

MAJID AL FUTTAIM - SUSTAINABILITY

# SUSTAINABLE PROCUREMENT POLICY

## Purpose

Majid Al Futtaim carries out significant expenditure on goods, services, works and capital projects. We place utmost importance on positively using this purchasing power to make sustainable decisions in line with our core values, vision, and commitment towards sustainable development, while delivering long-term value for money.

This policy outlines the guiding principles of ensuring sustainable best practice when procuring goods and services, selecting our suppliers, and enforcing actions to strategize critical relationships. This allows for social and environmental factors to weigh in equivalence to those of a regular procurement policy of value and quality.

## Scope

The sustainable procurement policy provides an overview of sustainable procurement practices, in line with ISO20400:2017, within the company, amongst our business partners and supply chain. This document is intended for Majid Al Futtaim stakeholders directly and indirectly involved in all procurement processes and activities.

Procurement shall be regularly monitored for risks and non-compliance and reported on achieved social and environmental outcomes.

Procurement must be performed within the boundaries of local laws, regulations, and environmental requirements.

## Accountability

The Corporate Procurement Department within Majid Al Futtaim shall act as the custodian of the Sustainable Procurement Policy. It shall ensure that this policy and all related documents are kept up to date, in line with the necessary document control procedures and distributed to all relevant employees and external parties as appropriate.

Current Procurement Policies for Majid Al Futtaim Operating Companies: Retail, Properties and Lifestyle, Leisure, Entertainment and Cinemas shall be used hand in hand with this policy document. Compliance from Majid Al Futtaim Operating Companies and the supply chain shall be assessed on a regular basis by the Sustainable Procurement Committee which consists of the Chief Sustainability Officer, Head of Procurement, Operating Companies' Sustainability and Procurement Managers.

## Sustainable Procurement

### Ethics & Integrity

All our employees, supply chain and other third parties (as relevant) must abide by and incorporate all our Codes of Conduct and relevant policies within their procurement approach and delivery. Majid Al Futtaim

shall refuse partnership with supply chain parties who are unable or unwilling to implement the below mentioned documents within their company and operations within the stated timeline in this document.

The [Health & Safety Policy\\*](#), [Code of Business Conduct](#), [Conflict of Interest Policy](#), [Gifts, Hospitality, Entertainment Policy](#) and [Employment Conditions Policy](#) stipulate Majid Al Futtaim’s commitment to high ethical standards from avoiding complicity and bribery to implementing health and safety, privacy, transparency, respect for human rights, fair and ethical treatment of employees and fair opportunity and competition. The [Supply Chain Code of Conduct](#) serves as a guideline on ethical standards and environmental practices. The [Sustainability Policy](#) and [Sustainable Building Policy](#) discusses Majid Al Futtaim’s values and vision.

Reporting ethical concerns and whistleblowing is done anonymously with options for reporting potential cases being:

1. Person raises a concern with his/her manager
2. Person raises a concern with the Ethics Panel or with the Chief Compliance Officer
3. Person raises a concern through the Ethics Hotline

Further details can be accessed through the links below:

[Ethics Hotline Process](#), [Ethics Hotline Toll Free Numbers](#) and [Ethics Hotline Online Reporting line](#).

## Social & Environment

Sustainable procurement places greatest value upon positively impacting and enhancing all environmental and social areas across the company’s procurement lifecycle. Personnel directly or indirectly involved within the procurement process must:

Embed <a href="#">Majid Al Futtaim’s circular economy strategy</a> , <a href="#">Unlocking Value</a>	Implement due diligence for adverse sustainability impacts within the supply chain	Impose life cycle & impact assessment on the human health and the environment
Enhance sustainable innovation within the supply chain	Improve sustainability performance and productivity	Protect biodiversity and ecosystems
Promote ethical and social responsibility across the supply chain	Be trained by Majid Al Futtaim to carry out minimum sustainability requirements	Forecast and mitigate climate and sustainable risks through risk assessment
Implement e-procurement** to the extent feasible greatest	Use category management approach across the supply chain	Enable stronger communication and relations amongst suppliers and Majid Al Futtaim

## Working with the Supply Chain

### Selection

Majid Al Futtaim identifies and awards contracts to reliable supply chain companies demonstrating the best beneficial monetary value, as well as environmental and social soundness. Companies showing willingness to enhance sustainability, as well as technological and commercial weighted value within their company shall be preferred over others.

A list of top sustainable supply chain companies will be created based on meeting Majid Al Futtaim's minimum sustainability requirements. Additionally, preference shall be placed towards companies that implement/obtain the following:

- Policies: Health & Safety, Human Rights, Sustainability/Corporate Social Responsibility, Sustainable Procurement, Energy Management, and other sustainability-related policies.
- Certifications: Human Rights Certified Materials (Fair Trade, Rainforest Alliance Sustainable Agricultural Network, UNFSS, Flower Label Program, Oeko-Tex Standard and UTZ Certified), ISO 9001 - Quality Management, ISO 14001 - Environmental management, BS OHSAS 18001 - Occupational Health & Safety, ISO 20400 - Sustainable Procurement, ISO 26000 - Social Responsibility, ISO 14044 - Life cycle assessment, ISO 27001 – ISMS, [True Zero Waste](#) within operations where procurement is applied and other sustainability-related certifications.

The registering, screening, and auditing of a supplier will be conducted as necessary to obtain greater details in regard to the sustainability level within the supplier's supply chain in accordance with their priority level.

Suppliers are required to provide a comprehensive dossier with traceable evidence, illustrating technical capabilities in sustainable planning.

Periodical contract performance reviews shall be carried out with the aim of analysing the supply chain's performance in relation to the minimum sustainability requirements set out below.

### Minimum Sustainability Requirements

Majid Al Futtaim's Tier 1, Tier 2 & 3 Suppliers are expected to meet the minimum sustainable standards (with weighting to be reviewed annually or as deemed appropriate), with indications to show adherence by 2022 for Tier 1 suppliers and 2025 for Tier 2 & 3 suppliers. After the said dates, Majid Al Futtaim shall work solely with companies meeting its minimum sustainability standards. This policy shall be included within the contractual and technical specifications during tender. Companies which are unable to comply shall be excluded from the process.

The minimum set of sustainability requirements which the supply chain must adhere to (where applicable) are as follows:

### CO<sub>2</sub> and GHGs

- Zero-/low-emission transport mode
- Optimize transport between sites
- Hire staff and source goods locally to minimize/ avoid transport-related emissions
- Demonstrate reduction of embodied carbon compared to local baseline
- Use Environmental Product Declaration (EPD)/ Life Cycle Assessment (LCA) when making procurement decisions
- Avoid waste incineration

### Products and Materials

- Have sustainability related labels and certifications (e.g. Energy Star, FSC, Fairtrade, MSC, etc.)
- Durable, non-hazardous, and less harmful to the atmosphere (e.g. biodegradable, organic, no VOCs)
- Low environmental impact as assessed by EPD
- Low embodied energy within components
- Consume no/ very low energy levels
- Reduced use where possible
- Effective disassembly and recycling
- Demonstrably traced to source
- Adhere to safety standards

### Facilitating Recycling

- Undertake assessments to maximize recycling and minimize landfill waste
- Review innovative technology use e.g. food digesters to recycle and minimize waste
- Provide individual reports on percentage of waste recycled at site, based on actual data
- Provide storage for future reuse

### Equipment

- Water and energy efficient – energy star rated or equivalent if relevant
- Used at most effective and efficient setting
- Reduced energy consumption during installation
- Safe and reduced risk of injury

### Waste

- Plans and procedures in place to control and reduce wastewater production
- Minimize deliveries and packaging through bulk purchasing and avoiding over-ordering
- Goods and packaging can be easily recycled at end of life
- Implement plans and techniques to minimize disposable goods purchasing
- Place systems to reuse or recycle offcuts
- Customer engagement to minimize use of undesirable goods/ packaging
- Provide waste management reports on an asset and OpCo level that show the % breakdown of waste disposal routes, based on actual data (where estimation is used, this has to be explicitly agreed prior to appointment)

### Sustainability Training

- Supplier employees, collection staff and subcontractors trained by Tier 1 suppliers on energy and water efficient and reduced use, waste management, health and safety, etc.
- On-site staff of supplier clients trained by Tier 1 suppliers to encourage following waste hierarchy

## Governance

### Performance & Risk Management

Supply chain performance shall be monitored and managed on sustainability issues to enhance collaboration and increase sustainability impacts. A steering committee chaired by the Head of Procurement, with the presence of the sustainability team, will be conducted annually to assess progress. Procurement teams shall clearly establish approved Key Performance Indicators (KPIs) (e.g. Environmental Impact Assessment on the goods/service, evaluating sustainable alternatives in the market, ensuring supply chain alignment with our sustainability strategy etc.) in order to assess the efficiency and achievements of procurement activities and to identify potential areas for improvement. Supply chain performance management places joint activities with key vendors such as meetings, seminars to provide bilateral and constructive dialogue opportunities to foster an environment of cooperation, mutual support and collaboration and continuous improvement.

Majid Al Futtaim and our supply chain shall work hand in hand to mitigate and reduce identified climate and sustainability risks through adequate planning, monitoring, and implementation of sustainable solutions among others. Risks to our sustainability values and/or risks to operations due to failure or lack of performance of companies providing goods or services shall be closely monitored and reconsidered. Where necessary, relationships with alternative companies shall be developed for critical purchase categories.

### Alignment with Policy

Majid Al Futtaim will support our supply chain to meet the minimum set sustainability requirements and align with this policy. However, if a supplier is unable to comply with this policy, its contract shall be terminated as a final resort to avoid the risk of impacting Majid Al Futtaim's reputation.