



GREAT MOMENTS
FOR EVERYONE,
EVERYDAY

RETAIL – SUSTAINABILITY

GREEN LOGISTICS PROGRAMME

Green Logistics Programme

1) Programme

At Majid Al Futtaim, we are committed to the implementation and delivery of our comprehensive sustainability strategy, *Dare Today, Change Tomorrow*, through which we manage the socio-economic and environmental issues that are most material to our business. *Dare Today, Change Tomorrow* has three fundamental focus areas:

- Transforming the lives in the communities we serve, to provide a healthy, fulfilling and sustainable way of life.
- Rethinking resources, addressing our use of resources to make a Net Positive impact.
- Empowering our people to unlock their full potential.

Optimizing our business operations to improve efficiencies not only contributes to these business priorities, but also reduces costs and delivers enhanced capital value in the long term. Adopting a green logistics programme is one of the ways we are Rethinking Resources that we use in our business activities.

This programme shall define prescriptive values on minimum sustainability metrics that will contribute to achieving our Net Positive commitments, through the adoption of more sustainable practices in our logistics and supply chain.

In light of our business priorities and the benefits conferred by adopting a more sustainable logistics and supply chain model, Majid Al Futtaim Retail commits to implementing this programme across our portfolio of stores, in all operating countries, to improve the environmental performance of internal and outsourced logistics.

As part of our sustainability strategy, it is our expectation that the green logistics programme will be adhered to internally and by all external organisations involved in the logistics and transportation of finished products from their respective distribution centres to our stores and facilities.

This commitment will have positive environmental outcomes, as it aims at reducing air pollution (by reducing carbon emissions). It will also help achieve our Net Positive and circular economy Sustainable Business Commitments and to meet our annual carbon and waste reduction targets.

2) Objectives

General

- a) Calculate the carbon footprint of logistics activities as a starting point for considering and monitoring sustainability initiatives.
- b) Reduce pollution of the air, soil, water, and noise by examining the effect of each logistics area, especially those related to transportation.
- c) Reuse containers and recycle packaging to save money on materials.
- d) Engage with suppliers and spread sustainability metrics to within the supply chain. This must include product and packing re-design to minimise their environmental impact.

3) Strategies and Initiatives for Implementation

- a) The integration of eco-friendly criteria in procurement policies

When reviewing supplier proposals, sustainability requirements should be included in a company's purchasing and procurement strategy. This may include:

- Purchasing eco-friendly packaging and minimising the use of single-use plastic in packaging are examples of product characteristics.
- International regulations to ensure that manufacturing practices are environmentally friendly. Example: ISO 14001 accreditation, indicating that the company's global activities have adopted an environmental management scheme.
- Prioritising suppliers with locations closest to our facilities/distribution centres.

- b) Optimising transport fleet management

In the logistics chain, transportation has a significant carbon footprint. To reduce emissions, programmes that assist distribution route planning and prioritise load pooling must be used, in addition to purchasing and leasing cleaner-running vehicles. Not only does this improve fleet management performance, but it also reduces the total emissions generated by transportation.

- c) Ensuring that Majid Al Futtaim Retail Distribution Centres adhere to sustainability construction and management standards
- Distribution Centre Design: The design and development shall provide environmental sustainability features that ensure the building's long-term maintenance. Two of the seals that support logistics warehouse sustainability are BREEAM and LEED certifications.
 - In-House Monitoring and Verification to promote energy savings: The automation of the multitude of elements through a Building Management System (BMS).
 - Management standards: The adoption of management standards that use as little packaging as possible to reduce resource waste, or to use more flexible adaptive packaging solutions such as those with recycled content.
- d) Enabling waste reduction and recycling initiatives
- Leverage data to optimise the ordering process, in order to minimise waste generation (as the first priority in the waste hierarchy)
 - Create a waste sorting system based on the items that can be recycled.
 - Implement warehouse management IT solutions to reduce in-warehouse paper usage.
 - Control the waste management standards of special/hazardous waste to ensure that proper recycling practices are followed.
- e) Optimisation of stock management and reverse logistics processes
- Using a combination of good storage location management and tailored picking plans to minimise movement inside the warehouse.
 - Preventing stock harm from manual goods handling by deploying robots and automated systems in the warehouse.
 - Adequately managing perishable goods to control expirations and prevent goods from spoiling.
 - Utilising reverse logistics management to create quality control systems for returned goods.

4) Timeline

It is our expectation that the green logistics programme shall be implemented both internally by Majid Al Futtaim and by external suppliers. All vehicles which serve Majid Al Futtaim Retail operations, in all our operating countries, shall transition to alternative fuels no later than December 2022 (primarily bio-diesel), provided that the alternative fuel is available for purchase. This will be expected for both internally owned vehicles along with external 3rd party vehicles that serve Majid Al Futtaim operations. Each country shall check the availability of bio-diesel in the market and mandate it wherever feasible.

5) Governance

A. Ownership and Responsibility:

The policy has been reviewed and approved by Majid Al Futtaim's Legal team. The implementation of this policy will be a responsibility of the VP of Supply Chain. The policy will be communicated with the Supply Chain / logistics heads in all countries where Majid Al Futtaim Retail operates in.

B. Reporting Requirements:

To ensure compliance with the green logistics programme, all outsourced suppliers are required to submit the necessary documentation and/or certification on the methodology of their logistics and supply chain process. This data shall be subject to rigorous revisions and reviews by the appropriate teams. Majid Al Futtaim shall provide an update to its board of directors, on a quarterly basis, showcasing progress, risks, steps taken towards addressing non-compliance and any revisions to the programme.

C. Validity

The commitment set out in this programme will be reviewed and updated every two years, at a minimum, or as required in the case of any updated or new legislation or commitments.