SUSTAINABILITY

OUR NET POSITIVE COMMITMENT
WHITE PAPER

LEADING BY EXAMPLE: SUSTAINABILITY THOUGHT LEADERSHIP SERIES

ABOUT OUR COMPANY

BUILT FROM A SINGLE VISION

Founded in 1992, Majid Al Futtaim is the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia.

A remarkable business success story, Majid Al Futtaim started from one man's vision to transform the face of shopping, entertainment and leisure to 'create great moments for everyone, every day'. It has since grown into one of the United Arab Emirates' most respected and successful businesses spanning 15 international markets, employing more than 40,000 people, and obtaining the highest credit rating (BBB) among privately-held corporates in the region.

Majid Al Futtaim owns and operates 21 shopping malls, 12 hotels and three mixed-use communities, with further developments underway in the region. The shopping malls portfolio includes Mall of the Emirates, City Centre malls, My City Centre neighbourhood centres, and four community malls which are in joint venture with the Government of Sharjah. The Company holds exclusive rights to the Carrefour franchise in 38 markets across Middle East, Africa and Asia, and operates a portfolio of more than 210 outlets in 14 countries.

Majid Al Futtaim also operates 284 VOX Cinema screens and 31 Magic Planet family entertainment centres across the region, in addition to iconic leisure and entertainment facilities such as Ski Dubai, Orbi Dubai and Ski Egypt, among others. The Company is parent to the consumer finance company 'Najm', a fashion retail business representing international brands such as Abercrombie & Fitch, AllSaints, lululemon athletica, Crate & Barrel and Maison du Monde; and a healthcare business that operates five City Centre Clinics. In addition, Majid Al Futtaim operates Enova, a facility and energy management company, through a joint venture operation with Veolia, a global leader in optimised environment resource management. The Company also owns the rights to The LEGO Store and American Girl in the Middle East and operates in the food and beverage industry through a partnership with Gourmet Gulf.

KEY FACTS

250
MILLION VISITORS ANNUALLY

40K
EMPLOYEES

15
COUNTRIES

BBB
CREDIT RATING

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OUR NET POSITIVE COMMITMENT

TAKING OUR SUSTAINABILITY COMMITMENT TO THE NEXT LEVEL

It is undeniable that the world today is faced with environmental challenges more than ever before. With natural resources depleting at an alarming pace, sustainability is no longer just an aspiration; it is a necessity. Individuals, conglomerates and governments around the world are becoming increasingly conscious of their impact on the environment. Our region continues to face sustainability challenges as we over-consume the limited resources at our disposal. While the private sector is a major contributor to high consumption levels, our approach to sustainability over the past ten years has allowed us to limit our environmental impact and set the standard for sustainable development in the region.

Despite our organisation enjoying a proven track record in this area, we need to make commitments that future-proof both the environment and our business. It is for this reason that we are committing to become Net Positive in carbon and water by 2040. Simply put, this means that over the next two decades, Majid Al Futtaim will undergo a transformation that will result in us putting back more into the environment than we take out.

This is a massive undertaking and I am extremely proud that Majid Al Futtaim is the first company from the Middle East to make this commitment. It is a complex and challenging model that requires a complete business shift.

Our approach can be broken down into four key actions:

Understanding our impacts – we are establishing a robust data management system to allow us to quantify our carbon and water impacts across the group.

Reducing negative impacts – we will set interim targets, which will prioritise action in areas with the highest possible short-term savings, before tackling change across the wider business.

Balancing our impacts – to help with making a positive contribution, we will aim to source renewable and zero carbon energy, and to reuse and purify grey water.

Making a positive contribution – to make a lasting positive contribution to the environment, we need to produce more clean energy than we require, at the same time creating clean water for our communities.

Over the coming years, we hope to inspire and influence internal and external stakeholders to join us on our sustainability journey, so that together, we can limit the impacts of our consumption and ensure that planet Earth has a sustainable future.

Alain Bejjani
Chief Executive Officer
Majid Al Futtaim - Holding

WHAT IS NET POSITIVE?

Issues such as climate change and resource scarcity present significant environmental and social risks that we can no longer ignore.

The world is changing faster than ever. The global population already consumes 1.5 times the resources that can be renewed in a year, and global population is expected to reach 9 billion by 2050.

For companies operating in the Middle East, climate change impacts are particularity apparent, including rising costs and consumer satisfaction concerns. Although to date, sustainability programmes have been driven by risk management, reputation and cost efficiencies, we recognise that putting sustainability at the core of our business strategy is the key to our success in the twenty-first century economy. It is clear to us that approaches based on straight policy compliance or reducing harm are no longer fit for purpose. For this reason we are committed to becoming Net Positive in our key material areas – carbon and water.

We are committed to going beyond simple risk avoidance and incremental improvements

Net Positive is an approach that means doing more good than bad. It goes beyond 'doing less harm' and urges businesses to have a positive impact on the world. The concept advocates a holistic approach, positioning core business activity at the heart of actions towards sustainable practice, and encourages acknowledgement and prioritisation of impacts that are linked to business profitability, risk and opportunity. To achieve our Net Positive commitments in carbon and water we therefore carefully plan our actions and approach.

By taking the lead we are ready to demonstrate benefits of the Net Positive approach

To date a handful of leading global companies have implemented Net Positive approaches and commitments; these include IKEA, Kingfisher, and Hammerson among others. The early implementers have already realised not only sustainability but also business benefits.

Although the exact route of implementation of the Net Positive approach taken varies from company to company and there are no readily available solutions, we believe that the sustainability and business benefits of a Net Positive approach outweigh any uncertainties. We at Majid Al Futtaim, among other global leaders, are ready to pave the way and further demonstrate the benefits of a Net Positive approach.

A Net Positive approach requires new methods of understanding, measuring and managing impacts. There are however no clear standards or data management system solutions in place, and each company is trying to interpret the principles and implement targets as they see fit. For us, impact measurement is at the very core of our Net Positive approach. We also know that as more companies make Net Positive commitments the methods of achieving these commitments will evolve. For this reason, we are certain that collaboration, partnership and sharing of best practice is a key part of a Net Positive approach and is critically important for instigating change.

OUR PRINCIPLES FOR NET POSITIVE

FOCUSING ON OUR MATERIAL IMPACTS

We are committed to making a positive difference in our key material environmental impact areas - carbon and water. In addition to this we will seek to show best practice in corporate responsibility and sustainability practices across the full spectrum of our social, environmental and economic impacts.

EMBEDDING NET POSITIVE IN EVERYTHING WE DO

We will build our Net Positive commitments into our businesses by establishing a robust governance structure. We will also seek to utilise and maximise every opportunity to deliver positive impacts and make active investment in innovation in products and services across the value chain, systems and sectors in which we operate.

REPORT PROGRESS TRANSPARENTLY

We will seek to clearly define and explicitly state the boundaries of our Net Positive ambitions. Within these boundaries we will ensure that all our impacts, both positive and negative, are measured and will regularly report on progress towards our Net Positive ambitions. Where measurement might not be possible, we will seek to demonstrate the areas in which we have created a positive impact.

COLLABORATE TO SCALE UP IMPACT

In our pursuit of Net Positive, we will foster a collaborative approach and seek to build partnerships throughout both our value chain and sphere of influence. To create greater positive impacts beyond our own direct control, we will publicly engage with government policies in the regions in which we operate and ensure that communities and industries affected are included in creating positive social and environmental impacts.

WE COMMIT TO BE NET POSITIVE IN CARBON & WATER BY 2040

HOW WILL WE DO IT?

1 REDUCE WHAT WE USE BE EFFICIENT

Firstly, we will reduce our resource demand while being efficient with what we use.

2 GENERATE RESOURCES, ON-SITE

Secondly, we will generate energy and capture water on our sites.

3 OFFSET OUR IMPACTS, OFF-SITE

Lastly, we will offset our remaining carbon emissions and water consumption through off-site projects.

HOW WILL IT WORK?

CO₂ CARBON

ENERGY SAVING

For example, in 22 of our retail stores, we saved 1.3 million kWh per month (AED 600,000) through installing LED lighting.

ON-SITE RENEWABLE ENERGY

For example, in City Centre Al Barsha we have solar panels over our car park roof.

OFF-SITE SUSTAINABLE ENERGY PROJECTS

For example, we could invest in off-site renewable energy generation or reduce carbon emissions through offsetting projects.

WATER

WATER SAVING

For example, our Hilton Garden Inn Dubai, Mall of the Emirates uses flow restrictors and efficient toilet flushing systems to achieve savings of 30% on the building's water use.
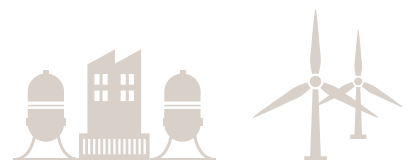
WATER RECYCLING & HARVESTING

For example, we are investigating grey water recycling at Ski Dubai.

OFF-SITE SUSTAINABLE WATER PROJECTS

For example, we could invest in off-site water de-salinisation or reduce water usage through community projects.

ON-SITE (OUR ASSETS)

OFF-SITE

HEAD OF
SUSTAINABILITY

HOW WE WILL BECOME NET POSITIVE

At Majid Al Futtaim we understand that achieving Net Positive is not an easy task. But we have a long term plan over 23 years. Our plan is broken down into three key phases:

Phase 1 – (2017-2022)

- Develop our carbon and water footprint
- Establish interim carbon and water reduction targets

Phase 2 – (by 2030)

- We become Net Positive in operational carbon emissions and water

Phase 3 – (by 2040)

- We become Net Positive in operational and tenant carbon emissions and water

UNDERSTANDING OUR IMPACT IS VITAL TO OUR SUCCESS

To help us make our commitment to Net Positive we undertook a hotspot assessment of our key material issues for carbon and water. This allowed us to understand the scale of the challenge. This year we are now working across the business to understand our carbon and water impacts in detail. It's extremely important to know where you are in order to improve and we believed that anything you cannot measure is something you cannot manage. These detailed footprints for carbon and water will enable us to act with focus and precision to deliver the greatest change in the shortest space of time.

ESTABLISHING INTERIM TARGETS WILL HELP US DRIVE ACTION

To make Net Positive successful it's important the organisation at large speaks one language and that we translate our sustainability journey into a simple story. We are rolling out a programme to engage and train key employees as part of our sustainability governance structure to enable them to build sustainability into their everyday.

As part of this engagement programme we are working with all our business units to determine specific targets for each Operating Company that will help break down our long term goal into meaningful and tangible time frames.

We are providing a platform for our people to do business in a proper way - doing well by doing good.

Ibrahim Al-Zu'bi
Head of Sustainability
Majid Al Futtaim - Holding

HOW TO ESTABLISH
A NET POSITIVE APPROACH

1 MATERIALITY

Understand where your biggest impacts are, the ones that substantially affect your business's ability to deliver value. These are the areas where your attention should be focused. Conducting a robust materiality review before you set off is vital. If you're a property company, focus on your buildings; if you're in logistics, don't just quantify your head office impacts. It's about being pragmatic but impactful. Using valuable resource and time to focus on the areas that really matter and where you can make the most difference.

2 INITIAL BUSINESS CASE AND BUY IN

Net Positive delivers business as well as social and environmental benefits. However, the feasibility of adopting a Net Positive approach should be well scrutinised to ensure it's the right approach for your company at this time. Buy-in needs to come from the top down to secure budget and support but ultimately Net Positive needs to be embedded across the business if it's to have a lasting impact and to make progress quickly and effectively.

3 BOUNDARIES

It's really important to set meaningful boundaries. The impact our business has affects our staff, customers and suppliers but we cannot sensibly tackle everything. A line needs to be drawn somewhere but it's all about achieving the right balance. Not so narrow that you miss out on your biggest ability to influence, but not so wide that you've got too much in scope and spread your resources too thinly.

4 FOOTPRINT

This is where it can get laborious but the effort is worth it – trust us. It's vital to know what your impacts are so you can target the hot spots for priority action. Yet again, it is about investing your time and resources wisely to quickly achieve the greatest possible impact. Without knowing your footprint, you expose yourself to a high risk of leading your teams down a long and ineffective path which does not achieve a meaningful outcome.

5 LAYING A STRONG FOUNDATION

Take the time to build up your network and resources across the business. Net Positive will never be successful if its progress is hinged on a handful of people. Establishing robust governance structures across the business and at all levels will be invaluable when it comes to moving forward with action. A strong reporting process must also be established if this structure is to be effective.

6 BE TRANSPARENT

Taking on an ambitious commitment like Net Positive is exciting, but it's important to be able to share the lessons learnt along the way and to be held accountable for your progress – or lack thereof. With the timescales spanning a couple of decades it can be easy to lose track of progress. By publishing your full ambitions and methodology and then reporting annually against them, you can ensure that others have confidence in your claims and commitment.

7 COLLABORATE & ASK FOR HELP

The scale of the challenge means no business can do this alone. You need support from those that have gone there before, from your employees, your supply chain and your customers. We are very happy to support others in achieving their sustainability goals. Get in touch with any queries you may have – sustainability@maf.ae

UNDERSTANDING OUR IMPACTS

IDENTIFYING GROUP WIDE MATERIAL ISSUES

A fundamental principle of our Net Positive approach is our commitment to making a positive impact in our key material impact areas. In order to assess our material sustainably issues and impacts, we undertook a full materiality review in 2014 including a review of peer performance, debt market expectations, UNGC commitments, internal risk registers, and sustainability risks in our core markets.

This scope review was completed with the support of our advisors JLL. As part of the process we prioritised 26 material sustainability issues. All the prioritised issues were further assessed and the feasibility of adopting a Net Positive approach in each of these impact areas was considered.

Although a number of issues were identified as material, for Net Positive it was critical for us to prioritise issues where we can have the most impact across our operations and where these impacts could be quantified and measured.

As a result of this process, we selected carbon emissions and water consumption as our Net Positive priority areas.

However, in addition to these areas, we are committed to developing a wider sustainability strategy which will address all our material environmental and socio-economic impacts as identified during the assessment.

EXPLORING OUR CARBON AND WATER IMPACTS

At the beginning of our journey to Net Positive we established that before anything else we would need to understand the scale of our impacts across the group and thereby understand the scale of the challenge. This was something we had never attempted to consolidate before. At this stage we were not looking for completely accurate carbon and water footprints but just a sense of the scale of our impacts.

By undertaking this exercise we were able to establish where the hotspots are; the areas with the largest proportional impact and therefore where we should focus most of our immediate attention.

It also helped us to see where the challenges were in terms of data collection. This is a process we need to get right, year on year as we report our progress on Net Positive. One of the key things we wanted to assess and determine was the right ratio of effort for data collection. We are prioritising comprehensive data coverage over completeness. Put simply, we'd rather report our impact for the whole Group even if some of that is based on estimates, rather than report on a smaller proportion of the group but have accurate, actual data.

In any sustainability programme there's an inordinate amount of data, information and analytics that can be processed. Whilst we believe there is a huge benefit of increased understanding and transparency from this data, we recognise that at some point the overwhelming burden from data collection can in some cases divert the focus away from action. This is a balance many businesses like ourselves are still trying to master. For us, if data collection is impeding our ability to free resources to take action then that is an indication the balance is not quite right. We don't want to fall into the trap of collecting data for the sake of it, it has to be meaningful, by adding to the story of helping us determine what actions to take next or demonstrating how much we have achieved.

ADDRESSING OUR SOCIO-ECONOMIC IMPACTS

WHAT ARE OUR SOCIO-ECONOMIC IMPACTS?

Although carbon emissions and water consumption have been selected as our Net Positive priority areas, we are determined to address all our material sustainability issues. As such we are currently working on our wider sustainability strategy.

Among other material issues, we are particularly determined to better understand and address our socio-economic impacts.

At Majid Al Futtaim we understand that throughout our operations and supply chain we have significant socio-economic impacts. We know that we deliver positive contributions to the communities in which we operate. However, we are also fully aware that issues such as labour standards and health and safety risks across our supply chain may present negative socio-economic impacts, which need to be better understood and urgently addressed.

ESTABLISHING OUR APPROACH TO SOCIO-ECONOMIC IMPACTS

We take our Net Positive commitments extremely seriously and although we are aware that we have significant socio-economic impacts we have decided to first invest time into understanding these impacts fully before incorporating related targets into our Net Positive commitments.

At the time when our carbon and water Net Positive commitments were developed, our social impact data coverage across our operations was still limited and industry standards and methodologies for quantifying socio-economic impacts were scarce.

We therefore decided to take a number of additional steps that we believe are needed for us to be able to set relevant socio-economic Net Positive commitments that would deliver real value to the communities in which we operate.

During our first Net Positive phase we will be completing an in depth review of our socio-economic impacts and are currently working on our wider sustainability strategy development. We will then work to establish targets and measurements for all material social issues, which will help us determine the scope for our Net Positive approach to socio-economic impacts.

WHY COMMIT TO NET POSITIVE IN CARBON EMISSIONS?

In 2016, for the first time in history all the nations of the world signed a single agreement in order to tackle climate change. The Paris Agreement is a consensus that the global temperature rise must be kept below 2⁰C at most. As part of the agreement, countries committed to reduce their emissions and to review their targets every five years.

We currently operate in one of the most vulnerable regions to climate change in the world. This is why we are committing to becoming Net Positive in carbon emissions by 2040.

The Middle East and North Africa (MENA) region in some areas is already suffering the early effects of climate change. Rising temperatures are expected to put pressure on crops and already scarce water resources. Despite the risks presented by climate change to the region, carbon emissions per capita remain some of the highest in the world.

Some of the world's biggest oil producing and fossil fuels exporting counties are based in the MENA region. In recent years, the domestic consumption of oil in the Middle East almost doubled from 2000-2015. Lifestyle and consumption patterns in the region are highly carbon intensive, and per capita emissions in many MENA countries are 60% higher than the average among developing countries. It is even predicted that CO_2 emissions from the region may double between 2012 and 2050.

COUNTRIES WITH THE HIGHEST RISK

The MENA region is already suffering from the direct effects of increased carbon emissions in the form of air pollution and contaminated water. However it is the implications of climate change that put countries at the greatest risk. We currently have major operations in a number countries subject to these risks.
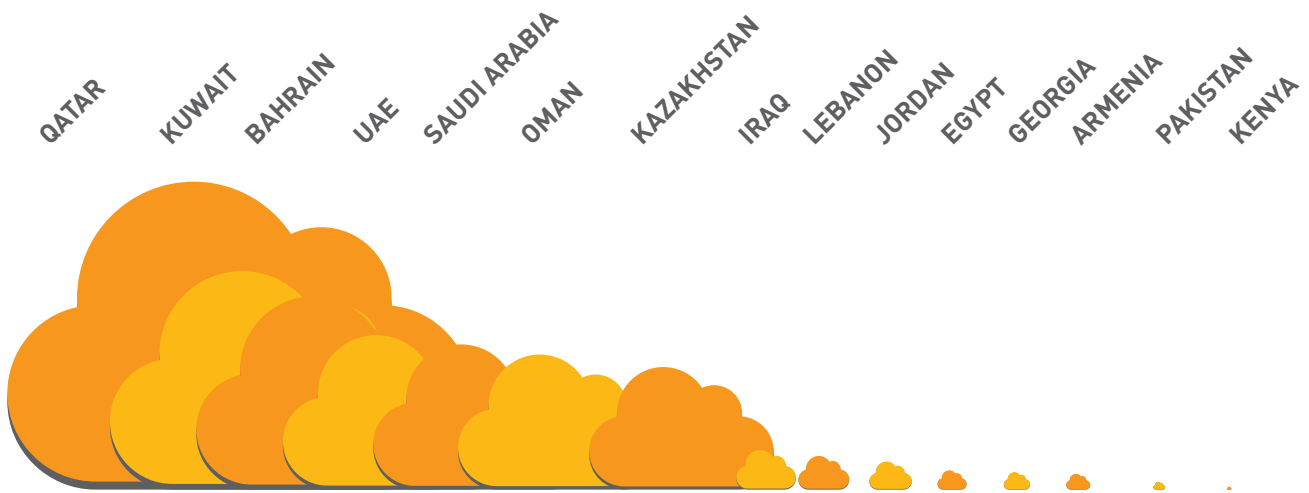
Countries like the UAE, Oman, Saudi Arabia, and Qatar, where we have many assets, are likely to face increasingly arid climates and high temperatures. This will risk national water and food supplies but also human health. Increasing temperatures will increase the prevalence of diseases such as malaria in the region and an increase in adverse weather events such as sandstorms will lead to more cases of lung disease and allergic reactions. All these impacts may eventually lead to unrest and crisis across the region.

As well as threatening resources and human health, climate change will cause sea levels to rise; this poses a risk of flooding to many of the low lying areas of the region, especially the UAE, Kuwait, Egypt and Bahrain. Alexandria in Egypt is a city at one of the greatest risk levels. It has been predicted that just a 0.5 m sea level rise would lead to the displacement of more than 2 million people costing the country over $35 billion in destroyed assets.

The natural environment and species of the region are also at a great risk. A 2⁰C rise in temperature will cause the extinction of up to 40% of all species in the region. This risk is particularly salient in Lebanon where the country is already suffering from increasing loss of natural ecosystems. The forest-cover in Lebanon has declined by 17% in the past 50 years as the country continues to lose 2,000 hectares of forest cover to wildfire and deforestation annually.

The countries in which we operate are amongst the highest emitters of carbon per capita in the world. In many of these countries these emissions are expected to rise, further exacerbating the effects of climate change which threaten to damage resources, nature, infrastructure and public health across the MENA region.

COUNTRY CARBON EMISSIONS PER CAPITA

QATAR KUWAIT BAHRAIN UAE SAUDI ARABIA OMAN KAZAKHSTAN IRAQ LEBANON JORDAN EGYPT GEORGIA ARMENIA PAKISTAN KENYA

Data Source: World Bank

PREVENTING A CRISIS

The countries of the MENA region are becoming increasingly aware of the scale, seriousness and urgency of climate change and have started taking actions to mitigate risks. The region is also starting to utilise its huge potential for solar energy and wind power. All countries in the region have established their renewable energy targets which although currently modest, are promising and demonstrate ambition.

For example, Saudi Arabia, one of the biggest global oil producers and exporters of fossil fuels, has established its climate change mitigation strategies, such as strengthening the Saudi Energy Efficiency Program, investing in renewable energy and promoting carbon capture. The UAE has recently committed to 'lead the clean energy revolution' in the region. Similarly Qatar, in its 2030 vision, identified the creation of sustainable developments, through promoting energy efficiency, clean and

renewable energy, environmental education, water and waste management, as a key priority.

We at Majid Al Futtaim understand that climate change not only poses significant risks to our operations but also to the communities in which we operate. We believe that businesses have a responsibility to minimise their negative impacts, and where possible achieve positive impacts through their operations and across the value chain.

It is for this reason that we are committing to becoming Net Positive in carbon emissions by 2040. We believe if other organisations follow our lead we can help prevent the worst effects of climate change in the MENA region.

OUR CARBON IMPACTS

Greenhouse gas emissions (GHGs) or carbon emissions are used by businesses and governments around the world to understand the scale of their contribution to climate change. The imperative of recent years has been to reduce emissions to limit the impacts of climate change. Our approach to Net Positive means that reducing our own emissions is no longer enough.

GHGs are often associated with the burning of fossil fuels such as natural gas for electricity generation or diesel for transportation. Our activities emit GHG emissions from our Malls, Retail stores, offices, company owned vehicles, suppliers, products, customer travel, waste materials etc. There are so many areas that we needed to select those most material i.e. those that have a significant impact on the way our business operates.

In a complex organisation, it can be less clear where the majority of GHG emissions arise. That's why it is so important to explain what is within our Net Positive scope - which GHG emissions we will be including in the calculations of our footprint.

To become Net Positive in carbon we need to ensure that emissions avoided by external projects are greater than emissions from our scope of activity.

As shown in our carbon Net Positive journey below we will be Net Positive across all areas of activity by 2040.

WHAT'S IN SCOPE?
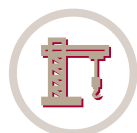
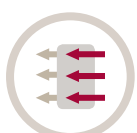**CONSTRUCTION ACTIVITIES AND EMBODIED CARBON FROM MATERIALS**

ENERGY FROM OWNED/ LEASED BUILDINGS
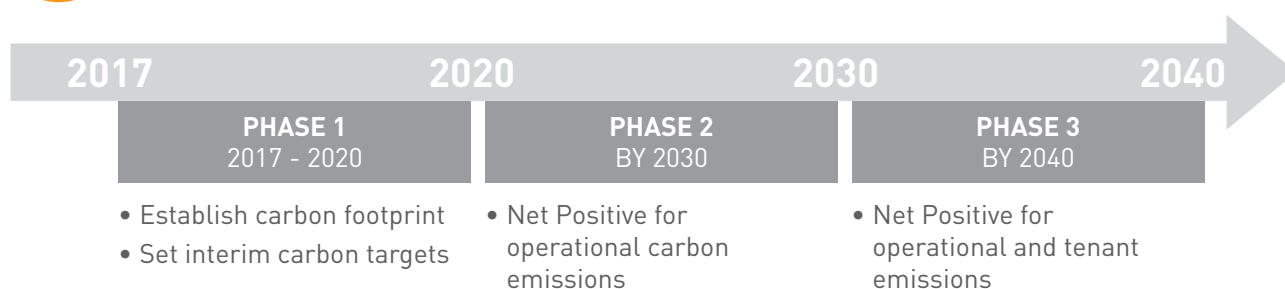
ENERGY FROM OWNED/ LEASED TRANSPORT

ENERGY FROM SPACE WE LET TO OUR TENANTS

FUGITIVE EMISSIONS FROM REFRIGERANTS

CO₂ **CARBON | OUR NET POSITIVE JOURNEY**

2017	2020	2030	2040
PHASE 1 2017 - 2020	**PHASE 2** BY 2030	**PHASE 3** BY 2040	

- Establish carbon footprint
- Set interim carbon targets

- Net Positive for operational carbon emissions

- Net Positive for operational and tenant emissions

PROPORTIONAL MAJID AL FUTTAIM OPERATIONAL CARBON EMISSIONS BY COUNTRY

UAE

EGYPT

SAUDI ARABIA

BAHRAIN

OMAN

LEBANON

QATAR

JORDAN

IRAQ

KUWAIT

GEORGIA

PAKISTAN

ARMENIA

KAZAKHSTAN

KENYA

PROPORTIONAL MAJID AL FUTTAIM OPERATIONAL CARBON EMISSIONS BY OPERATIONAL COMPANY

MAJID AL FUTTAIM TOTAL

RETAIL

PROPERTIES

VENTURES
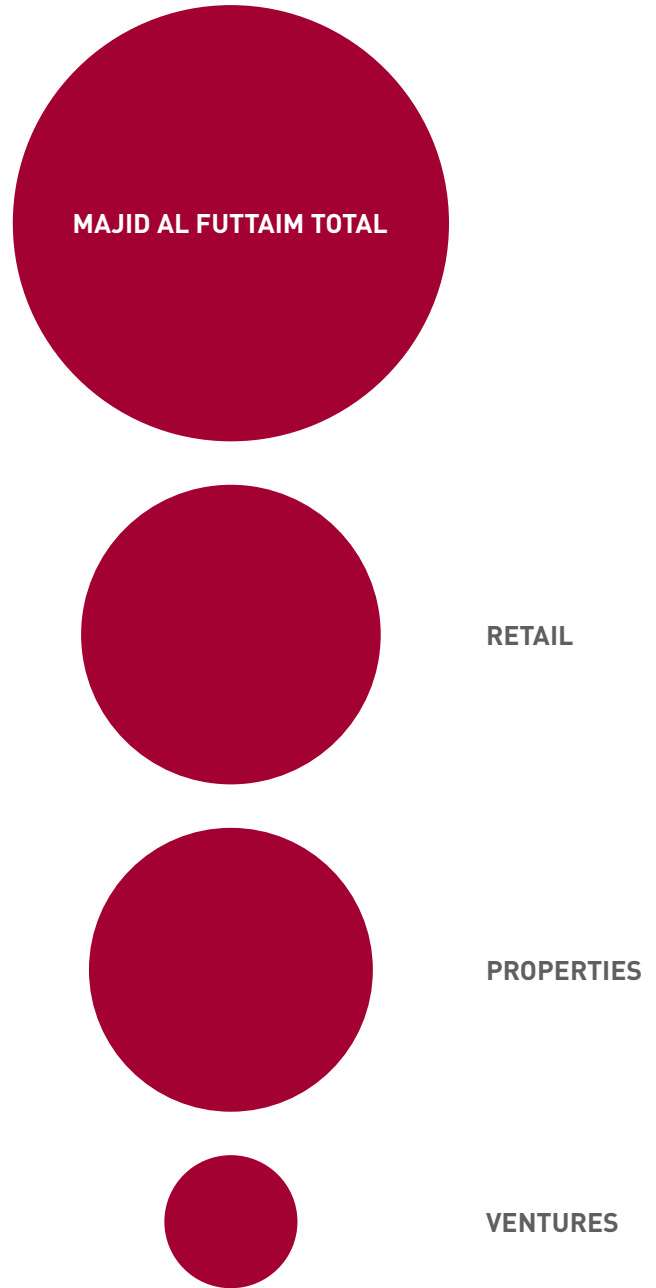
WHY COMMIT TO NET POSITIVE IN WATER CONSUMPTION?

Water scarcity is becoming one of the most important issues worldwide. It has been estimated that by 2025 up to two thirds of the global population may face water shortages and currently as many as 1.1 billion people lack access to clean water.

We currently operate in the most water scarce region in the world. This is why we are committing to becoming Net Positive in water use by 2040.

Water scarcity is defined as the lack of sufficient water resources to meet water needs. Low levels of rainfall, high levels of evaporation, population growth, pollution and mismanagement of water supplies in the MENA region have all led to the current water scarce situation whereby the region now accounts for 6.7% of the world's population but only has access to 1.4% of the world's freshwater. Yet despite this, water usage per capita remains staggeringly high compared to the rest of the world.

As climate change continues to cause drier conditions and population growth continues to increase demand, this situation is expected to worsen. Due to these factors, it has been estimated that many countries will completely deplete their water resources within the next few decades, paving the way for a potential social and economic crisis.

WHICH COUNTRIES HAVE THE HIGHEST RISK

Although the MENA region is the driest in the world, the depletion risk of freshwater supply varies significantly between countries. The countries most at risk tend to rely heavily on groundwater supplies which unfortunately continue to suffer from over usage and mismanagement. However a host of

other problems can put freshwater supplies at risk. We currently have major operations in a number countries subject to these risks.

The UAE, where we have our headquarters and many of our key assets, is ranked as the most water stressed country on the planet. It has been estimated that the country's groundwater reserves could completely deplete as soon as 2030. Paradoxically, the country currently consumes 82% per capita more water than the world average, this is despite water saving schemes across the country which have helped in reducing consumption. In addition to these schemes, the government has recognised large scale innovation is required and as a result the UAE is starting to invest large sums into innovative water solutions in the hope of solving its water problems. These solutions range from solar powered desalination plants to weather modification programmes.

In Saudi Arabia, the state of water scarcity is critical. Water consumption per capita is currently double that of the EU and the country relies on ground water for 98% of their water needs and these sources are expected to run dry in the next 13 years. To fill this gap, the country is planning on wide scale investment with the government expected to soon privatise the sector to attract investment.
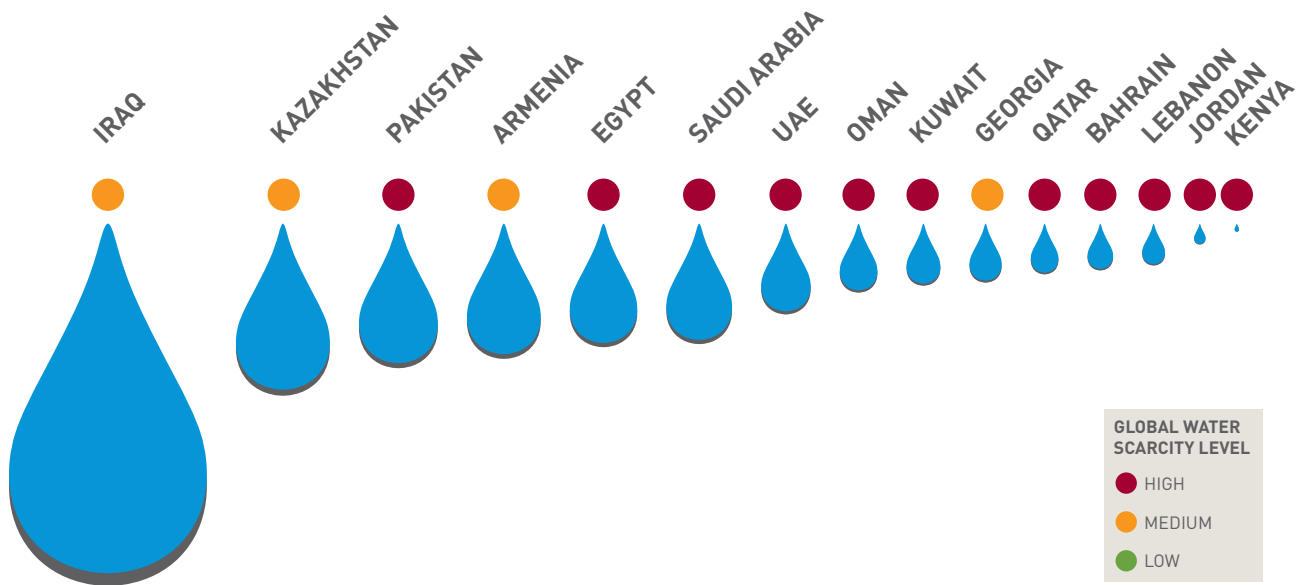
Bahrain is another major country of operation at a high risk of a water crisis. With no rivers, perennial streams or lakes the country relies 54% on groundwater resources and the rest on alternative sources of water. By 2025 it has been estimated that 30% of the population may face water shortages. In addition to this the country is trying to expand its agricultural sector, which will likely lead to a further increased water demand and resource depletion.

Finally, Egypt has been recently ranked as the 8th most water scarce country in the world. In the past, Egypt boasted some of the best natural water supplies in the region, with the Nile acting as the country's key water resource. However, over the past 25 years the country experienced a doubling in its population, which has put extreme pressure on its water supplies and infrastructure. Climate change threatens to also reduce the water supplied by the Nile exacerbating the current situation.

The countries in which we operate are some of the highest consumers of water per capita in the world. Unfortunately many of these countries also face extreme water scarcity. The current situation has the potential to lead to water crises across the MENA region in the not so distant future.

COUNTRY WATER CONSUMPTION PER CAPITA

GLOBAL WATER SCARCITY LEVEL

- ● HIGH
- ● MEDIUM
- ● LOW

IRAQ · KAZAKHSTAN · PAKISTAN · ARMENIA · EGYPT · SAUDI ARABIA · UAE · OMAN · KUWAIT · GEORGIA · QATAR · BAHRAIN · LEBANON · JORDAN · KENYA

Data Source: Food and Agriculture Organization of the United Nations

PREVENTING A CRISIS

Governments across the region in recent years have been implementing water efficiency schemes which have resulted in large savings. However further action is needed, not just by governments but by corporations. Investment will be required by both public and private bodies to secure water resources through reducing consumption, desalination, grey water recycling and stricter regulations.

We at Majid Al Futtaim recognise our operations require a significant amount of water and without this precious resource our businesses could not continue. We also understand that while water is important for our business it is an absolute priority for the region. This is why we are committing to becoming Net Positive in water consumption by 2040. We wish to help tackle water scarcity in the region head on and provide more freshwater than we consume. We believe if other organisations follow our lead we can help prevent a water crisis in the MENA region.

OUR WATER IMPACTS

At Majid Al Futtaim we use water across all our sites in many ways:

- Developments and construction projects
- Drinking water
- Washing facilities for our guests, customers and employees
- Landscaping and irrigation
- Leisure facilities such as Ski Dubai and Wahoo!
- Cooling systems
- Cleaning and maintenance

Our water impacts are significant but we need to focus on reducing our demand and installing water efficient technology before we begin to offset our impacts elsewhere. For us it is important we reduce clean water sources such as mains supply and ground source extraction and replace our water use with processed grey water and rain water.

To become Net Positive we need to ensure water replenished / recycled by external projects is greater than water consumed from mains supplies.

As shown in our water Net Positive journey below we will be Net Positive across all areas of activity by 2040.

WHAT'S IN SCOPE?
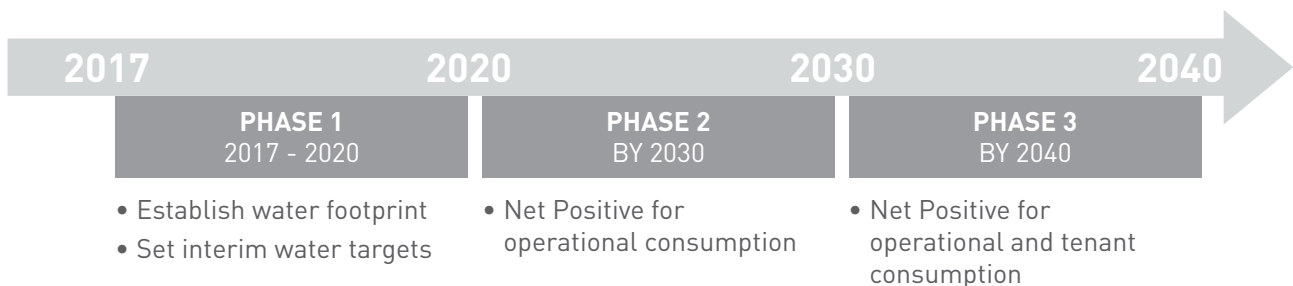
MAINS SUPPLY FROM OUR BUILDINGS

GROUND SOURCE EXTRACTION AT OUR SITES

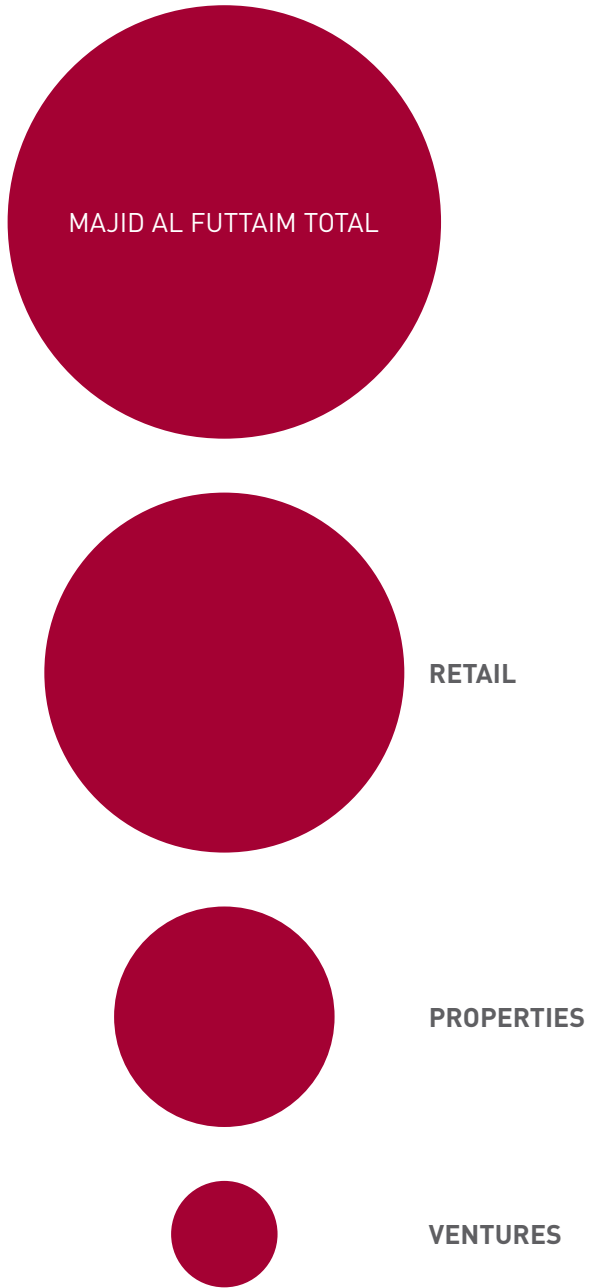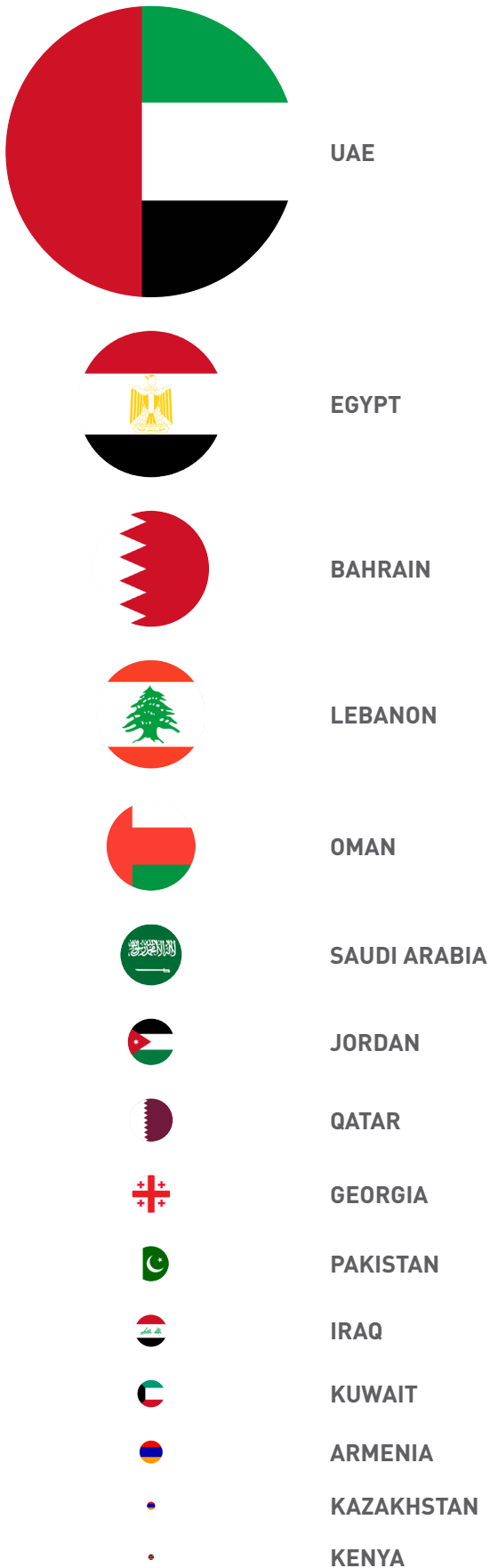**MAINS SUPPLY FROM SPACE WE RENT TO OUR TENANTS**

WATER | OUR NET POSITIVE JOURNEY

2017	2020	2030	2040
PHASE 1 2017 - 2020	**PHASE 2** BY 2030	**PHASE 3** BY 2040	

- Establish water footprint
- Set interim water targets

- Net Positive for operational consumption

- Net Positive for operational and tenant consumption

PROPORTIONAL MAJID AL FUTTAIM OPERATIONAL WATER FOOTPRINT BY COUNTRY

UAE

EGYPT

BAHRAIN

LEBANON

OMAN

SAUDI ARABIA

JORDAN

QATAR

GEORGIA

PAKISTAN

IRAQ

KUWAIT

ARMENIA

KAZAKHSTAN

KENYA

PROPORTIONAL MAJID AL FUTTAIM OPERATIONAL WATER FOOTPRINT BY OPERATIONAL COMPANY

MAJID AL FUTTAIM TOTAL

RETAIL

PROPERTIES

VENTURES

SCALING UP OUR IMPACT

Our vision is to create **'Great Moments for Everyone, Everyday'** but our ability to do so will be compromised by the impact of climate change and water scarcity if we do not act. For us sustainability underpins our vision and aligns with our core values to be bold, passionate and work together.

We are the leading shopping mall, retail and leisure developer and operator in the MENA region. We're diversified across three retail focused business divisions offering complementary consumer offerings and operational synergies. Over the last 20 years we have revolutionised the face of shopping, entertainment and leisure in the region. Our revolutionary approach hasn't stopped there, we're now looking to revolutionise the way we approach sustainability.

Our aspiration is to become a regionally focused lifestyle conglomerate with an outstanding global reputation. Our Net Positive commitments and approach to sustainability will complement and support this ambition. We are now committed to scaling up our ambition through our Net Positive commitments.

At Majid Al Futtaim we believe that it's no longer acceptable to just say we're doing better than others in terms of sustainability. The benchmark for us now is how we can positively contribute to the environment and society in which we operate. Our commitment to become Net Positive in carbon and water by 2040 is bigger than we are and will outlast many cycles of teams within our business. We're passionate about sustainability and Net Positive is a very bold ambition that will catalyse change and drive positive impacts across our organisation.

We have been inspired by other leading international organisations driving forward the sustainability agenda. Bringing the organisation together around sustainability is critical because it really embodies what we stand for. Our advice to others who want to be a role model is to have the courage to lead by example, don't wait for others to lead or for governments to legislate.

For us we will only be successful in our ambition to be Net Positive if we have inspired others to go beyond their current approach to sustainability. We recognise not every organisation is ready for this scale of challenge and commitment. However, if we can get others to think about the longer term, the impact they have and their role within their region and industry, we will have succeeded in our ambition to lead by example and encourage others to follow suit.

WE ARE BOLD

We promote a creative environment where there is courage to challenge convention and make the impossible possible, celebrating progress through innovation.

WE ARE PASSIONATE

We nurture a spirit of excellence and perseverance. We take pride in what we do, how we do it, and who we do it for.

WE ARE TOGETHER

We cultivate synergy where the whole is greater than the sum of the parts. We shape and deliver the future together in an atmosphere of support and openness that respects diversity, facilitates communication and makes collaboration constructive.

ENHANCING OUR CUSTOMER EXPERIENCE

Sustainability is not just a moral imperative but a business imperative. Put simply: sustainable business is better business. Net Positive embodies our ambition for Majid Al Futtaim. For us it is important to deliver excellence in everything we do from delighting our customers to protecting and enhancing the environment. We recognise this is not an easy task and that it will require us to work tirelessly to transform the way we do business.

One of our strategic ambitions is to continually enhance our customer experience, whether it be in our leisure and entertainment facilities such as Magic Planet or shopping for groceries at Carrefour or browsing through our fashion brands at one of our Malls. We want to connect with our customers and use our access and influence for good. With over 250 million visitors a year, our reach is significant. Although Net Positive is focused on our biggest impacts within our operations, we cannot deny that we have a responsibility to connect with our customers to help them live sustainable lives.

We regularly conduct customer satisfaction surveys as well as design campaigns to capture the imagination and inspire our customers to get involved with our sustainability ambitions.

Climate change and water scarcity are significant risks to our ability to operate and deliver on our core principle to create great moments for everyone, everyday. We as a business will not be able to deliver if we do not mitigate against the risks that climate change and water scarcity pose. Therefore our facilities need to be efficient and use best in class technology to reduce energy and water.

We will be focusing on new and innovative ways to engage with our customers to help them live sustainable lives and minimise their environmental impact. Without this action, we will compromise our business values and that's why it is a business imperative that we succeed in becoming Net Positive in carbon and water by 2040.

> " *I hope our customers feel proud of our efforts to ensure a sustainable future which goes beyond the walls of our retail stores. We want to be a part of the communities in which we operate so our Net Positive commitment is a commitment to their future as much as it is to ours."*

Hussein Saqer
General Manager Sustainability
Majid Al Futtaim - Retail

COLLABORATION

In order to achieve Net Positive objectives businesses can no longer work in silos. At Majid Al Futtaim we are committed to fostering a collaborative approach and seek partnerships throughout both our value chain and the sphere of influence. We believe that only through collaboration can we achieve our Net Positive commitments and encourage others to create bigger positive impacts.

Internally, we will seek to ensure strong engagement and transparent communications. We will engage our staff and promote a Net Positive mind-set across all our operations. We will continuously communicate how Net Positive benefits our business and the communities in which we operate, and will seek to inspire and empower our employees to contribute to our Net Positive commitments.

We will also seek to shape the wider context in which we operate. To create greater positive impacts beyond our own direct control, we will work with our customers, suppliers, governments, and peers. We will seek to engage our customers and suppliers through a number of initiatives which will enable them to contribute to our efforts and we will continuously communicate progress.

We will also seek to publicly engage with government policies in the regions in which we operate and, where relevant, will participate in industry and local initiatives, advocating the benefits of Net Positive.
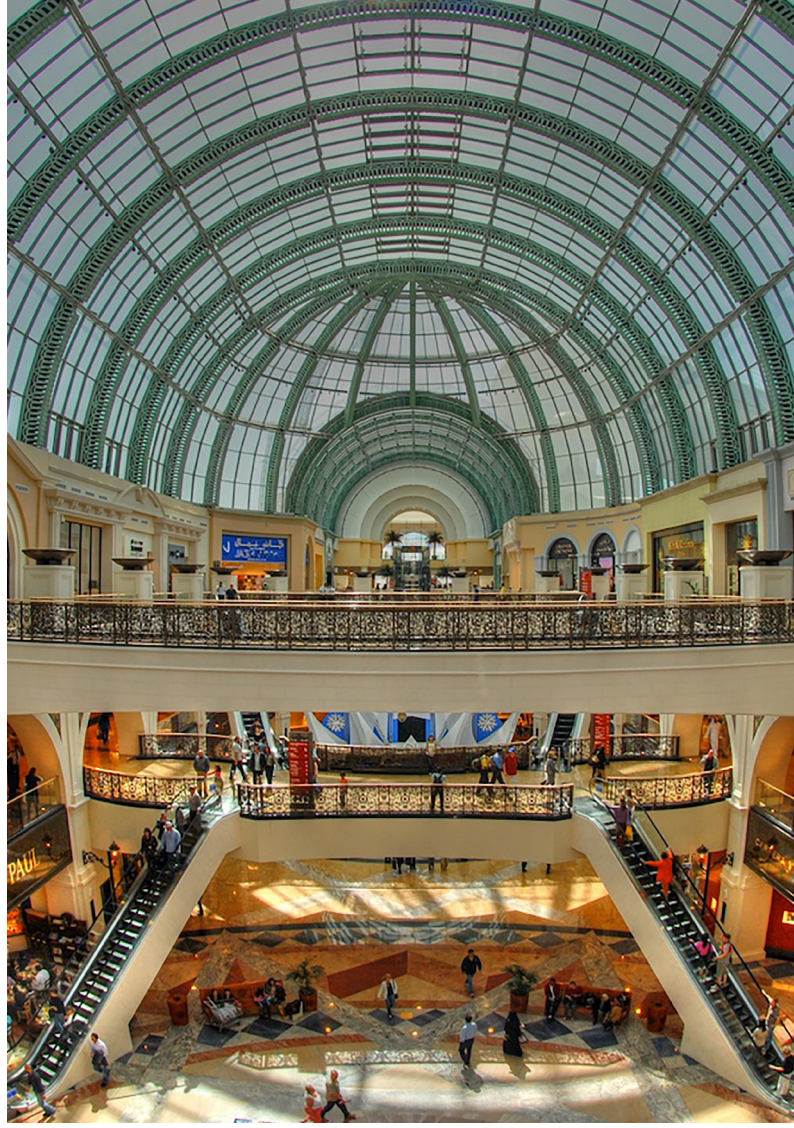
Although we are at the very start of our Net Positive journey, we will openly share our successes and challenges with our peers, in order to achieve greater positive impacts and to inspire others to take action.

> *"Majid Al Futtaim's Net Positive commitment is a landmark step in helping to create a more sustainable future for our region. The strategy is in line with the UAE Green Agenda and the UAE National Climate Change Plan to address solutions to pressing current and future environmental challenges. Collaboration with the private sector is key to realising our sustainability goals and promoting a shared responsibility for our environment."*

Dr. Thani Ahmad Al Zeyoudi
Minister of Climate Change and Environment for the UAE