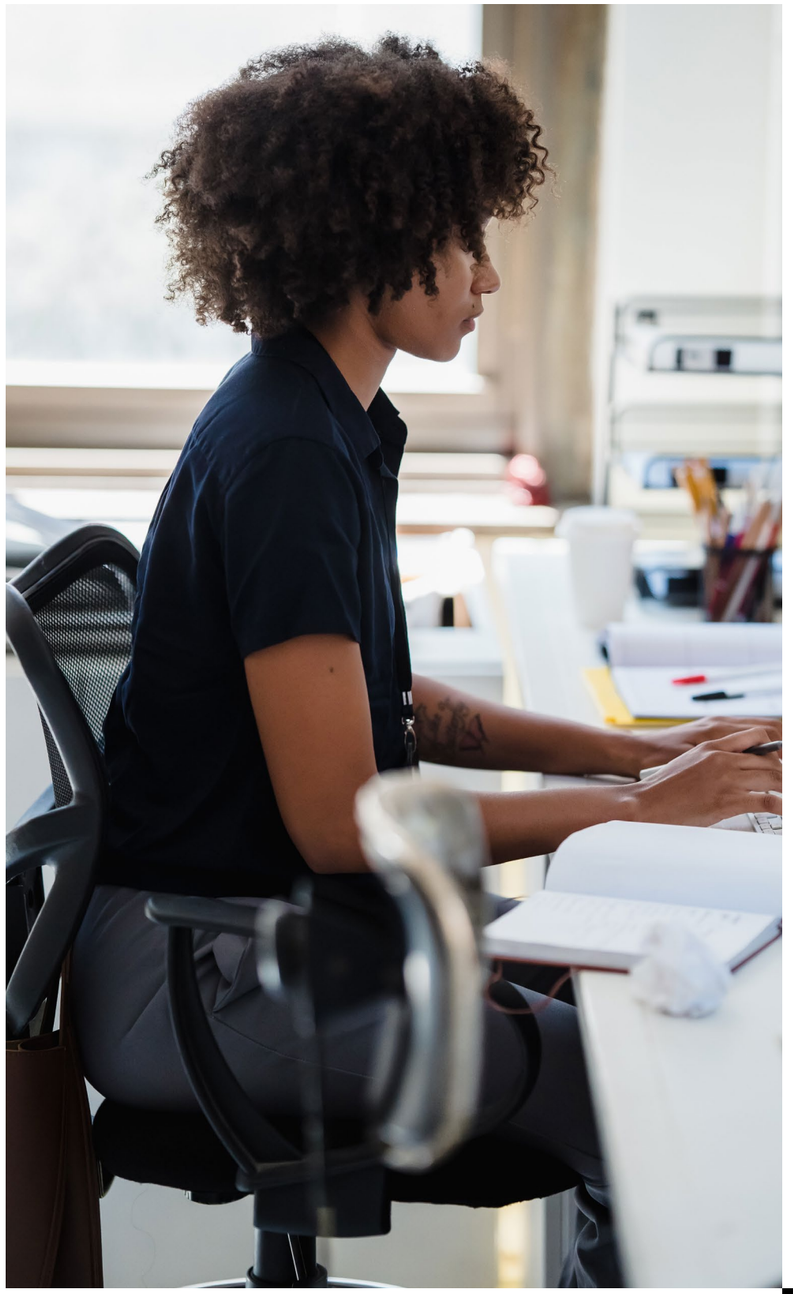
MERCHANDISE SUPPLIERS

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 2024, Social Compliance training, which highlights the ALDO Group's zero tolerance for forced and child labour, was deployed to all newly onboarded suppliers.

By FY 2025, we aim to:

- Share our Code of Conduct with our main material suppliers.
- Extend the reach of our training, which will include a section on forced labour and child labour, to all Tier 1 merchandise 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.

All in all, our **associates dedicated a total of 1,708 hours to community endeavors** through our volunteering program, in addition to our departments' various philanthropic team building activities.

The ALDO Group is proud of the grassroot organizations formed by its associates who look to make a difference in their communities. Throughout the year, they've supported a variety of organizations to the benefit of local as well as national causes.

A Helping Hand For Fairy Godmothers

For the last couple of years, ALDO Brand has been involved with Les Fées Marraines, a Montreal charitable organization that supplies high school students from disadvantaged backgrounds with clothes, accessories and style advice to help them have an unforgettable graduation ball. In 2024, to address the organization's specific needs, ALDO Brand made a donation of men's footwear and women's accessories.

Associates Lend A Green Thumb

A handful of associates put their green thumbs to use at Au cœur de l'enfance, a local support centre for vulnerable families, where they prepare the centre's rooftop garden for both its opening and closing in the spring and fall. This year was no exception!

C.H.A.I.N. Pulls Together

During FY 2024, our Supply Chain & Operations department launched its own grassroot organization, named C.H.A.I.N. (Charitably Helping All In Need).

Over the course of the year, they volunteered several times at Moisson Montreal to help package food items for community organizations across the island of Montreal, and as the return to school loomed large, they volunteered at the Back-to-School Assistance Event at St-Kevin Church in Côte-des-Neiges, one of Montreal's neighborhoods, where they helped 230 families get ready for the new school year with essential supplies and food.

Later in the fall, they supported Maison des familles de Saint-Laurent, a local organization, in organizing their Winter Bazaar, which helps more than 250 families prepare for the coming winter. They first organized collection boxes on campus, leading to a donation of 10 large bags of clothes, and then they helped set up the space in which the bazaar took place.

C.H.A.I.N. also came together in support of cancer research, as they volunteered at the Ovarian Cancer Canada Walk of Hope, where they helped facilitate the fundraising event. Later, they held a bake sale to raise funds.

ALDO GROUP SWITZERLAND

Our Swiss Associates Protect Local Biodiversity

In September, eight associates from our Swiss office travelled to Rothenturm, Switzerland's largest moor, to help preserve this area that's essential for local biodiversity and serves an important function as a natural carbon and water storage. Our associates removed bushes and weeds from the moor, as these can withdraw water from the moor and dry it out over time. Hard work, but all the more satisfying!



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 fifth 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 540 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. Since the launch of this initiative, they have helped 218 kids experience the fun of a summer camp.

Supporting Multiple Sclerosis Research

In support of Multiple Sclerosis Society of Canada and MS Hope, the team raised funds via several activities, including a bake sale and a trivia night, which they held for a second year running. 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. Thanks to these fundraising events, they've been able to donate more than $4,000 since 2023.



GIVING BACK FOR THE HOLIDAYS

In 2024, 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. Cette année, nos bénévoles ont rempli 110 sacs à dos de jouets, de couches et de lingettes, qui ont ensuite été offerts au Centre de la pédiatrie de St-Laurent/ Au cœur de l'enfance afin d'apporter des sourires aux familles du quartier où se trouve notre siège social. De plus, le Groupe ALDO a également fait des dons à des partenaires de longue date, Le Chaînon et Dans la Rue, afin de soutenir leur travail essentiel auprès des femmes en difficulté et des jeunes à risque de Montréal.



DONATING USED ELECTRONICS

In an effort to reduce electronic waste, our IT department once again organized a tech donation drive in support of Centre intégré de santé et de services sociaux des Laurentides. Associates could hand in their used items, and IT would fix any minor issues, factory reset them to ensure confidentiality, and donate them to help those in need. The donation drive was a tremendous success, and associates gave a variety of items such as laptops, cell phones, a coffee machine, and even a 55-inch television.

ELVES FOR SENIORS MONTREAL

For the second consecutive year, our teams gathered to make a difference for the elderly during the holidays. This year, C.H.A.I.N teamed up with Elves for Seniors Montreal, a non-profit which 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. A big Christmas tree with gift tags hanging from its branches was set up, and associates quickly snagged and fulfilled the wishes written on the tags, leading to a donation of 60 presents.

APS MAKE IT COUNT KARAOKE NIGHT

APS Make It Count capped off the season with a karaoke night at the head office where all proceeds went to the Montreal Children's Hospital Foundation.

Once the last note was sung, just under $5,000 had been raised. This was the fifth time APS Make It Count organized an event in support of this great cause, bringing their **total of funds raised to $25,000 since 2020**.

CAMPUS HOLIDAY LOCAL MARKET

We hosted our first market on campus since the pandemic to promote local artisans and offer a variety of more sustainable gift options – from candles to cosmetics – to our associates. All items were made by vendors from the Montreal area, and combined quality, durability, and sustainability. A fun way to encourage more sustainable consumption during the holiday season!



Planet

CREATE AND SOURCE PRODUCTS WE LOVE WITH POSITIVE INTENT

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CLIMATE ACTION

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RESPONSIBLE PRODUCTS

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WASTE REDUCTION

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A RECOGNITION OF OUR SUSTAINABILITY EFFORTS

“We will pursue a vision for sustainability and lend a hand in our neighborhoods, because **we’re committed to both our global and local communities.”**

DAVID BENSADOUN, CEO

Climate Action

As a responsible fashion company committed to our communities, we recognize the 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 endeavors leading up to 2034. 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, in 2019 we met 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.

In alignment with SBTi's requirements that ensure companies' targets remain aligned with climate science, we updated our science-based targets in 2024. Our renewed ambitions that will guide us in the near future read as follows:

- The ALDO Group commits to reducing its absolute scope 1 and 2 GHG emissions by 76.4% by FY 2034 compared to FY 2016, our baseline year.
- The ALDO Group also commits to reducing its absolute scope 3 GHG emissions by 35% by FY 2034 compared to FY 2022, our baseline year.

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.*

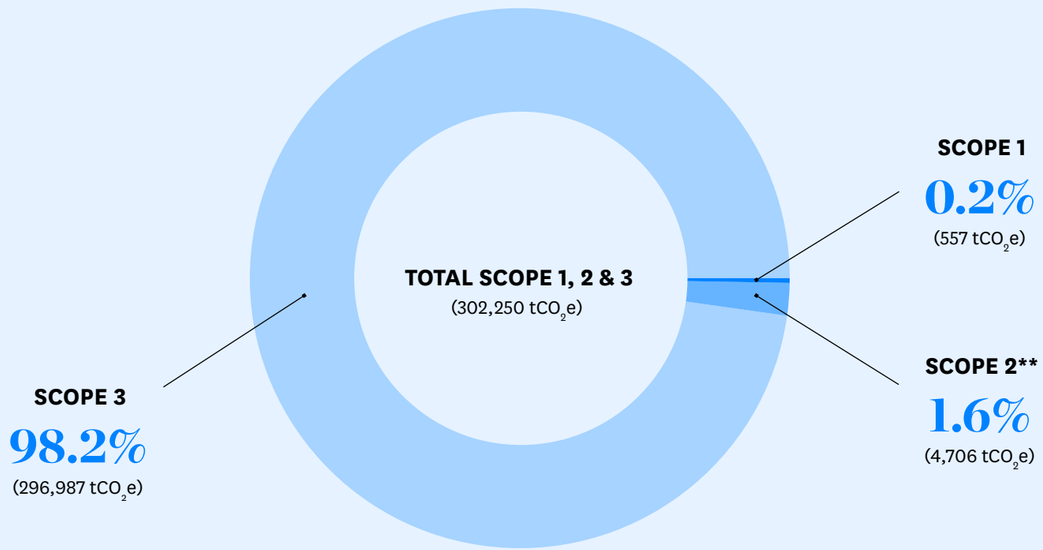
OUR CARBON FOOTPRINT

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. We produce our greenhouse gas (GHG) inventory in line with the GHG Protocol and conduct the verification of our results – with a limited assurance level – via a third party to guarantee the accuracy and the objectivity of our calculations.

We are proud of how far we've come thanks to our numerous carbon reduction initiatives. By FY 2023, we had decreased our scope 1 and 2 emissions by 60% compared to FY 2016, our baseline year for measurement. In FY 2023, our total GHG emissions across scopes 1, 2, and 3 amounted to 282,767 tCO_2e, comprising 520 tCO_2e from scope 1, 5,486 tCO_2e from scope 2, and 276,761 tCO_2e from scope 3.

FY 2024

THE ALDO GROUP GHG INVENTORY*



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 initiative (SBTi), which provide invaluable guidance on our path towards greater sustainability.



**In FY 2024, all the results of our GHG inventory presented in this section include the following gases: CO_2 , CH_4 , N_2O, HFC, PFC, SF_6 , NF_3.*

***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. In 2023, our Supply Chain & Operations department collaborated closely with our suppliers to optimize our containers' loads, ultimately reducing the number of containers transported by cargo to our distribution centres. Since then, we are proud to say we've improved to the point where we utilize up to 85% of container space. 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 in order to consolidate volumes even earlier in the process.

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.

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 2024

CORPORATE STORES POWERED BY GREEN ENERGY:

in Canada

63 stores

(Quebec)

in the USA

28 stores

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

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.



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 whom 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 Cascale. 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.

FY 2024

20% of our Tier 1 suppliers completed the FEM

&

35% completed the vFEM

Together, these suppliers account for more than

86%

of our business volume



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.

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 2024, we increased considerably our use of Gold LWG-certified leather. In 2023, 88% of our tanneries were gold-certified. In 2024, that percentage rose to 95%.

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.

FY 2024

WE IMPROVED OUR LEATHER SOURCING PRACTICES:

100%

of the leather in our shoes was LWG certified

95% rated Gold **&** **5%** rated Silver



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 and handbags 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 2024

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 CO_2 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.



A Recognition Of Our Sustainability Efforts

Our franchise partner in the Philippines took home an award for its sustainability efforts at the **2024 Outstanding Filipino Retailers Awards**.

ALDO won due to our Net Zero by 2025 commitment, our work to lower the impact of our packaging, the ALDO Love Planet collection, as well as our local partnership with GCash which sees trees planted with every shoe purchase.

FY 2024

At the time of the award ceremony,

1,200

mangrove seedlings had been planted thanks to this partnership.



Responsible Business

INVOLVE EVERYONE TO DRIVE SUSTAINABLE ACTION

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PARTNERSHIPS AND COLLABORATION

“ As we grow, we will continue to **stay true to who we are** and our commitments. ”

DAVID BENSADOUN, CEO

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. In 2024, there were no changes to the governance functions or structure of the ALDO Group.

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 strategy for fostering a supportive, respectful, and equitable workplace 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 strategic approach and its related initiatives 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.

COMPANY GOVERNANCE FUNCTIONS

Board of Directors
2 members

Chief Executive Officer

Leadership Team
9 members

KEY FUNCTIONS OVERSEEING CSR TOPICS

HUMAN RIGHTS

Chief Sourcing Officer
Member of the Leadership Team

Social Compliance
Primary function is to implement the Social Compliance Program and monitor the suppliers' environmental performance.

Cross-Functional Team
A cross-functional team, which plays an advisory role.

CSR

Chief People Officer & General Counsel
Member of the Leadership Team
CSR Representative

CSR Team
Primary function is to define the corporate CSR strategy and targets, and deploy plans with all divisions.

Climate Task Force
Define the Net Zero roadmap and implement its plans.

DEI Cross-Functional Team
Implement DEI strategy in our operations and deploy activities.

Third-Party Experts
Provide guidance as required on ESG-related risks and/or strategies

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.



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 2024

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. In FY 2024, we extended the reach of our grievance mechanism by displaying our poster in Cambodia, another main sourcing country in our supply chain. The poster is available in English and Khmer.

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 ETHCS 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

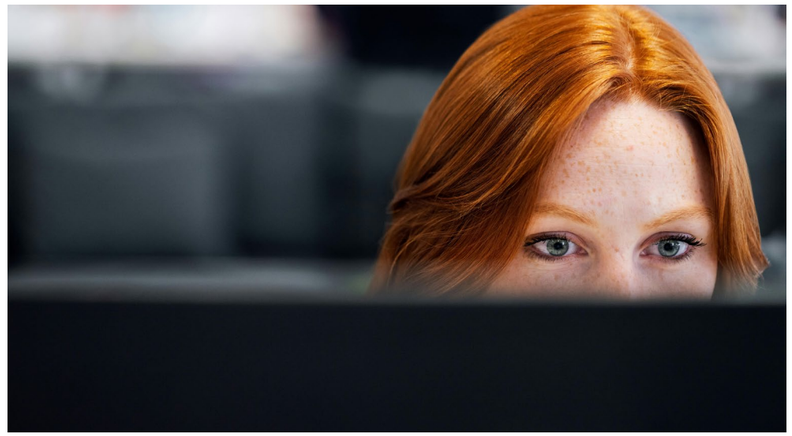
In FY 2024, we further strengthened our data privacy framework. To aid customers, we revamped our privacy policies to provide greater transparency, we reviewed our cookie management to bring it up to the highest industry standard, and we provided customers with new tools they can use to exercise their rights. Internally, we integrated best privacy practices in all our initiatives involving partners and employees, and we've built a dedicated data privacy course, to launch FY 2025, that'll teach associates how to handle the data of all stakeholders, including their own.

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.

In FY 2024, we enhanced our training offering with a new platform called KnowBe4. It offers every associate an online dashboard for an easy overview of cyber security related information, be it completed trainings or those yet to be done, as well as a Personal Risk Score based on completed trainings, job title, and performance on in-house phishing simulations. Cyber security is a priority at every level of the company and we're proud to say our first training with the new provider was completed by 99% of associates. To help associates flag suspicious emails and help our cyber security team identify threats, we added a "Phish Alert"-button in Outlook.



FY 2024

99%

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

3.8%

down from the previous rate of

7% in **2023** & **52%** in **2022**

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.

2023 saw significant integration of AI in our operations with the launch of several projects, such as the Revenue Management Capstone project with McGill University and the Generative AI and Machine Learning project borne from the Retail Gen AI Hackathon. In 2024, we made major advancements in these AI projects that optimize our operations and sustainable practices.

Revenue Management Project

Thanks to the support of a grant from SCALE AI in 2023, our teams developed – in partnership with IVADO Labs, Retailogists and ITL – solutions that aimed to refine demand and sales forecasting through machine learning across our operations, enhancing decision-making and operational efficiency.

In 2024, we made significant progress in advancing this project, marked by the successful deployment of a new internal demand forecasting tool. This tool is now actively used and plays a crucial role in enhancing our inventory management. By providing more accurate demand predictions, it enables us to improve our inventory management. Finally, optimizing our order fulfillment processes helps us ship more efficiently, leading to better logistics and reducing greenhouse gas-related emissions in the long run.

Capstone Project with McGill University

With an eye for optimizing return management, we collaborated on a capstone project for fit prediction in 2023 and successfully implemented the solution in our operations in 2024. 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.

Fostering Innovation Through AI: The Retail Gen AI Hackathon

Building on the success of the inaugural Retail Gen AI Hackathon in late 2023 – co-hosted with McGill University's Bensadoun School of Retail Management – we made significant strides in 2024 to turn ideas into impact.

The Retail Gen AI Hackathon is an annual innovation challenge that occurs over two intensive days, which brings together top student talent, industry professionals, and academic leaders to explore the transformative potential of artificial intelligence in retail. Participants form multidisciplinary teams and are tasked with developing AI-driven solutions that address real-world retail challenges: from enhancing customer experiences to optimizing operations and driving sustainability. Guided by various mentors from Amazon Web Services, IVADO Labs and the ALDO Group, students gain hands-on experience and industry insight while competing to create the most impactful and viable innovations. The DataSphere Lab at McGill provided students with machine learning models and cloud-based resources that were essential to accomplish their goals.

In 2024:

- The winning team from the 2023 edition joined McGill's DataSphere Lab, where we collaborated to develop a Trend-Aware & Conversational Product Recommendation System. This AI-powered tool is now being integrated into our eCommerce platform to personalize shopping experiences, improve product discovery, and reduce return rates, contributing to both customer satisfaction and sustainability.
- We hosted the second Retail Gen AI Hackathon, further strengthening our commitment to nurturing emerging talent and driving innovation. Three winners were chosen, as well as two honorable mentions, and these five teams were invited to come present their solution to our leadership team.

  These initiatives reflect our broader vision: to cultivate the next generation of retail innovators, position Montreal as a retail innovation hub, and to harness AI for smarter, more sustainable retail experiences.



AI GOVERNANCE AND TRANSPARENCY

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

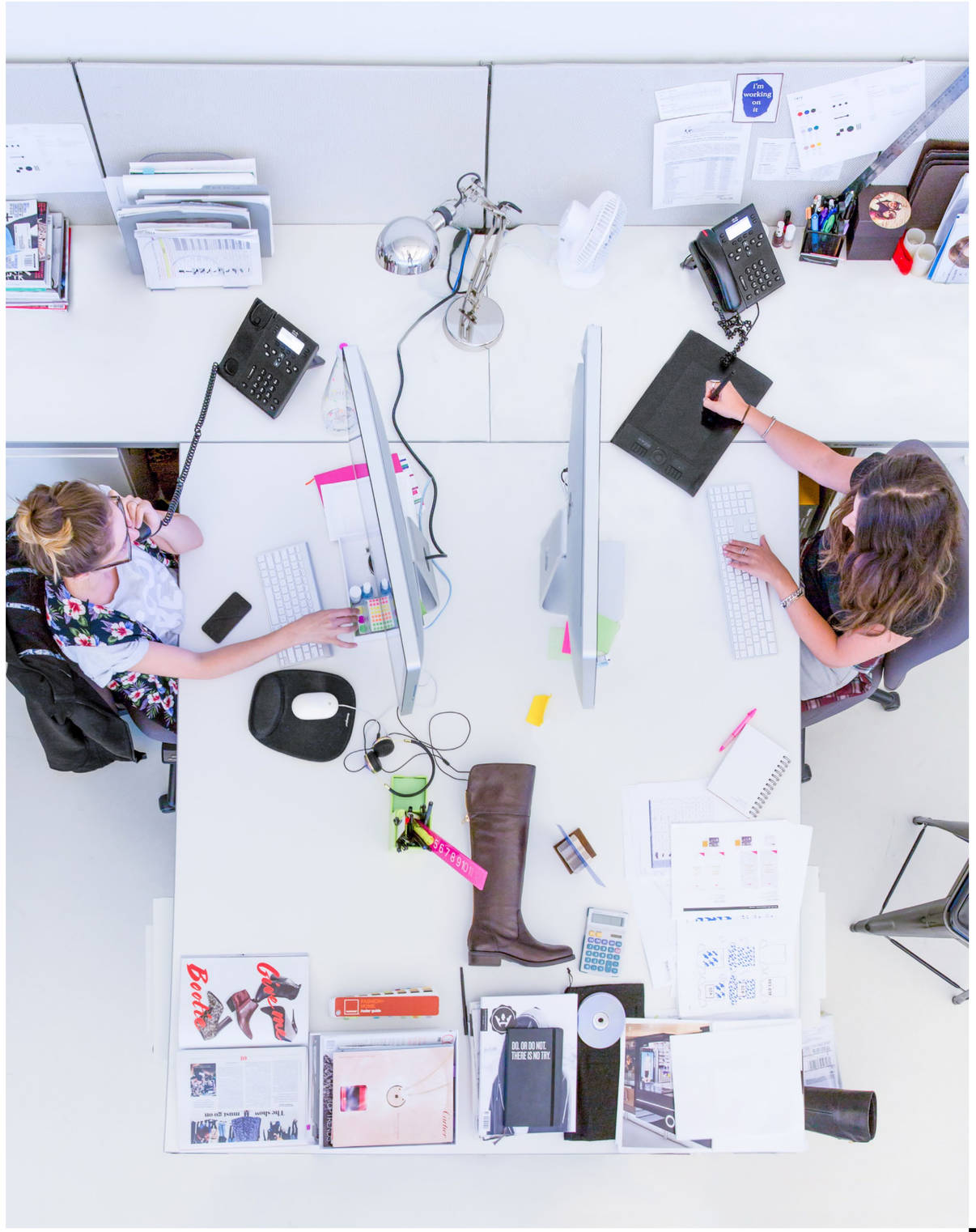
As part of our ethical integration approach, we've curated a whitelist of approved generative AI tools for our associates to use. Each tool undergoes rigorous evaluation to confirm its adherence to our security standards and ethical criteria, ensuring safe and beneficial use in our workplace.

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.

As we proceed, our focus remains on transparency and responsibility in AI adoption. In our 2024 Impact Report, we stated our intention to publish our AI Governance Guidelines Framework during FY 2024, but production continued throughout the year. This framework will help us navigate AI's complex landscape, ensuring that as we innovate, we remain steadfast in our principles.

To educate our associates on how to responsibly use AI in our operations, new trainings on data and AI literacy was launched and shared with associates during FY 2024.



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.

BetterWork

RCC RETAIL COUNCIL OF CANADA

FDRA

Cascale

SOCIAL & LABOR CONVERGENCE

THE FASHION PACT

UNFCCC

LEATHER WORKING GROUP

SGS



GRI content index

STATEMENT OF USE	ALDO Group has reported the information cited in this GRI content index for the period February 4th, 2024, to February 1st, 2025, with reference to the GRI Standards.	
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