

MAJID AL FUTTAIM'S CLIMATE TRANSITION ACTION PLAN

A ROUTE TO NET POSITIVE CARBON AND CLIMATE RESILIENCE



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OUR ALIGNMENT TO THE SDGS



DARE TODAY, CHANGE TOMORROW

In 2023, we launched the second phase of our sustainability strategy, *Dare Today, Change Tomorrow*. This phase captures the findings from our most recent materiality review to ensure we are managing our greatest challenges and opportunities, according to the needs and expectations of our stakeholders.

The strategy sets out 11 Sustainable Business Commitments to be achieved by 2028, which are a continuation of our work over the past five years and previous 2022 Sustainable Business Commitments. These commitments span our three strategic focus areas: Rethinking Resources, Transforming Lives, and Empowering Our People. This paper deep dives into Majid Al Futtaim's climate commitments and outlines our restructured approach to climate action through the Climate Transition Action Plan, which will bring together mitigation and adaptation projects to accelerate our response to tackling the climate crisis.

OUR COMMITMENT TO CLIMATE ACTION

As the leading shopping mall, communities, retail and leisure pioneer across the MENA region, we are strongly committed to taking climate action. This is why in 2017, we became the first company in the region and one of the first few globally to commit to becoming net positive in carbon by 2040, requiring us to go beyond net zero to remove more carbon dioxide (CO₂) from the atmosphere than we emit, resulting in a positive carbon footprint.

Since the launch of this commitment, a proliferation of global protocols and best practice standards have guided our response to reaching net positive. In 2022, we began consolidating this response through the development of a Climate Transition Action Plan, an overarching framework that brings together our climate mitigation projects to reduce our Company-wide greenhouse gas (GHG) emissions with our climate adaptation activities that seek to avoid, reduce or transfer climate risks.

The development of the Climate Transition Action Plan coincides with the launch of the next phase of our sustainability strategy that will run to 2028, providing an opportunity to more formally integrate a holistic approach to climate resilience. As well as our net positive carbon goal, the strategy introduces a new Sustainable Business Commitment to climate resilience and nature-based solutions (NbS). This aims to increase the resilience of our business in the context of global climate change and promote the restoration of natural habitats and biodiversity, on our own sites and in our value chain. Tackling the climate crisis requires acknowledging the interconnectedness of nature and how our activities impact it. It is only through a whole system and multifaceted approach that we can find impactful solutions.

FOREWORD



When talking climate change and in consideration of the unique challenges inherent to our region, mitigating actions are no longer simply the right thing to do, but rather a question of ensuring lasting viability. As one of MENA's largest organisations, Majid Al Futtaim has always understood the critical role we play in leading by example, none more so than how we contribute to the long-term prosperity of our region.

In 2017, we committed to become net positive in carbon and water by 2040. Since then, we have built and tested the structures, governance, policies, and activities needed to achieve that goal. To ensure we are focusing our energies on areas that will contribute the greatest value to our collective efforts, Majid Al Futtaim has set out globally-aligned science-based targets (SBTs). In doing so, we have been recognised as one of only seven companies in the United Arab Emirates whose climate change plans and goals have been validated by the Science Based Targets Initiative (SBTi).

Addressing the climate crisis, however, goes beyond reducing emissions. As global temperatures rise, so does the urgency to equip our communities, infrastructure, and business operations with the tools to adapt to the repercussions of a warming planet. This understanding has led us to rethink our climate action strategy, culminating in the development of a Climate Transition Action Plan.

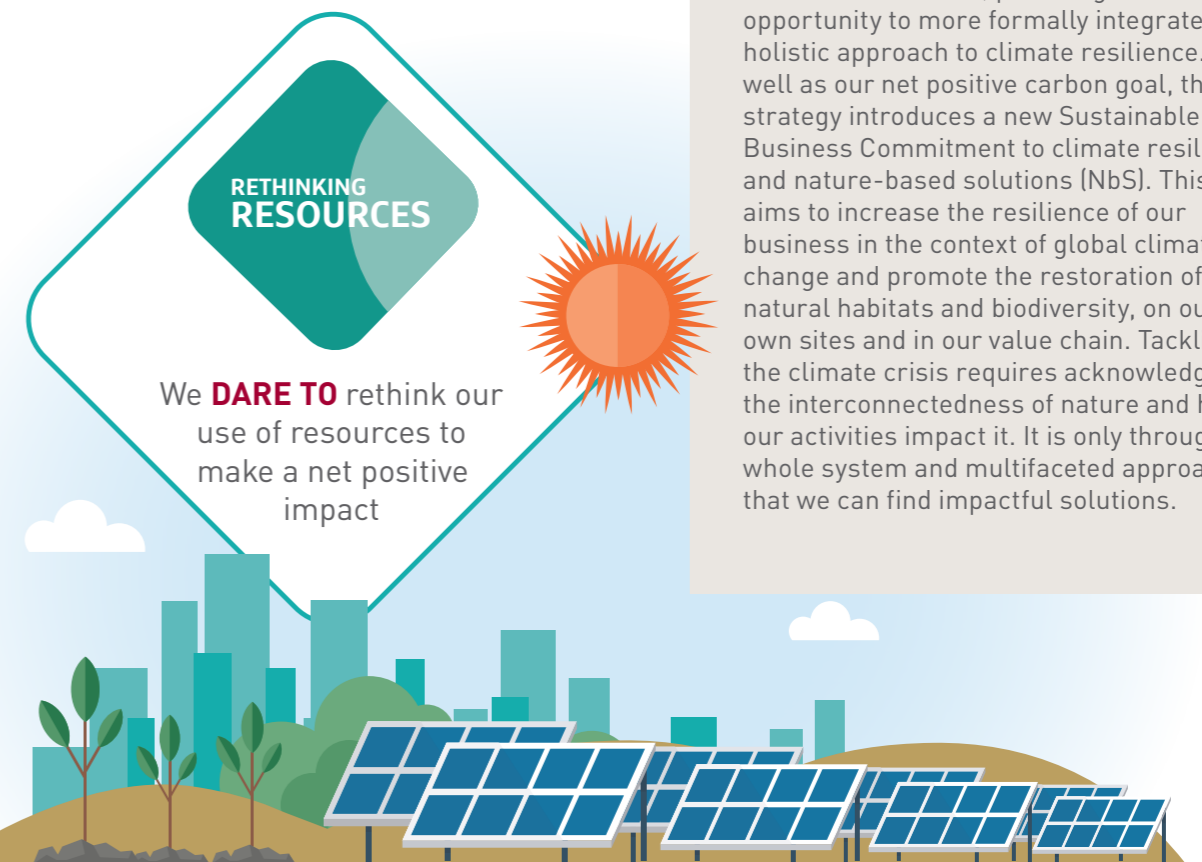
The Global Stocktake that took place at COP28 last year, served as a stark reminder of the severe implications of global temperatures rising beyond 1.5°C. An effective response from the private sector is vital to minimise the magnitude and impact of missing this target – we believe we have a collective responsibility to respond effectively and urgently to this global challenge.

Our Climate Transition Action Plan represents the strategic roadmap that will guide our efforts in reducing emissions and managing climate risks effectively. As we move forward, we do so with the knowledge that our journey is not ours alone – it is one we share with every stakeholder in every community we serve.

We look to the path ahead with optimism, recognising the opportunities that will enable us to drive meaningful change for our business, our region and our planet for the generations to come.



Ahmed Galal Ismail
Chief Executive Officer
Majid Al Futtaim



THE CASE FOR A CLIMATE TRANSITION

The importance of a climate transition

Climate change is widely recognised as the greatest challenge faced by humankind, with the World Economic Forum's (WEF) Global Risks Report 2024 highlighting that 66% of survey respondents rank extreme weather as the risk most likely to present a material crisis on a global scale in 2024². For decades, the Intergovernmental Panel on Climate Change (IPCC) has sounded the alarm on the severity of this challenge³. In its Sixth Assessment, published in March 2023, the IPCC provided a stark warning: extreme weather events caused by climate change are increasing in frequency, scale and severity and global temperatures are likely to surpass 1.5°C by 2040, understood as the limit required to prevent ecological collapse⁴. The report outlined the unparalleled threat to our infrastructure, health, and natural habitats, which without swift and dramatic action to combat it, will result in rapidly irreversible losses to vital ecosystems⁵.

The IPCC's warning is particularly relevant to the MENA region, which between 1980 and 2022, witnessed temperature increases of 0.46°C per decade, significantly higher than the global average of 0.18°C⁶. Communities here are experiencing the effects of climate change through extreme heat, persistent droughts and water scarcity, with 32 million people in the region displaced due to weather-related events in 2022 alone⁷. Meanwhile, the region's rapid population growth, second only to Sub-Saharan Africa and predicted to double in size by 2050 from 2015 levels⁸, is raising concerns regarding countries' capacity to balance the population's needs whilst effectively responding to the climate crisis. Furthermore, urban population growth, also projected to double in size by 2050 against 2010 levels⁹, is concentrating communities in high-risk areas. For example, 75% of MENA's built environment is considered at direct risk to climate change impacts such as rising sea levels, storm surges and increased temperatures¹⁰. With climatologists warning that the region is on track for a 4°C increase by 2050, far exceeding a 1.5°C limit¹¹, the MENA region cannot afford to delay actions to mitigate against and adapt to a changing climate.

A climate transition - the process of shifting from a carbon-intensive economy to a sustainable and climate-resilient one - necessitates effective mitigation and adaptation action and is crucial to ensure a liveable planet for current and future generations. However, a climate transition is one crucial facet of a much wider transition, which must consider factors such as the circular economy, social justice and nature concurrently, to foster a society that promotes environmental stewardship, inclusivity and long-term sustainability.

What is a climate transition?

A climate transition is the process of shifting from a carbon-intensive economy to a sustainable and climate-resilient one. This transition requires both effective mitigation and adaptation action.

Thought leadership

As thought leaders, we have published numerous papers on the topic of a sustainable transition. To learn more about circular economy principles, economic inclusion and nature-based solutions, read our whitepapers [here](#).

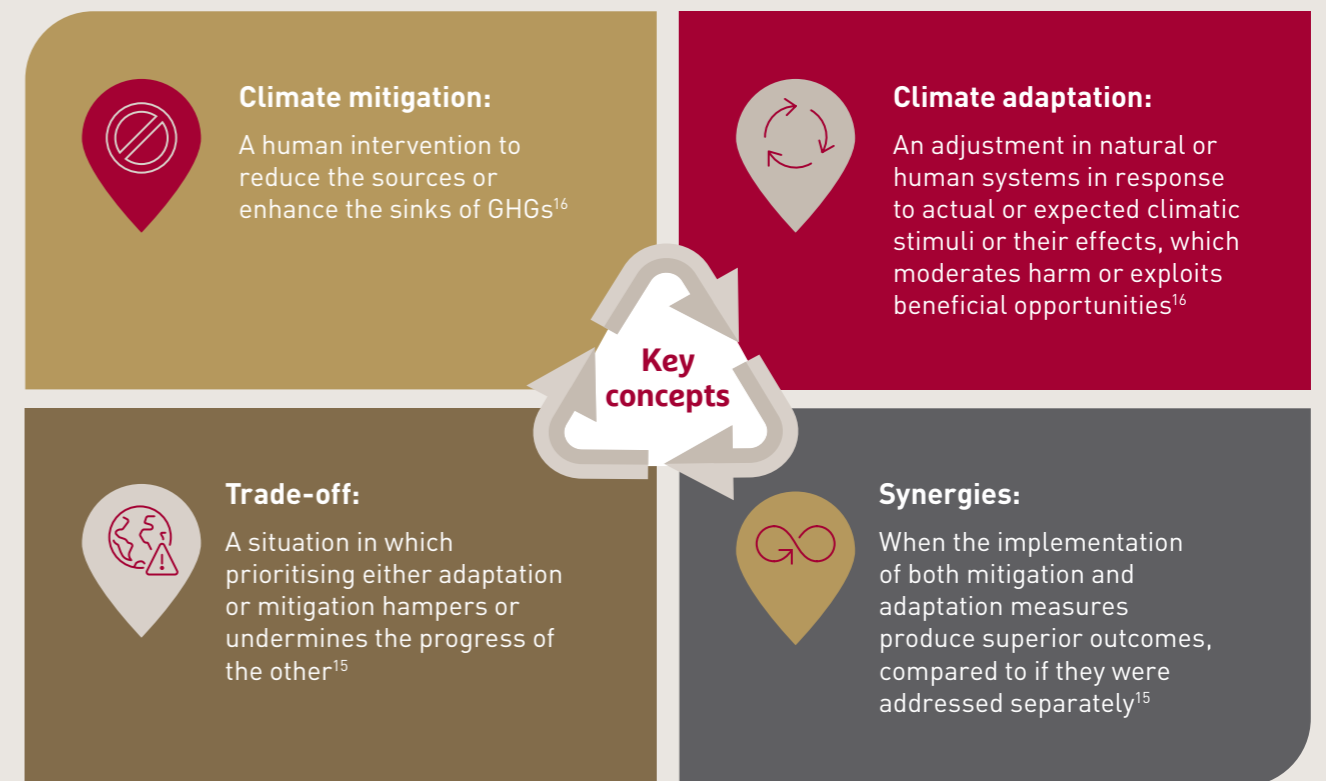


The value of combining mitigation and adaptation

To address the climate crisis, historically, the international community has focused primarily on mitigation activities to reduce the release of GHG emissions. However, based on the latest science, efforts have been diversifying and shifting towards adaptation actions that help to minimise the impacts of the crisis on communities around the world¹². This approach was bolstered by the Paris Agreement, signed at COP21 in 2015, which provides a framework for countries to address both mitigation and adaptation, through submitting Nationally Determined Contributions (NDCs) to reduce their GHG emissions and transition towards low-carbon pathways. Additionally, platforms like the United Nations Framework Convention on Climate Change (UNFCCC) that promote the development of National Adaptation Plans (NAPs), further emphasise the importance of considering both pillars of action.

The momentum to combine mitigation and adaptation measures was reinforced at COP28, which was held in Dubai in December 2023, labelled by some as the most significant since the Paris Agreement¹³. The conference included the first ever Global Stocktake (GST) – evaluating how far the world has come in tackling climate change and how far it still needs to go. As part of the GST, COP28 concluded with a ground-breaking agreement to “transition away from fossil fuels, accelerating action in this critical decade”, marking the first time a conference has explicitly mentioned fossil fuels, with a goal to triple renewable energy usage by 2030¹². The conference also established a loss and damage fund to support the most vulnerable countries in adapting to climate change, alongside a framework to assist countries in implementing actions to protect communities and ecosystems, placing adaptation even higher on the global agenda¹⁴.

Whilst focusing solely on either mitigation or adaptation runs the risk of trade-offs - where prioritising one action may come at the expense of the other - integrating both actions into a coordinated response can realise maximum impact. For example, increasing the air conditioning of a building to reduce the impact of overheating may subsequently increase its GHG emissions¹⁵, undermining mitigation efforts. On the other hand, implementing green infrastructure not only mitigates the impact of climate change by absorbing CO₂, but also provides adaptation benefits such as a reduction in heat and improved air quality.





Global action towards a climate transition

The world has formally committed to a climate transition. From the Kyoto Protocol, adopted at COP3 in 1997 to the Paris Agreement, adopted at COP21 in 2015, the international community has set a clear target to limit temperature increase to 1.5°C above pre-industrial levels and foster climate resilience. COP28 emphasised the crucial actions required to achieve these objectives. For instance, through the conference's landmark UAE Consensus, all parties committed to transition away from fossil fuels for the first time in COP history and triple renewable energy deployment, whilst the COP28 UAE Declaration on Climate Relief, Recovery and Peace, committed 78 national governments and 40 organisations to enhance financial support for climate adaptation and resilience measures in less developed nations¹⁷. These agreements work to establish clear goals and foster mutual accountability and global collaboration, often directing the investment and expertise required to develop effective solutions.

The MENA region is actively scaling up both mitigation and adaptation efforts. The recent hosting of COP28 by the UAE marks a pivotal moment for one of the top ten oil producers in the world, which has the capital and resources required to spearhead an energy transformation. With immense potential for renewable energy generation, green hydrogen production and the geological characteristics needed for carbon capture and storage⁵, the region is well placed to take the lead.

For example, five Gulf Arab nations have committed to reaching net zero emissions, including the UAE and Oman by 2050 as well as Bahrain, Kuwait, and Saudi Arabia by 2060¹⁸. Through their NDCs, 15 of the region's countries have GHG emission reduction targets in place, such as Morocco and Jordan who have committed to a 38% and 31% reduction by 2050, respectively¹⁹.



 Countries in the region are finetuning plans to phase out fossil fuels and expand their renewable energy capabilities. For example, Oman has joined the Zero Routine Flaring Initiative, which commits it to ending the harmful burning of gas associated with oil production by 2030. Meanwhile, the UAE has recently updated its National Energy Strategy 2050, aiming to triple renewable energy capacity to 14 GW by 2030 and have 30% clean energy by 2031²⁰.

At the same time, the region is furthering its adaptation measures. For example, recent research states that the majority of the Gulf Corporation Council (GCC) members in addition to Egypt and Jordan have climate adaptation strategies in place and are believed to be actively implementing them²¹. Meanwhile, Kuwait, Sudan and Palestine have submitted their NAPs to the UNFCCC²² and all other countries in the region have NAPs in various stages of development²³. Others have identified adaptation actions within their National Climate Change Plans including Qatar, which has created over 300 adaptation interventions²⁴.

Whilst these actions signify a crucial shift towards a climate transition, the region's collective NDCs have been labelled as insufficient by the Climate Action Tracker and are expected to fall short of the 1.5°C target outlined by the Paris Agreement, heightening the risk of irreversible climate-related catastrophes²⁵.



Saudi Arabia's Green Initiative is supporting climate mitigation and adaptation

Saudi Arabia is actively addressing the climate crisis through the Saudi Arabia Green Initiative (SGI), aimed at promoting an energy transition, environmental protection, and economic sustainability in the country. Through the SGI, the Kingdom has set out a range of contributing initiatives to meet its target of reducing emissions by 278 MtCO₂e by 2030 to ultimately reach net zero by 2060. These initiatives include investing in new energy sources, improving energy efficiency and developing a carbon capture and storage programme²⁶. For example, in partnership with SABIC and Saudi Aramco, by 2030 Saudi Arabia intends to convert captured CO₂ into 12 tonnes of small-scale green methanol a day, a clean and renewable energy source²⁷.

The SGI also outlines adaptation actions to help combat desertification in the Kingdom, with a target in place to plant 10 billion trees and rehabilitate 40 million hectares of land to improve soil quality, safeguard terrestrial habitats and sequester carbon, whilst enhancing resilience and adaptability to changing climates²⁸. This will be achieved through a range of initiatives such as Green Riyadh, which intends to plant 5.5 million trees throughout the city by 2030, to improve air quality and reduce temperatures, helping residents to live happier and healthier lives²⁹.

Private sector action towards a climate transition

Whilst governments play a critical role in policymaking and national target-setting, the private sector has the necessary resources and expertise to drive decarbonisation and a climate transition at scale. The sector can take action by setting science-based net zero targets for their operations, investing in low-carbon technologies, designing adaptation initiatives geared to unique local contexts, and engaging the value chain to do the same. In recent years, the private sector has begun to do just that, with an 87% increase in companies (equal to 1,097 companies in total) having their targets validated by the SBTi in 2022 compared to 2021 and more companies setting SBTs in 2022 than in the past seven years combined, signalling a positive shift in action³⁰.

With SBTs in place, companies must develop climate transition plans of their own, outlining the investment, actions and skills required to achieve the ambitious targets, considering relevant legislation in their jurisdiction and best practice approaches to remain competitive. In 2022, over 18,600 companies disclosed through the CDP's climate change questionnaire, with only 4,100 companies disclosing that they had developed a 1.5°C aligned climate transition plan. However, only 81 (0.4%) of these plans align with what is considered to be a credible plan, a decline from the 135 organisations considered to have credible plans in 2021³¹, partly owing to a strengthening in disclosure criteria. This emphasises the need for more credible roadmaps if the private sector is to uphold its commitments.

What is a climate transition plan?

A time-bound action plan that outlines how a company will achieve its strategy to align its assets, operations and business model with the latest climate science²⁹.

MAJID AL FUTTAIM'S CLIMATE COMMITMENTS

Our climate commitments

In 2017, we announced our ambitious target of becoming net positive in carbon by 2040. Knowing that we have the scale and influence required to make this commitment and lead in the climate transition regionally, we felt a responsibility to act with urgency. Yet, we also know now that decoupling growth from fossil fuel dependence is essential for our long-term value creation, an opportunity to not only reduce our environmental impact but benefit our bottom line.

To be 'net positive' means putting more back into the environment, society and the economy than you take out. In carbon terms, this means going beyond net zero carbon emissions by removing additional carbon dioxide from the atmosphere i.e., removing more than the CO₂ released into the atmosphere by our business activities. This target is set at the Company level and therefore includes the operations and impacts of our four Operating Companies – Majid Al Futtaim – Properties, Retail, Lifestyle and Entertainment.

Since taking this initial step, Majid Al Futtaim has made a further decarbonisation commitment, which involved setting SBTs to ensure our emissions reductions are aligned with the latest climate science. Given the operational differences between our Operating Companies, individual targets have been set for each of these, rather than one unified target at a Company level. We first set SBTs for Majid Al Futtaim – Properties, which was used as a pilot to allow learnings to be applied to the target setting for the other Operating Companies. In 2022, Majid Al Futtaim – Properties' targets were validated by the SBTi. Following this, we developed SBTs for our Entertainment, Lifestyle and Retail Operating Companies, which received validation by the SBTi in 2022. Specific details of our SBTs can be found in the table below.





Operating Company	Baseline year	Scope 1 & 2 target	Scope 3 target	Reporting approach	Target year	SBTi status
 Properties	2019	87.8% reduction in GHG emissions (kgCO ₂ e/m ²)	57.3% reduction in GHG emissions (kgCO ₂ e/m ² total GIA*)	Market-based	2035	Approved
 Entertainment	2019	40% reduction in absolute GHG emissions (tCO ₂ e)	84.8% reduction in GHG emissions (kgCO ₂ e/m ² total occupied)	Market-based	2035	Approved
 Lifestyle	2019	40% reduction in absolute GHG emissions (tCO ₂ e)	81.5% reduction in GHG emissions (kgCO ₂ e/m ² total occupied)	Market-based	2035	Approved
 Retail	2019	40% reduction in absolute GHG emissions (tCO ₂ e)	78.3% reduction in GHG emissions (kgCO ₂ e/m ² total occupied)	Market-based	2035	Approved

Table 1: Majid Al Futtaim's SBTs

*GIA = Gross Internal Area

Climate action advocacy and collaboration

Advocacy for climate action and national to international industry-wide change is a large part of our efforts to drive a climate transition. We work with numerous organisations to achieve this. For example, we are a member of the Science Based Targets Network Corporate Engagement Programme, which supports the development of methods and tools for SBTs, that will aid the private sector's journey in a scientifically grounded and meaningful way. We are also a member of the World Business Council for Sustainable Development (WBCSD), a forum of over 200 leading businesses sharing best practices to address sustainable development challenges. Additionally, for nine years, we have obtained the Standard Dubai Chamber CSR Label, alongside the Advanced Label for five years, recognising our contribution to promoting sustainable business practices in the city of Dubai.

We are a member of the World Economic Forum's Alliance of CEO Climate Leaders, the world's largest CEO-led community committed to reach net zero by 2050 and scaling ambition on climate action in the private sector. We are also a partner of the World Green Building Council's MENA Regional Network, to help support their work in the region and the development of green buildings.



Climate advocacy and partnerships at COP28

As an Associate Pathway Partner of COP28, we were able to leverage our position as a regional sustainability leader to contribute to the global dialogue on climate change. A significant outcome of our engagement was Majid Al Futtaim – Retail's pledge to advance the Collaborative Impact Goals (CIGs) of our Supplier Sustainability Forum, which we launched in partnership with the UAE Ministry of Climate Change and Environment (MOCCAE), alongside 16 of our Fast-Moving Consumer Goods (FMCG) partners, combining forces to reduce the GHG emissions of our supply chains. Furthermore, using the momentum of the conference, we secured a solar Power Purchase Agreement (PPA) with Engazaat, an independent power producer, developer and operator based in Egypt, to deliver over 20 MW of solar power capacity to four Majid Al Futtaim properties in Egypt and Lebanon.



As demonstrated through our carbon commitments, we embed external initiatives into our strategy to demonstrate the credibility of our approach to our stakeholders. For example, we were one of the first companies in the MENA region to report against the Task Force on Climate-related Financial Disclosures (TCFD), which helps us to report and manage our climate-related risks and opportunities and drive systemic change across the business and financial sectors. In 2022, we signed up to be a member of the Taskforce on Nature-related Financial Disclosures (TNFD), a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. We will fully align with each recommendation in our 2023 ESG Report.

OUR DECARBONISATION ACHIEVEMENTS AND LEARNINGS TO DATE

Since committing to become net positive in carbon, we have made significant progress on improving the coverage of our consumption data, aligning efforts across the business to increase efficiencies, and refining how our targets will be achieved. Some of these achievements are outlined below.

Data collection and monitoring

Accurately collecting and analysing data is the cornerstone of any decarbonisation journey, and developing a robust approach to collecting, managing and analysing our consumption and emissions data has been an iterative process.

In response to global developments in reporting requirements and our expanding portfolio, we re-baselined our carbon emissions in 2019 and undertook a carbon footprinting exercise. This was completed as part of the process for setting our SBTs and developed in line with SBTi guidance. In recalculating our emissions baseline, we also expanded our scope, carrying out a scope 3 emissions inventory for the first time. To assist with tracking, reporting and future planning for achieving the SBTs, a dashboard was created to track historic emissions as well as a projections tool to show how the Company's emissions will change against business-as-usual and best-case scenario trajectories. These tools are critical to inform our internal reporting as well as business decision-making.

Embodied carbon

The primary focus of the real estate industry to date has focused on reducing the emissions associated with the operations of a building, for example, the energy required for air conditioning and lighting. However, as these emissions decrease, embodied carbon – meaning the emissions associated with the construction of buildings – will account for a larger proportion of a building's carbon footprint. In fact, the World Green Building Council (WorldGBC) states that embodied carbon will be responsible for half of the entire carbon footprint of new construction between now and 2050³², which means its inclusion within target setting is essential if companies' roadmaps are to be impactful. As such, embodied carbon is included within our approach and our roadmap to achieving this is included below.

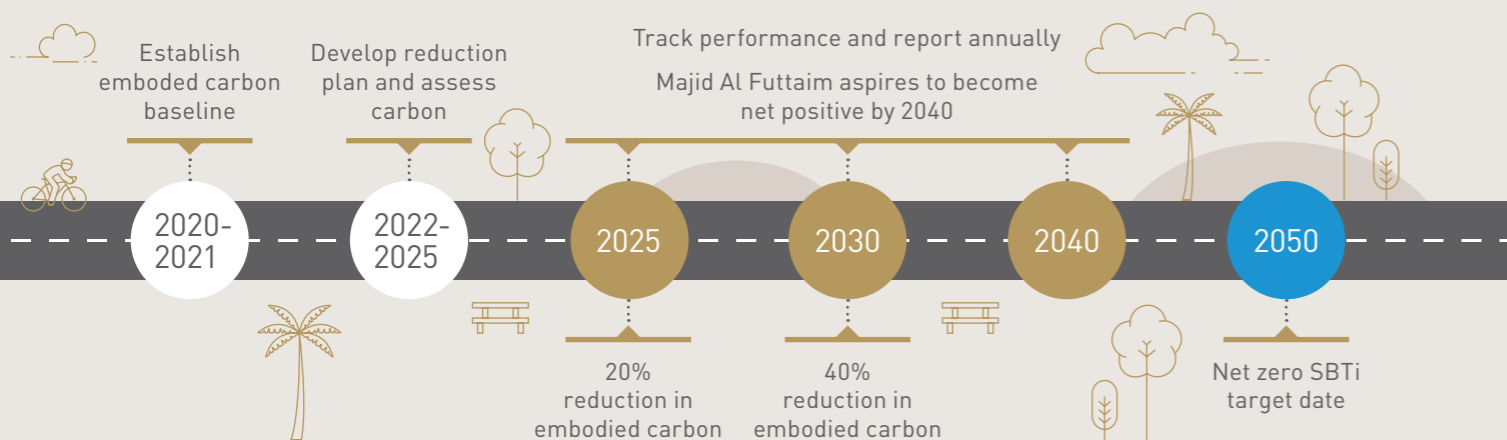
In 2021, we instructed an audit to calculate the embodied carbon emissions of three of our developments, the key findings of which are included in the table below. Our analysis reflected a 16% saving in embodied carbon emissions through the adoption of sustainable building materials for City Centre Almaza and City Centre Al Zahia and 20% for Mall of Oman. This translates into a combined 143,000 tCO₂e saving, equivalent to almost 28,000 homes' electricity use for one year.

	City Centre Almaza	City Centre Al Zahia	Mall of Oman
Business-as-usual embodied emissions (tCO ₂ e)	260,632	160,809	374,681
As-built embodied emissions (tCO ₂ e)	219,662	135,134	298,148
Emissions saved (tCO ₂ e)	40,970	25,675	76,534
Emissions saved (%)	16%	16%	20%

Table 2: The results of Majid Al Futtaim's 2021 embodied carbon emissions study

Our Sustainable Building Policy requires all new development projects to complete an assessment using Majid Al Futtaim's Embodied Carbon Tool during the design stage and achieve a 20% reduction in embodied carbon compared to the asset type's baseline. New assets and fit-outs can achieve this through sourcing materials locally, with a high recycled content and a low carbon intensity. This reduction was selected in line with the WorldGBC's net zero embodied carbon targets. If the 20% target is not reached, the reduction is achieved through the highest quality carbon offsets in line with the Oxford Offsetting Principles and certified by Verra or Gold standards. Through our policy and internal targets, we have aligned ourselves with the WorldGBC net zero embodied carbon commitment to reduce our embodied carbon by 20% by 2025 and 40% by 2030.

Majid Al Futtaim's embodied carbon roadmap



	Shopping Malls	Communities	Hotels
Baseline (kgCO ₂ e/m ²)	850	650	750
Target (kgCO ₂ e/m ²)	680	520	600
Targeted reduction (%)	20%	20%	20%

Table 3: Majid Al Futtaim's embodied carbon targets

Energy efficiency measures

At Majid Al Futtaim, we have implemented an 'energy efficiency first' approach to achieve our carbon targets through impactful wins with a strong return on investment. We have incorporated diverse energy conservation measures across four of our Operating Companies, some of which are highlighted below.

Building standards

With 55 of our assets having achieved LEED, BREEAM or equivalent certification by the end of 2023 and a further three in the process of being certified, we set out minimum standards and environmental requirements throughout the property lifecycle, from acquisition through to operation. Our suite of policies including the [Sustainable Pre-Acquisition Policy](#), [Sustainable Building Policy](#) and [Sustainable Procurement Policy](#) cover topics beyond just energy efficiency improvements such as carbon, water, waste and materials, climate risk, indoor air quality and thermal comfort. In addition, our [Near-Zero Fit-Out and Refurbishment Policy](#), which applies to all Majid Al Futtaim owned fit-out projects and any major refurbishments by our Operating Companies, ensures alignment with our 2040 net positive commitments and SBTs.

Our hotel portfolio was the first in the world to be LEED Platinum certified and of Majid Al Futtaim - Properties head office, Majid Al Futtaim Tower 2 is LEED Platinum certified whilst 75% of Majid Al Futtaim Tower 1 is LEED Gold certified. At the end of 2022, we achieved our SLL target of having only eight or less malls that do not have a minimum LEED Gold certification or equivalent. Additionally, we target BREEAM Very Good during the development of all our communities.



As part of our Sustainability-Linked Loan (SLL), we are working towards a goal of zero uncertified shopping malls by 2026, by reducing the number of malls in our portfolio that do not have a minimum LEED Gold certification or equivalent.

To bring our tenants along on this journey, we have developed our own Green Star Rating System, which assesses tenants' sustainability policies and specific environmental and social aspects relevant to their fit-outs and operations. Tenants receive a score and a green star rating from one to five and are required to have a minimum three green star rating to ensure necessary practices are being implemented. Tenants are provided with various support including a guide that outlines the process of collecting evidence, a video to explain the rating system and templates to create policies and other forms of evidence. The system has a strong focus on energy efficiency, with 94% of our green star applicable tenancies rated 3-stars or above in 2022.

Quick and impactful wins

All of our Operating Companies have been carrying out a range of projects to reduce energy consumption through quick yet impactful wins. In 2022, our energy efficiency activities consisted of optimising our building controls, daily monitoring of energy consumption to identify inefficiencies, decommissioning boilers, installing heat pumps and LED lighting and delivering training and awareness programmes to employees. For example, solar-powered streetlights have been installed across our communities and energy-efficient heat pumps and solar water heaters have replaced gas-fired boilers in several of our hotels. Given Majid Al Futtaim's significant cooling demand, Heating, Ventilation and Air Conditioning (HVAC) systems have been optimised in several shopping malls, retail units, hotels, offices and VOX Cinemas. Additionally, heat recovery systems have been installed in retail refrigeration to reduce our overall cooling load. On a broader scale, Building Management Systems (BMS) are in place across some of our assets such as shopping malls, hotels, offices and cinemas to improve and execute best practice building controls.

Energy Performance Contracts (EPCs)

For capital-intensive energy retrofits, which are not as easily implemented, Majid Al Futtaim has engaged Energy Service Companies (ESCOs) to carry out EPCs. Implementing EPCs optimises the cost of implementing these measures through the contractual agreements between ourselves and the ESCO. We have contracted an ESCO and, following evaluations across our shopping malls and VOX Cinemas, we have identified a pipeline of buildings where EPCs can be implemented across the portfolio.

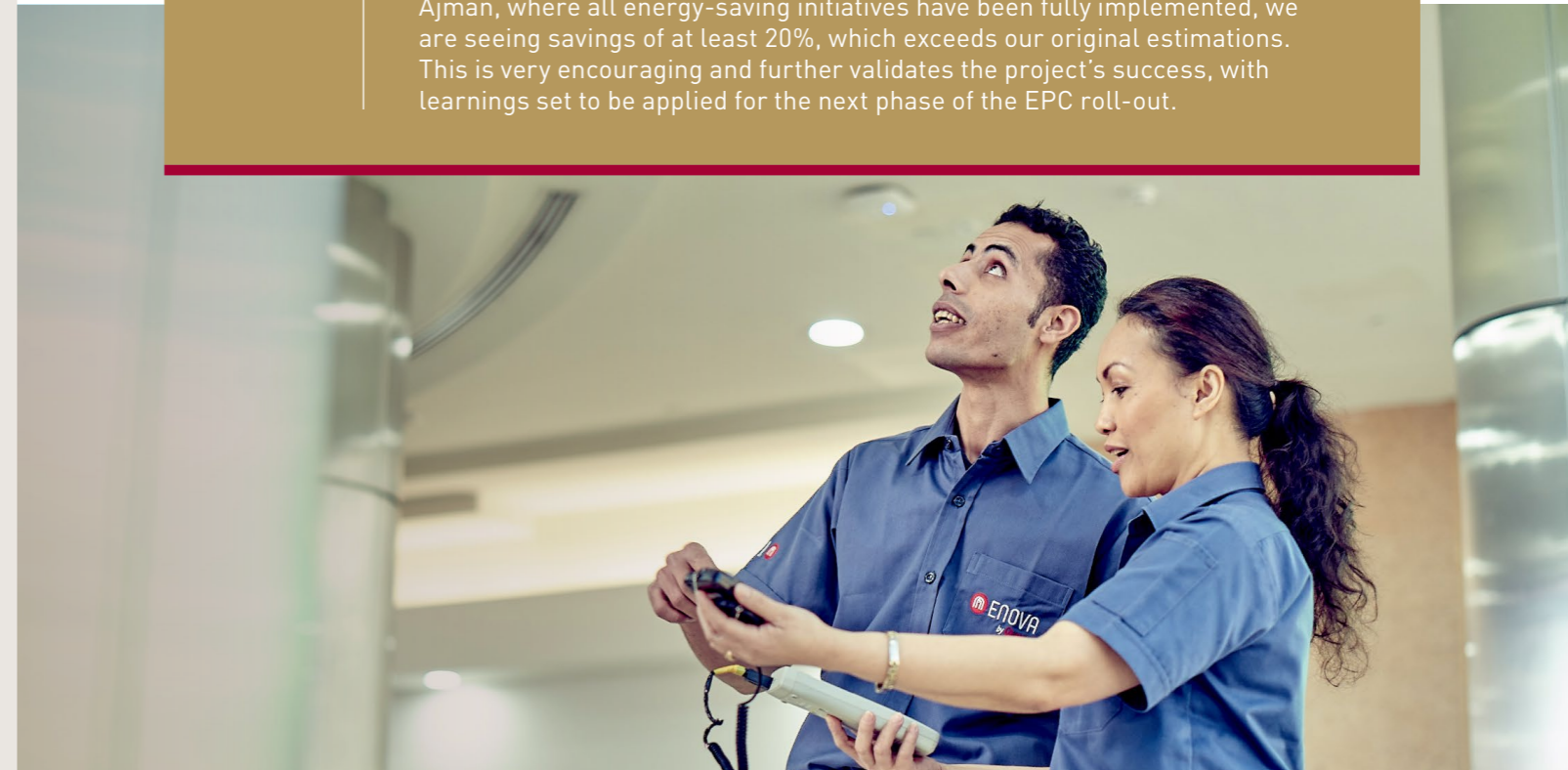


Achieving energy reductions at VOX Cinemas

Majid Al Futtaim – Entertainment signed an EPC with Enova in 2021, a joint venture between Majid Al Futtaim and Veolia, a regional leader in integrated energy and multi-technical services. The six-year EPC will pilot the implementation of energy conservation measures (ECMs) at VOX Cinemas Mercato Mall and City Centre Ajman in the UAE, before replicating the model across 13 VOX Cinemas in the UAE, Egypt and Saudi Arabia.

Of the activities undertaken, the partnership ensures the implementation and maintenance of ECMs related to HVAC systems and air handling units (AHU). In addition, the EPC utilises the ENOVA HUBGRADE platform and monitoring centre, which uses live remote monitoring of our sites to give real-time data on performance. It allows us to make remote changes to settings on heating, cooling and AHU in real time, responding to the facility usage peaks and troughs in customer footfall and changes in environmental conditions.

Upon completion, VOX Cinemas will achieve a guaranteed utilities saving of 14.8% per year compared to its energy consumption baseline, with a targeted annual saving of 1.3 GWh, equal to 305 tCO₂e. For our earliest and most mature EPC contracts such as VOX Cinemas Mercato Mall and City Centre Ajman, where all energy-saving initiatives have been fully implemented, we are seeing savings of at least 20%, which exceeds our original estimations. This is very encouraging and further validates the project's success, with learnings set to be applied for the next phase of the EPC roll-out.



Renewable energy

Reducing our consumption is not the only approach we are taking. We are also increasing our generation of clean energy, on-site and off-site, to reduce reliance on grid electricity and fossil fuels and their associated emissions. As such, Majid Al Futtaim's Sustainable Building Policy requires all new standalone projects to achieve a minimum on-site renewable energy generation of 25% of its total energy use.

We have taken a dual approach, deploying directly owned solar arrays on our assets and engaging in PPAs with partner companies. As our SBTs are based on market-based emissions, they allow us to report the lower emissions from any renewable energy we procure, therefore making the expansion of our renewable electricity procurement strategy, where legislation allows, essential. For instance, in 2022, we purchased 81,282 MWh I-RECs (International Renewable Energy Certificates) and 75,803 MWh CECs (Clean Energy Credits) to support our efforts to decarbonise the electricity we draw from the grid. Details of our solar arrays are included below.

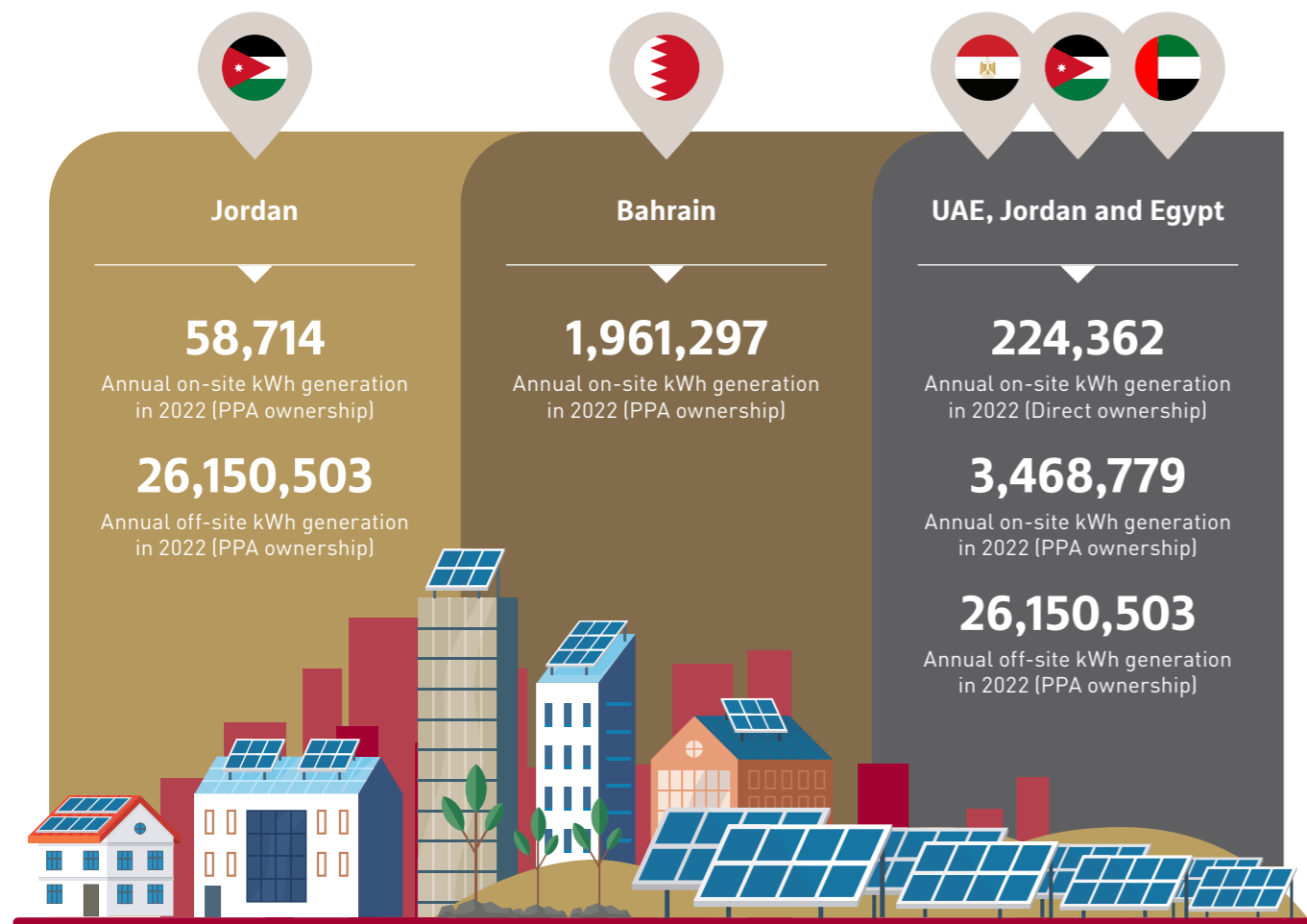


Table 4: Majid Al Futtaim - Retail's current solar arrays

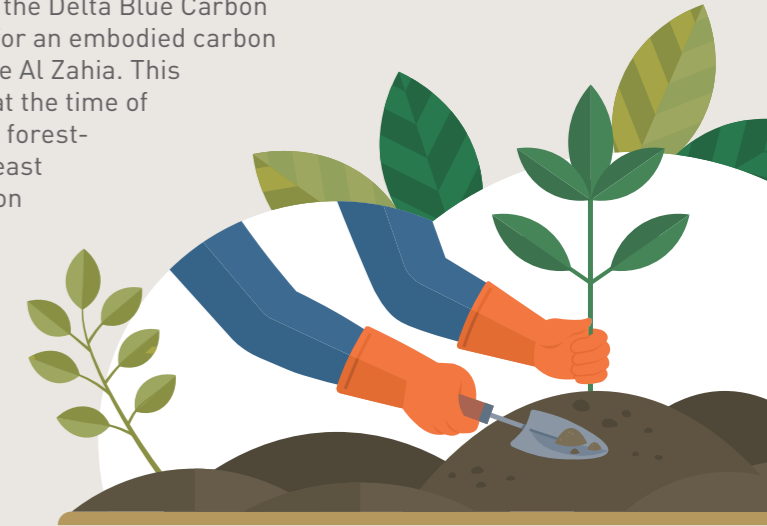
Despite our progress, we are also aware of the different regulations, drivers and challenges across the countries in which we operate, which can sometimes limit our renewable energy activities. This is an area that we continue to monitor and will support positive legislative changes where possible.

Carbon offsetting

As Majid Al Futtaim's net positive commitment allows us to offset residual emissions, offsets will form a part of the Climate Transition Action Plan. However, as the SBTi only allows for very minimal offsets, our approach will need to be deployed as an interim measure.

In a first step toward developing an offsetting action plan, a proposal strategy was developed in 2020 and a formal strategy has been included as a 2024 action in our Climate Transition Action Plan. The central recommendation of the proposed strategy was to take a two-phased approach to offsetting, immediately offsetting emissions which cannot be further reduced (e.g., embodied carbon) on an annual basis. We would then sufficiently offset residual emissions to achieve our 2040 carbon target. In alignment with best practice, this approach only advocates for offsetting as a last resort.

Although a more robust offsetting strategy will be developed, we have already carried out several offsetting projects. For example, in 2022, we invested in the Delta Blue Carbon Project, certified by Verra Carbon Standard, to account for an embodied carbon reduction shortfall at City Centre Almaza and City Centre Al Zahia. This was one of the highest-quality carbon credits available at the time of purchase. The project will plant mangroves and support forest-dependent communities in the Sindh Province in south-east Pakistan, with an estimated 142,050,139 tCO₂e of emission removals to be achieved over its 60-year lifetime. The project is being implemented at the shore of the Indus Eco Region, one of the world's 40 most biologically rich eco regions and will support the habitat and coastal biodiversity of 247,112 hectares of mangroves. It is also expected to result in improved livelihoods and income for almost 42,000 people, 6,000 of whom are rural women and 70% of whom live below the poverty line with a lack of access to affordable drinking water and basic health offerings.



Managing climate risk and enhancing climate resilience

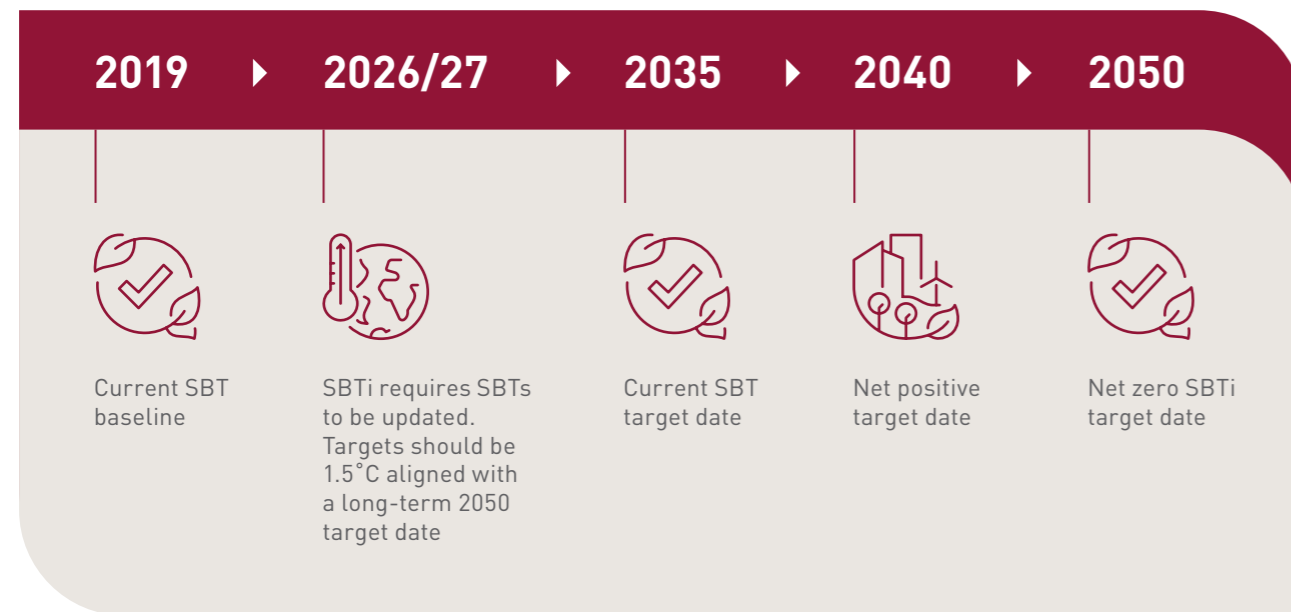
We have built an in-depth understanding of our climate-related risks through quantitative modelling of our entire properties' portfolio and analysis of our business strategy against different climate scenarios, up to 2100. Through this, we have identified the top physical and transition climate-related risks we face in both the near and longer term. To learn more about Majid Al Futtaim's climate risk management, see page 70 of our 2022 ESG Report for our latest response to the TCFD.

To manage our top climate-related risks, we have developed a Climate Resilience Strategy and Roadmap. In line with growing global thinking on the value of climate adaptation, we have developed a nature-based solutions approach to simultaneously achieve climate resilience and nature-positive outcomes. The Climate Resilience Strategy and Roadmap consists of a five-year action plan, which prioritises actions, includes their relative cost and the risk management owner to establish accountability. In line with the roadmap, we are currently developing our climate risk baseline, targets, KPIs and monitoring procedures so we can better track and disclose the progress of our climate adaptation measures.

We have also been updating our policies to ensure they are effective in driving our climate commitments. For instance, in 2022, we updated our Sustainable Pre-Acquisition Policy to include an enhanced checklist with energy and climate risk criteria as well as the requirement of a forward-looking climate risk assessment using the Majid Al Futtaim Climate Risk Assessment Tool on all sites prior to acquisition. Similarly, we enhanced our Sustainable Building Policy to embed a wider breadth of climate adaptation solutions and resilience measures in line with best practices, to support our mission of future-proofing our business against physical and transition climate-related risks.

ALIGNING OUR EXISTING CARBON REDUCTION COMMITMENTS

With numerous climate commitments in place, it is important to understand how each of these align and potentially diverge from each other. To do so, we carried out a review to understand how each of our commitments can successfully be met as well as any updates that will need to be made to our SBT commitments as required by the SBTi. The full phasing of our carbon commitments is reflected in the timeline below.



Further details on each milestone have been included below:

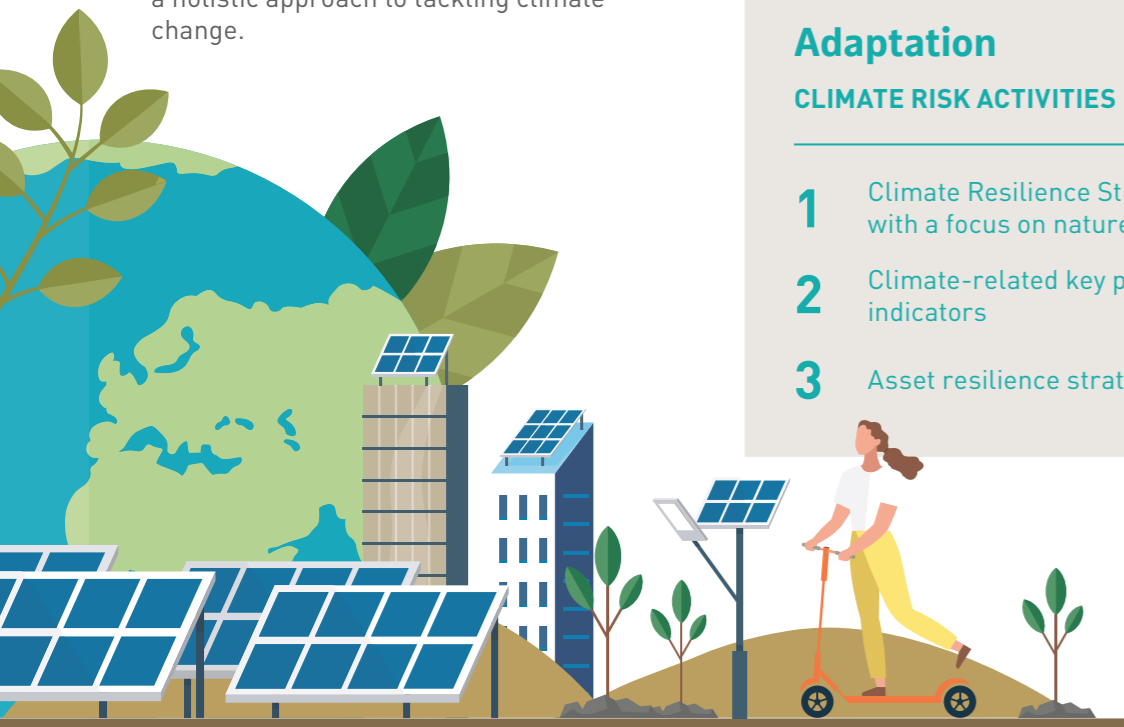
2019	This is the current baseline year for the SBTs of all Majid Al Futtaim's Operating Companies.
2026/27	<p>Every five years, the SBTi requires organisations to update their SBT commitments. The SBTi now requires Majid Al Futtaim to meet the following in 2026/27:</p> <ul style="list-style-type: none"> In the short-term, scope 1 and 2 targets will need to be aligned to a 1.5°C trajectory, while scope 3 will remain aligned to well below 2°C. For net zero SBTs, all scopes will need to align with 1.5°C. Majid Al Futtaim's current targets are aligned to a 2°C trajectory or lower. This change will require greater emissions reductions at a faster pace. The scope of emissions included within the target boundary will need to increase. Under the current requirements for scope 3 emissions, organisations must include at least 67% of their emissions within the target. It is anticipated that this threshold will increase to 90% of scope 3 emissions. The SBTi does not allow offsets to contribute towards achieving SBTs, therefore the target will need to be met by reducing consumption in all scopes and satisfying the remaining consumption through on and off-site renewables, or the purchase of International Renewable Energy Certificates (IRECs). It is expected that less than 5% of emissions will be permitted to be offset, also including offsets for embodied carbon. <p>Our intention is to use the 2026/27 target update opportunity to revise our 2035 near-term targets and set a long-term target for 2050, while ensuring both align with the above requirements. This approach will enable us to meet our net positive carbon commitment, as described below, and to also reach our new 2050 net zero carbon SBT.</p>
2035	This is the current SBT target date. However, following the update to the SBTs in 2026/27, the 2035 targets will be more stringent compared with those currently set and our Operating Companies will have to align with the latest SBTi criteria.
2040	<p>This is the target date for our net positive commitment. This will require us to achieve net positive carbon for scope 1 and 2 emissions across all our Operating Companies. This will be met through improving energy efficiency, increasing the renewable supply where feasible, and offsetting residual operational and embodied emissions.</p> <p>Again, given the very limited scope for offsetting under the 2050 SBT, with less than 5% of our total emissions expected to be allowed to offset, offsetting to achieve this target will only be a temporary measure. Additionally, our 2040 target only includes limited scope 3 emissions, focusing on tenant emissions in our malls and our embodied carbon. So although the reduction of the other scope 3 emissions categories is not required by 2040, as our 2050 net zero target will include scope 3, we will need to have made significant progress in reducing these emissions by 2040 to ensure our 2050 target remains achievable.</p>
2050	<p>This is the proposed date for the SBTi-aligned net zero targets. At this point, it is anticipated that Majid Al Futtaim will be able to offset less than 5% of our total scope 1, 2 and 3 emissions, with everything else having already been abated. Additionally, the boundary of the target will need to include at least 95% of scope 1 and 2 emissions and 90% of scope 3 emissions, with ideally 100% of both being included. To achieve this target, we will need to greatly reduce our emissions through energy efficiency improvements and an increased renewable supply to bring our market-based emissions to near zero.</p> <p>Offsetting some embodied emissions is expected to remain permissible under the updated SBTs. However, as less than 5% offsetting is expected to be permitted, the levels of embodied emissions should be greatly reduced, to ensure the entire annual offsetting budget isn't consumed by the embodied carbon offsets for future assets. We aim to have much of Majid Al Futtaim's new-build development work completed and construction will largely be retrofits and refurbishments by the middle of the century. This highlights the need to consider circularity in all present-day new builds, as being able to reuse existing elements and materials in future refurbishments will reduce our embodied carbon emissions.</p>

RESTRUCTURING OUR APPROACH TO CLIMATE ACTION

A proliferation of global protocols and best practice standards have emerged since we made our net positive carbon commitment in 2017, leading to the natural evolution of our approach to climate action. In 2022, following the review of our commitments (detailed on page 15), we began restructuring our approach under the Climate Transition Action Plan.

This plan outlines our approach to bringing together climate mitigation and adaptation efforts. This means both our efforts to reduce emissions and the implementation of measures to avoid, reduce or transfer climate risks. In doing so, we can ensure our approach maximises the co-benefits of our climate activities across the business.

Both elements of the action plan will retain their own specific strategies but will be brought together to engender a consistent approach across each area. This joined-up approach will also increase the clarity of our climate action message, both internally and externally, showing that we are taking a holistic approach to tackling climate change.



Our climate transition action plan approach

Mitigation

NET POSITIVE CARBON ACTIVITIES

- 1 Reduce embodied carbon
- 2 Optimise energy efficiency
- 3 Maximise renewable energy
- 4 Maximise high-quality renewable energy procurement off-site
- 5 Use high-quality carbon offsets as a last resort

Adaptation


CLIMATE RISK ACTIVITIES

- 1 Climate Resilience Strategy and Roadmap with a focus on nature-based solutions
- 2 Climate-related key performance indicators
- 3 Asset resilience strategies

Our Climate Transition Action Plan projects (2023 – 2025)


In 2023, we successfully implemented several mitigation and adaptation actions as part of the Climate Transition Action Plan. Regarding mitigation, we conducted a review of our sustainability data and outputs to identify opportunities for improving its quality, ensuring its assessment and reporting align with best practices. We also commenced work to improve our scope 3 emissions data and reporting to better understand the indirect GHG emissions within our value chain. This is particularly important given scope 3 emissions account for 48-97% of each of our Operating Company's total carbon footprints and form a critical part of achieving our carbon commitments. Regarding adaptation, we measured a climate risk baseline and developed climate risk KPIs, targets and monitoring plans to track our performance on an ongoing basis. We also integrated climate risks into our due diligence acquisition standards and sustainable development guide, to ensure we screen for climate risks before we purchase land for development.

Across 2024 and 2025, we have a host of other mitigation and adaptation actions planned for implementation. Two noteworthy examples are expanded upon below.



MITIGATION:
SBT-aligned net zero carbon strategy (2025)

In light of the newly proposed route to achieving our key climate commitments, a net zero carbon strategy and pathway will need to be developed. This strategy will fundamentally align with our long-term 2050 updated SBT target, as it is anticipated this will be the most stretching carbon target we will set to date. However, across the timeline to 2050, the new strategy will enable the achievement of our net positive commitment. To achieve this holistic approach and bring greater granularity to the existing top-down SBTs, a bottom-up, asset-based approach will be taken, to assess the feasibility of the SBTs, identify the actions we need to take to achieve the targets and lay out how these actions can be implemented. We will take a two-stream approach to this work, one stream looking at our existing assets and another at planned new developments.



ADAPTATION:
Low-carbon and renewable technology review (2024)

One of our key transitional risks is the pace of technological change and the risk of the Company not remaining up-to-date and missing out on future opportunities. To manage this, starting in 2024, we will carry out regular reviews of low-carbon and renewable technologies on the market to identify first-class technology options which the Company can harness. This will support the achievement of our mitigation strategy and limit our technology-related transitional risk.

LOOKING FORWARD

Since our net positive carbon journey began, our operating context has changed significantly. The frameworks for managing our impact have become more sophisticated and best practice approaches have evolved substantially. At the same time, governments around the world and organisations across industries and sectors have made ambitious carbon commitments to demonstrate their future trajectory to stakeholders.

In remaining abreast of the pace of change, we have purposefully chosen and developed our own commitments to guide us on a credible path that protects and also creates value for all our stakeholders - our business, people and planet. Now that ambitious commitments are largely becoming part of business-as-usual, the focus must shift towards robust roadmaps that ensure companies can realise their goals.

Through the Climate Transition Action Plan, we have set our plan in motion, with the intention to unite our ambitions under one overarching framework. However, there is more work to be done, and our focus in 2024 will be on defining the building blocks that can empower our teams and their decisions on a daily basis.



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