

PROSPEROUS COMMUNITIES

HOW MAJID AL FUTTAIM IS CREATING
SOCIAL VALUE FOR OUR COMMUNITIES

LEADING BY EXAMPLE: SUSTAINABILITY THOUGHT LEADERSHIP SERIES



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“How businesses engage with communities matters. We know that employees are happiest when they feel they are contributing to more than just a company’s bottom line¹. On a personal level, working for a business that supports those who live and work in and around our buildings brings me immense satisfaction in knowing that we are making a positive difference.

At Majid Al Futtaim, we want to be known for more than just our malls and developments, we want to be associated with bringing employment, infrastructure, and the services that our communities really need to thrive. Our work in recent years which has focused on building our capacity to monitor our impact and understand our communities, has proved exceptionally insightful.

As we look to the future and learn from our programmes and initiatives, we will be in a position to accelerate the social impact we want to achieve and positively contribute to the issues most important to the communities and stakeholders we serve.”



Ibrahim Al-Zu'bi
Chief Sustainability Officer
Majid Al Futtaim



OUR ALIGNMENT TO THE SDGS



DARE TODAY, CHANGE TOMORROW

In 2018, we launched our Company-wide sustainability strategy, *Dare Today, Change Tomorrow*. Our five year strategy aims to reflect the world we live in and defines our commitment to transform the way we do business and embed sustainability thinking in everything we do.

The strategy sets out 21 material issues and 11 Sustainable Business Commitments (SBCs) across three strategic focus areas: Transforming Lives, Rethinking Resources and Empowering Our People. Within this white paper, we discuss the topic of social value that falls within our Transforming Lives pillar and the role that businesses play in supporting the communities that they serve.

OUR COMMUNITY COMMITMENTS



Our status as one of the largest corporates in the Middle East, Africa and Asia comes with the responsibility and honour of being a part of the communities in which we operate. With over 178 million customers each year across 17 countries, our ambition to transform the lives of the communities we serve, to provide a healthy, fulfilling, and sustainable way of life is exceptionally important to our business.

Through engagement with our communities, we are committed to support them by increasing our contribution to local economies, with the objective of fostering prosperity and promoting economic development. As a result, the value we seek to add is verified by our communities and is geared to 'Transform Lives'.

THE IMPORTANCE OF LOOKING BEYOND PROFIT

Investors, employees, consumers, and other stakeholders are demanding more from business than ever before with purchasing choices, in part, being influenced by a company’s approach to sustainability and their reputation for driving positive change. For example, 47% of consumers are more likely to purchase products or services from businesses which have a positive stance on social issues² and 52% of consumers are attracted to brands that stand for something bigger than the products and services that they sell³. As a result, social value and wider sustainability-related topics have been climbing up investors and businesses agendas at a rapid rate and organisations are in the spotlight to demonstrate how they are making a positive difference.

Over the past year, businesses have had to look beyond profit to the social value they can create and consider how they can truly support the stakeholders they serve. The lasting effects of a global pandemic has shown us just how fragile our systems are, not just shedding light on our world’s most pressing issues but also exacerbating them. Yet, it has also demonstrated the progress that can be achieved when a community is unified by a common purpose and is working towards the same goal.

Businesses now have the opportunity to help shape communities, proving the real value that they can bring to the people in areas where they operate whilst contributing to their long-term business performance through the likes of increased employee retention, greater stakeholder engagement and positive brand image¹. This opportunity was made clear in the McKinsey Global Survey, where 83% of C-suite leaders and investment professionals said that they expect environmental, social and governance (ESG) programs to contribute more shareholder value in five years than today, with 58% of respondents believing the importance of ESG programs has increased to meet stakeholder expectations⁴.

“The greatness of a community is most accurately measured by the compassionate actions of its members.”

Coretta Scott King,
Activist and civil rights leader

WHAT IS SOCIAL VALUE?

Social value is the quantification of the relative importance that people place on the changes they experience in their lives⁵. This can vary from the value we experience from living next to a green space, to increased confidence as a result of local employment. Simply put, it is all about generating long term positive impacts and outcomes for communities and their stakeholders.

Since the 1990s, the evolution of socially responsible organisations with a purpose beyond profits, and the related topics surrounding them, has seen rapid uptake. Gone are the days where businesses see social responsibility as just a 'nice to have'. Instead, they are seeking strategic goals and key performance indicators (KPIs) which demonstrate the link between sustainability and business profit. As the field has grown, the definitions and terminologies have also evolved, each looking to capture something different. The infographic below reflects the common definitions surrounding social value.



Quantifying social value has been and continues to be inherently challenging, with many businesses, governments and NGOs seeking to measure the difference that they have made to people's lives. However, understanding the true impact of a project takes time. First, we must accurately identify the community's needs with each community bringing their own challenges and priorities, influenced by their history, culture and social structure. Next, we must take the time to understand what we are trying to achieve.

For example, measuring not just the number of people that received training but also how people applied the training, also known as the outcome. This could include understanding whether the training helped someone unemployed into employment; secure a wage increase or promotion; or made a difference to their long-term career prospects. It is only through this engagement process that we can truly know if an initiative is achieving its objectives.

CREATING SOCIAL VALUE

The Principles of Social Value were developed back in 2009 and updated in 2015 following the merger of the Social Impact Analysts Association and the Social Return on Investment Network. The seven principles provide the basic building blocks for any individual or business who is looking to understand value in more than just the monetary sense⁶:

-  **INVOLVE STAKEHOLDERS:** Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders
-  **UNDERSTAND WHAT CHANGES:** Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended
-  **VALUE THE THINGS THAT MATTER:** Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences
-  **ONLY INCLUDE WHAT IS MATERIAL:** Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact
-  **DO NOT OVER-CLAIM:** Only claim the value that activities are responsible for creating
-  **BE TRANSPARENT:** Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders
-  **VERIFY THE RESULT:** Ensure appropriate independent assurance

The Principles have been drawn from principles underlying social accounting and audit, sustainability reporting, cost benefit analysis, financial accounting, and evaluation practice⁶.

IMPACTFUL INITIATIVES AROUND THE WORLD

Organisations around the world have understood the benefits of social value and investing in their local communities, with each company identifying where they believe they can have the largest positive impact and tailoring projects to utilise the business' market and skills. Below are examples from a variety of sectors which we find inspirational.



HELPING SMEs GROW⁷

As part of Unilever's commitment to alleviate poverty and promote decent work and economic growth, the company has set a goal to help 5 million SMEs in their retail value chain grow their business through access to skills, finance and technology by 2025.

To support this aim, remove barriers and improve financial access and literacy, Unilever runs a strategic initiative in Kenya with Mastercard and other partners including Jaza Duk to digitise the processes of buying supplies and selling goods. This enables small-scale retailers to build the credentials they need to access short-term working capital loans.



SUPPORTING WOMEN ENTREPRENEURS⁸

In 2010, the Coca-Cola Company (CCC) set an ambitious goal to enable the economic empowerment of five million women by 2020 (5by20). By working with countless purposeful partners to provide business skills training, mentoring networks, financial services, and other assets to help women entrepreneurs improve their livelihoods, families, and communities, CCC and its partners exceeded their 5by20 goal. This initiative has enabled the economic empowerment of more than five million women across 100 countries.

The women that participated in the 5by20 program work in roles such as retailers, suppliers, producers, artisans and more. By investing in women's economic empowerment over the past decade, CCC created shared value in hopes of a better shared future - enabling improved livelihoods while inclusively expanding their business. The company remains committed to its purpose and is focused on supporting community resilience, and expect to reach many more women and underprivileged populations around the world.



AUTHORITY OF SOCIAL CONTRIBUTION, UAE⁹

As part of Abu Dhabi's development accelerator, the Department of Community Development has created Ma'an to bring together business, government and the third sector to help drive social innovation. In its first year, 30 social start-ups have been established through a social incubator programme and more than 6,000 volunteers have been engaged via wider programmes. Ma'an also launched the first social impact bonds last year.



C3 SOCIAL IMPACT ACCELERATOR¹⁰

HSBC's competitive programme supports social entrepreneurs from across the MENA region with innovative concepts that maximise their impact on society and the environment. The programme includes workshops, networking, one to one support and the opportunity to win cash investment. HSBC aims to expand the growing social enterprise movement in the region.



SUPPORTING CHARITABLE FUND RAISING IN THE UAE¹¹

SocioLadder has established a new social impact app in the UAE called Sociopay. The concept is a blockchain philanthropic fundraising and crowdfunding platform, which will have direct links to leisure and retail merchants. The app is a free to use scan and pay mobile platform allowing users to donate a percentage of every transaction toward a charity of their choice. Dubai Cares and Al Jalila Foundation are SocioPay's first featured charities.



IMPROVING ROAD SAFETY¹²

Pirelli's commitment to road safety has seen them create and run numerous training and awareness programs as well as ongoing research into innovative technological solutions for sustainable transportation. In addition to the numerous technical training activities the company has organised, Pirelli has also worked with the FIA in support of the "FIA Action for Road Safety Campaign" to raise awareness on safe driving.

HOW MAJID AL FUTTAIM IS ADDRESSING SOCIAL VALUE

At Majid Al Futtaim, we have the opportunity to create wide-reaching positive impacts in the Middle Eastern, African and Asian regions. Stakeholder engagement is crucial in our approach, helping us to understand where we can add value and generate long-term impacts and outcomes.

We engage with a multitude of stakeholders, from NGOs to governments and customers to communities on a regular basis, which supports us in mapping the topics most material to our stakeholders and identifying opportunities to pursue mutually beneficial goals.

One example is our Community Impact workshop which we host to engage with our community partners and hear about the action they are taking on specific community issues. The issues relate to topics such as employment, youth enablement, education, sustainable lifestyles, gender equality, climate change, and community well-being and the public realm. This activity enables us to further enhance the reach and impact of the social value we create by collaborating with local partners on issues material to their work, our communities, and Majid Al Futtaim.

Key to ensuring the success of our approach is establishing a method for measuring our impact. Subsequently, in 2017 we created a framework to focus specifically on improving the measurement of Majid Al Futtaim's socio-economic impact. Guided by international best practice, the framework defines the principles, scope and hierarchy of impacts for understanding the true impact of our activities and developments. Following the creation of the framework, we applied it in an assessment of one of our assets, Mall of the Emirates. Using both primary and secondary data, we created a baseline against which the impact of Mall of the Emirates could be calculated. This was a significant step in our journey and provides the foundations for applying this methodology to understand the social value of our activities moving forward. The following are some of the findings from our socio-economic study:

**AED
128 million**

Gross Value Added created by daily operations of Mall of the Emirates and 749 operational jobs

The development stimulated
**community
growth**

including businesses, housing, schools and hospitals

**AED 421.9
million**

estimated annual wages of 8,790 employees paid by Mall of the Emirates' tenants

Another way we measure the value of the different elements in our communities is through direct engagement with our residents. In 2016, we launched a Socio-Economic survey which we conduct across our Communities on a yearly basis to gather insights on how specific elements and amenities create value for our residents. For example, the survey for Al Zahia in 2020, Sharjah's premier residential community destination, found that 94% of the respondents felt the available security services on site helped the residents to feel safe.

In addition, 87% believe that the community park contributes positively to their wellbeing and 77% believe the design of the community makes them more likely to use a sustainable mode of transport to travel within the community compared to their previous neighbourhood. These insights are invaluable for validating our approach, informing our future initiatives, and serves as a model to inform the design of our developments such as Majid Al Futtaim's flagship mixed-use community, Tital Al Ghaf.



HOW MAJID AL FUTTAIM IS ADDRESSING SOCIAL VALUE

OUR SOCIAL VALUE CREATION IN PRACTICE

To enhance our approach on 'how' we create social value for our communities, there are several questions we have had to consider and provide answers for to ensure we are moving in the right direction. For example, what is our purpose and what is our corporate power and scope of influence? What are our resources? How are we creating value through our volunteering programmes? How are we measuring our success? How could we expand our social impact through partnerships? By taking the time to answer these questions and through our conversations with stakeholders, we have identified five pillars where we will focus our efforts on driving the economic inclusion of under-served social groups: education, diversity and inclusion, community prosperity, health and wellness and human rights and humanitarian aid.

The following are examples we have highlighted of our social value creation activities in practice:

Fostering a diverse and inclusive culture has grown in importance for our business with the launch of our company-wide diversity and inclusion strategy and our forthcoming diversity targets. Yet, this is also evidently a material issue for our stakeholders who engage with our business, and we have sought to understand what this means for them through multiple channels of engagement, including the launch of the region's first People of Determination Advisory Panel.

Part of this means creating equal access to opportunities for everyone and in 2020, Carrefour Jordan partnered with the National Coalition Against Hunger and Malnutrition (NAJMAH) to provide 65 six-month paid internships for young Jordanians from disadvantaged backgrounds through on-the-job training to assist them in building their careers. As a result, all trainees were offered the opportunity to become a Majid Al Futtaim employee. By investing directly in their readiness for the work environment, we were able to eliminate the personal circumstances and barriers into the workplace which too often result in a lack of employment.

Another example is the work we do with a division of Desert Group called ENABLE, who supports people with disabilities to create their own start-ups. The vital partnership with Majid Al Futtaim upskills participants with entrepreneurial skills and, through the provision of space, enables them to sell products within our shopping malls. In addition to providing employment opportunities, the partnership goes one step further in creating social value compared to a job, offering a degree of independence and confidence for participants as well as the creation of a self-sustaining, profitable business.

Education is crucial for our vision to drive community prosperity and economic inclusion in the regions where we operate. By investing in the education of the local population, we can help them build the skills they need to thrive and enter into meaningful employment. For example, the recently opened Almaza Recruitment and Training Centre (ARTC) in City Centre Almaza, one of our shopping centres in Egypt, delivers training programmes to the local youth population, providing them with the skills to help build and secure their careers. Amidst global uncertainty, the centre provides an international standard of training which empowers young people to become leaders in the retail and hospitality industries, creating social value by improving their confidence and aiding them to secure job opportunities.



Supported UNICEF's No Lost Generation initiative, which aims to provide access to education for over

2 million children

in countries affected by conflict



Invested **AED 45 million**

in community infrastructure at Al Zahia, including roads to increase connectivity and an urban farm to supply local, organic food



Helped **6,500 people**

gain access to reliable and renewable energy in Jordan and Egypt, improving safety, crime and supporting longer business operating hours



THE FUTURE OF COMMUNITIES

As the world continues to shift and new challenges arise, the future of community development's progression will also evolve into new definitions and measurements of success. Change, as we all witnessed during the global pandemic, is an inevitability that everything and everyone must one day face. So, what does the future hold for social value in our communities? Global mega trends such as inequality, urbanisation, the climate crisis, digital disruption, technology, connectivity and transparency have emphasised the fact that no one can be left behind in a world that is constantly evolving.

To comprehend what these global megatrends mean to businesses, future forecasting tools must be utilised to understand just how the trends will impact communities and business models in the next five to ten years. Making the right decision requires a real understanding of community needs. Whether this is infrastructure, health care, food costs, energy usage, digital skills, education, or equal pay and rights. All must be considered to understand what success looks like through a social value lens. Whilst we know that no two communities share the same needs and methods of engagement will vary tremendously, it is worth noting that stakeholder engagement is and will be the future of all management in driving impactful change over the long-term.

At Majid Al Futtaim, we are committed to furthering our journey towards economic inclusion in the regions where we operate, focusing on the five pillars we have identified, and ultimately, increasing the number of direct and indirect jobs we create. Our next step is to evaluate the resources, programmes and partnerships we have been working on and collaborating with thus far and consider the effectiveness of our KPIs as well as our factors for success.

We must remember that what exists now may not exist in the same capacity in the future, and may have even been replaced altogether (e.g., highstreets with e-commerce, banks with e-banking, petrol stations with EV charging points, supermarkets with amazon prime, activism with TikTok and so on). In practical terms, this means that as new roles are being created, old ones are fading away, which is something companies cannot afford to ignore. It is fair to say that change has never been this fast and it will never be this slow again. This isn't necessarily a new revelation, but it is certainly an irreversible pattern that influences the needs of our communities and society and how we can engage them.

The question is, how strong is your purpose and is it fit to create social value for your communities now and for what lies ahead?



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