

MAJID AL FUTTAIM – SUSTAINABILITY

Sustainable Pre-Acquisition Policy

Background and Purpose of the Policy

Majid Al Futtaim is committed to implementing and delivering a comprehensive sustainability strategy, *Dare Today, Change Tomorrow*, through which Majid Al Futtaim manages the socio-economic and environmental issues that are most material to its business. *Dare Today, Change Tomorrow* has three fundamental business priorities:

- **Transforming the lives** in the communities of Majid Al Futtaim serves, to provide a healthy, fulfilling, and sustainable way of life
- **Rethinking resources**, addressing Majid Al Futtaim's use of resources to make a Net Positive impact
- **Empowering our people** to unlock their full potential

Scope of the policy

The Sustainable Pre-Acquisition policy is applicable for all development sites of Majid Al Futtaim Operating Companies and Business Units. By adopting the principles of this policy, Majid Al Futtaim Operating Companies aim to fulfil the below sustainable business commitments under the Rethinking Resources Pillar during the initial stages of acquiring any development sites and contributing to our long-term targets of:

- **Net Positive Carbon:** to become net positive in carbon through the appropriate decisions and actions associated with pre-acquisition activities by 2040
- **Net Positive Water:** to become net positive in water through appropriate decisions and actions associated with pre-acquisition activities by 2040
- **Circular Economy:** to embed circular economy principles in the pre-acquisition associated decisions and actions to minimise harmful impacts on the environment and generate new revenue streams

This policy will contribute towards the success of these commitments through its intent to reduce the impacts of its assets throughout the property lifecycle in the areas of transport, energy, water, waste, biodiversity, community, and physical climate risk. In addition to minimising the risk and costs that may be associated with environmental or social change on or near development sites.

Objective of the policy

1. **Scope of Certification:** To ensure that the characteristics and location of the site do not exclude the possibility of adhering to Majid Al Futtaim's Sustainable Building Policy, which includes ensuring assets are designed and built to achieve a minimum of LEED Gold/ BREEAM Very Good or equivalent certification. This is of importance as around 9.6% to 23% of LEED and BREEAM points are related to the location of the site such as proximity to water features
2. **Transport:** To reduce the risk that the project team may need to develop new public transport links at a cost to Majid Al Futtaim, and to ensure the desired certification is achieved

3. Energy:

- To determine the availability of energy supply in the area to ensure the most cost-effective supply is planned and secured for the development
- To reduce the risk of construction delays or lost business due to energy shortages by pre-empting poor energy supply

4. Water:

- To determine the availability of water supply in the area to ensure the most cost-effective supply is planned for and secured
- To reduce the risk of construction delays or lost business due to water shortages by pre-empting poor water supply
- To pre-empt the risk of water pollution and ensure the desired certification is achieved

5. Waste:

- To determine if there is any harmful waste to be removed from the site
- To determine the availability of local recycling facilities for construction and operational waste; in order to ensure the desired accreditation is achieved

6. Biodiversity: To prevent the risk of damage to biodiversity and ensure the desired certification is achieved

7. Physical risks:

- To determine if their hazards are caused by a changing climate, from floods, fires, and storms to rising sea levels and changing average temperatures transition ²
- In case of risk, to determine the cost of investment in adaptation measures, such as elevating buildings or incorporating green infrastructure
- To reduce increased damages from catastrophic events
- To determine the potential for increased insurance costs or reduced/lack of insurance availability

8. Community: To ensure there is no undue impact on surrounding communities during construction and operation which creates tension and the potential for project delays or damage to Majid Al Futtaim's reputation.

9. Employment & economic development: To determine if labour is available locally to support the local economy.

10. Safety and Security: To pre-empt and, where necessary mitigate, exposure to losses associated with theft and similar serious crime during construction and operation.

11. Bribery and Corruption: To pre-empt any scenario that may cause project delays or direct costs such as fines or damage to Majid Al Futtaim's reputation.

Governance of the policy

The sustainable pre-acquisition policy is overlooked by the development teams, sustainability team of each Operating Company and the Corporate Sustainability team of Majid Al Futtaim. The policy must be complied with in full and any variance should be justified and subject to approval by the Chief Executive Officers of each Operating Company and the Chief Sustainability Officer. The sustainable pre-acquisition policy is to be reviewed every two years at a minimum or as required as per the government's legislation updates.

Policy Requirements

This policy should be referred to in conjunction with Majid Al Futtaim's sustainable building policy to know about the green building standards, innovative and best practices and the minimum sustainability standards to be achieved by the development sites.

Policy Procedure

In order for any Majid Al Futtaim's development site to align with this policy, prior to its acquisition, the following procedure shall be performed:

- **Pre-Acquisition Development Site Screening – Site Appraisal**
(Further details on the site appraisal are presented in Appendix A)

Policy Implementation

This policy must be complied with in full by Majid Al Futtaim development team and the Individuals/teams involved in the purchase of the development site. This version of the policy applies to new projects that start after the document's effective date. It must be read in conjunction with existing Majid Al Futtaim policies, design standards and local codes. If there is any conflict of information, the most stringent applies.

APPENDIX A: PRE-ACQUISITION DEVELOPMENT SITE SCREENING – SITE APPRAISAL

PURPOSE OF THE PROCEDURE

1. To establish a clear approach to assess the sustainability impacts, risks and costs presented by prospective development sites prior to acquisition
2. To define the outputs to be produced at different stages of the site appraisal process

DELIVERABLES OF THE APPRAISAL

As part of the appraisal, the following deliverables will have to be submitted to the Head of Acquisitions/ Project Manager, in order to ensure the perspective development site is aligned with this policy.

1. Pre-Acquisition Detailed Checklist
2. Majid Al Futtaim - Climate Risk Tool¹

INVOLVED TEAMS & MEMBERS

In association with the policy, the investment & business development team is held responsible for supporting the pre-acquisition process; the responsibility of the investment & business development can be detailed as presented below.

| | |
|--|--|
| Investment & Business Development | 1.1. Ensure that the High-Level Checklist, as contained within the Pre-Acquisition Checklist document, is completed at the “Engage the Organisation” stage of the Business Development Project and Portfolio Management (PPM) and circulated for information to the Asset Management and Development teams to inform their reviews |
| | 1.2. Ensure that the Detailed Checklist, as contained within the Pre-Acquisition Checklist document, is completed at the “Consolidation & Recommendation” stage of Business Development PPM |
| | 1.3. Ensure that a summary of the result of the High Level and Detailed Checklist appraisals are included in the Executive Summary and main body of all board approval requests. |
| | 1.4. Ensure a copy of the Pre-Acquisition Checklist is included as an appendix to all Board Approval Requests |

¹ https://majidalfuttaim-my.sharepoint.com/:x/g/personal/nazly_asadollahpour_maf_ae/ESm7VpfboaNChdEMJxaB_KEBjw5J8mF_rkvIXJDx9keh4w?e=eXqZBl

TABLE 1 – DETAILED PRE-ACQUISITION CHECKLIST

SITE CHARACTERISTICS

| Question | Status | Comments |
|---|--------|----------|
| What is the current use of the site e.g., Urban, Agricultural, Vacant, Other, etc.? | - | |
| Are there any historic uses of the site which could have contaminated the solid e.g., hydrocarbon contamination, waste processing, heavy materials, etc.? | Yes/No | |
| Does the site lie in an area of high radon gas risk? <i>(Radon is a naturally occurring radioactive gas that may occur as a result of local geology. Protection against radon ingress may be required in new properties or extensions by the Building Regulations. Radon can be measured by a professional tester or kit from hardware store.)</i> | Yes/No | |
| Are there materials on site that require specialist removal e.g., medical waste, asbestos, etc.? | Yes/No | |
| Are there any activities in the surrounding area which could impact the site once it is developed e.g., noise pollution, odor, road/rail traffic noise, etc.? | Yes/No | |
| Has a detailed assessment of the asset or portfolio to determine which physical risks are most important and which are least important been done? | Yes/No | |
| If the site will be co-owned through a joint venture, does the partner have a sustainability/CSR strategy? | Yes/No | |

TRANSPORT

| Question | Status | Comments |
|---|--------|----------|
| What is the proximity of the site to public transport? (Meters) | - | |
| Does the site allow for the inclusion of proper car parking spaces? | Yes/No | |
| Can public transport be brought to the site? If so, which types? | Yes/No | |
| Does the site allow for the design of proper entry roads? | Yes/No | |

ENERGY

| Question | Status | Comments |
|--|--------|----------|
| What existing energy infrastructure is there on this site e.g., electricity/gas connections, substations, etc.? | - | |
| What other developments are proposed for the local area which could create opportunities for offsite energy solutions e.g., energy networks, large-scale renewables, etc.? | Yes/No | |
| Is there adequate availability of the grid nationally and in the local area? | Yes/No | |
| Is the site shaded/overlooked/bordered by buildings that would affect the viability of solar energy, wind energy, or biomass/district heating & cooling? | Yes/No | |

WATER

| Question | Status | Comments |
|----------|--------|----------|
|----------|--------|----------|

| | | |
|--|--------|--|
| Are there watercourses or water bodies on the site? If so, will these be protected or incorporated into the development? | Yes/No | |
| Is there adequate availability of the water network nationally and in the local area? | Yes/No | |
| What water infrastructure is there on the site e.g., connections, pumping stations, drains, etc.? | - | |

WASTE

| Question | Status | Comments |
|--|--------|----------|
| Are there waste contractors offering solutions to ensure waste recycling and waste conversion from landfill in the local area? If so, what are the recycling and conversion rates offered by them? | Yes/No | |

BIODIVERSITY

| Question | Status | Comments |
|---|--------|----------|
| Are there protected habitats/species present on the site? | Yes/No | |
| Are there ecological or biodiversity features on or near the site e.g., trees, hedges, grasses, marshes, etc.? | Yes/No | |
| Are there any sensitive receptors within 500m of the site e.g., watercourses, water bodies, protected species, etc.? If yes, a plan should be put in place to protect the species around the construction site. | Yes/No | |
| Are there any invasive species on the site requiring specialist removal e.g., home crows? | Yes/No | |

COMMUNITY

| Question | Status | Comments |
|---|--------|----------|
| What is the socio-economic profile of the surrounding area e.g., average age, ethnicity, average income, level and type of housing need, etc.? | Yes/No | |
| What existing community facilities are there in the area, e.g., mosques, schools, hospitals, post offices, libraries, parks, etc. (include the distance from the site in meters)? | - | |
| Is the site currently being used informally by the community e.g., for walking, gardens, community activities, etc.? | Yes/No | |
| Are there residents on the site who would be displaced by development? | Yes/No | |
| Are there any illegal settlements or squatters on the site who would be displaced by development? | Yes/No | |
| Identify the names and provide details of the local community groups who may have an interest in the redevelopment of the site? | - | |
| What are the community benefits the development will bring to the local area? | - | |
| Are there protected or heritage buildings, landscapes, or archaeology on the site? | Yes/No | |

EMPLOYMENT & ECONOMIC DEVELOPMENT

| Question | Status | Comments |
|--|--------|----------|
| Was any study done, including but not limited to breakdown by age, gender, education level, skills gaps, etc.? | Yes/No | |

PHYSICAL CLIMATE RISK¹

| Question | Status | Comments |
|---|--|----------|
| What is the risk to the site from flooding (surface water, groundwater, artificial water, sewage/drain or coastal / river) | Chance of flooding in any year Low: < 0.5% (1 in 200) Moderate: > 0.5% and < 1.3% Significant: > 1.3% (1 in 75) | |
| Is the area expected to have extreme weather such as hurricanes and wildfires? | Yes/No | |
| Are there gradual changes in temperature and precipitation—such as higher temperatures, localised urban heat island effect, rising sea levels, heavy rain and wind, and decreased rainfall—which is likely to exaggerate the impact of catastrophic events? | Yes/No | |

ADDITIONAL COMMENTS

Please add any additional comments