

Majid Al Futtaim

Independent Assurance Statement

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TO: THE STAKEHOLDERS OF MAJID AL FUTTAIM

Independent assurance statement by Upstream Sustainability Services, JLL (“Upstream”) to the stakeholders of Majid Al Futtaim Holding concerning the environmental data used in its 2019 Annual Sustainability Report and Green Sukuk Report 2020.

SCOPE OF WORK

Majid Al Futtaim engaged Upstream to provide independent assurance of Energy, Water and GHG data from the Properties Operating Company relevant to its 2019 Annual Sustainability Report and Green Sukuk Report 2020. The engagement was Type 2 moderate assurance in accordance with the AA1000AS (2018) standard which consisted of:

A. Evaluation of Majid Al Futtaim’s adherence to the AA1000 AccountAbility Principles (AA1000APS 2018) of inclusivity, materiality, responsiveness and impact;

B. Evaluation of the reliability of the specified sustainability performance information and associated data collection and management processes and systems relating to:

- 2018 January to December Energy, Water and GHG data from the Green Sukuk
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RESPONSIBILITY

The management of Majid Al Futtaim is responsible for the completion of the 2019 Annual Sustainability Report and Green Sukuk Report 2020 and all statements and figures contained therein. Upstream’s responsibility was to complete the assurance process, prepare this assurance statement and to provide a report on its findings for the management of Majid Al Futtaim.

METHODOLOGY

Upstream undertook the following assurance activities:

- Interviewed the following people about the principles of inclusivity, materiality, responsiveness and impact
 - Dean John, Director of Property Management, Majid Al Futtaim - Properties
 - Ayman Attar, Senior Property Manager, Al Zahia Community, Majid Al Futtaim - Properties
 - Flavia Malacarne, Green Building Manager, Majid Al Futtaim - Properties

- Reviewed internal and publicly available information relating to the principles of inclusivity, materiality, responsiveness and impact and drew upon information gathered in 2020 through interviews conducted with Majid Al Futtaim staff;
- Discussed data, evidence and data issues with Majid Al Futtaim property managers, data managers and users;
- Reviewed the approach to data collection, management and reporting for the Properties Operating Company.

LEVEL OF ASSURANCE AND LIMITATIONS

Upstream provided a moderate level of assurance which included desktop review, management and property level data verification and evidence gathering from internal sources and third parties. The verification did not include financial data, technical descriptions of or information relating to buildings or other information not related to sustainability.

The scope of our data testing was limited to 2018 and 2019. We tested a sample of 552 data points from a total of 46 data sources (e.g. meters or waste disposal routes) from:

- 12 properties within Green Sukuk for calendar year 2018 that are reporting environmental data in 2019 Annual Sustainability Report and Green Sukuk Report 2020, namely: Hilton Garden Inn, City Centre Mirdiff, City Centre Fujairah, City Centre Beirut, Majid Al Futtaim | Tower 1, Majid Al Futtaim | Tower 2, City Centre Me'aisem, My City Centre Al Barsha, Mall of Egypt, My City Centre Al Dhait and Aloft Hotel
- 14 properties within Green Sukuk for calendar year 2019 that are reporting environmental data in 2019 Annual Sustainability Report and Green Sukuk Report 2020, namely: Aloft Hotel, Hilton Garden Inn, Majid Al Futtaim Tower 1, Majid Futtaim Tower 2, City Centre Almaza, City Centre Beirut, City Centre Fujairah, City Centre Me'aisem, City Centre Mirdif, City Centre Suhar, Mall of Egypt, My City Centre Al Barsha, My City Centre Al Dhait, My City Centre Sur

The scope of AA1000 Assurance is limited based on the amount of interaction and information provided.

A: EVALUATION OF MAJID AL FUTTAIM PROPERTIES' ADHERENCE TO THE AA1000 ACCOUNTABILITY PRINCIPLES (AA1000APS 2018) OF INCLUSIVITY, MATERIALITY, RESPONSIVENESS AND IMPACT

Based on the scope of work described above, nothing has come to our attention to suggest that Majid Al Futtaim Properties did not adhere to the majority of the criteria under the principles of inclusivity, materiality, responsiveness and impact for 2018 and 2019.

INCLUSIVITY - how the organisation engages with stakeholders and enables their participation in identifying issues and finding solutions

Observations

It is clear that the implementation of Majid Al Futtaim Properties' sustainability strategy is a collaborative process, with a large group of internal stakeholders from across the organisation as well as outside of the organization continuously contributing. Majid Al Futtaim Properties is committed to identifying the concerns of its stakeholders and priorities for societies across the geographies in which it operates.

Employees, tenants, customers, suppliers' peers, communities, NGO's, charities and governments have been identified by Majid Al Futtaim Properties as key stakeholders. All stakeholders are regularly engaged with and updated on sustainability through the variety of channels. Different means and frequency of engagement have been identified per stakeholder. Examples of this include client surveys, social media, community workshops, focus groups, monthly meetings with service providers where KPIs are scored, breakfast with residents, emailing communication, door to door visits and engagement through NGOs. Most of these forms of engagement allow for feedback and participation of the identified stakeholders in the sustainability agenda of Majid Al Futtaim Properties. Regular engagement with its stakeholders to inform them of the development of sustainability action plans allows Majid Al Futtaim Properties to leverage existing networks to share specialist sustainability knowledge and promote collaboration within and across the businesses. The stakeholders are formally reviewed every 3-4 years as part of the group strategy review.

It is understood that some stakeholders, in particular the service providers and suppliers Majid Al Futtaim Properties works with, can find it challenging to deliver on an ambitious sustainability strategy, as requirements might be more advanced than standard market practice. The company ensures that the necessary competencies and resources are allocated and available for stakeholder engagement, through regular training and engagement with external experts. For example, Majid Al Futtaim Properties undertakes an annual supplier assessment to map the understanding and implementation of sustainability issues by the its suppliers. Suppliers that score low on this assessment will get invited for training to improve their knowledge. This survey also creates an opportunity for suppliers to provide feedback.

When conflicts between stakeholder interests arise Majid Al Futtaim Properties ensures to understand the concerns first, before discussing them with the relevant committees and analysing the impact for both sides in order to arrive at a conclusion. Higher management will be included in this process where needed.

MATERIALITY – how the organisation determines the relevance and significance of an issue to itself and to its stakeholder

Observations

The most recent full materiality review was conducted in 2017 during the development of Majid Al Futtaim's Company-wide strategy. This involved a series of materiality tests (based on GRI and AA1000 guidelines) including a review of the existing strategy, assessment of internal and external stakeholder perspectives, a country risk review (including legislation), peer review and leadership and innovation benchmark.

During the development of its current sustainability strategy 'Dare Today, Change Tomorrow' (launched in 2018), a total of 21 material issues were identified over three categories; Transforming Lives, Empowering People and Rethinking Resources. These material issues were determined in cooperation with different stakeholder such as workshops with senior and middle-level management of the different business units. Material issues have been evaluated using relevant sustainability frameworks including the UN's Sustainable Development Goals. The materiality assessment considered financial, environmental as well as social factors, and included the view of different stakeholders on these issues. Materiality and stakeholder assessments are increasing based on future projections, such as the evolving sustainability trends in the marketplace, as well as historical and current data.

Prioritisation of the material issues is reviewed on a yearly basis in order to set appropriate KPIs and targets. Targets can differ per asset or business unit, depending on its relevant performance. There is opportunity for bottom up initiation of targets, as well as the possibility to feedback on targets that are being agreed top down. Key material issues that Majid Al Futtaim Properties focused on in 2018 and 2019 include their Net Positive commitment and the principles of a Circular Economy. If a new material issue arises or one of the 21 become less relevant, there is flexibility to address this in the upcoming year. The overall material assessment will be revisited in 2021.

The implementation of the new strategy in 2018 has supported a transition in focus from energy, water & waste, to the inclusion of wider sustainability topics including health & wellbeing, circularity and social value. Majid Al Futtaim Properties understand that some issues might be more material to their business than to some of its external stakeholders. For example; tenants are often operating on a 3-5 year cycle, which can make the real time economics of capitalising on sustainability benefits challenging.

RESPONSIVENESS – how the organisation responds to stakeholder issues affecting sustainability through its performance, actions, decisions and communication

Observations

Majid Al Futtain Properties, as part of the wider Majid Al Futtain Group, has a long-standing commitment to identifying the concerns of its stakeholders and priorities for societies across the geographies in which it operates, resulting in a strong track record in responsiveness on the sustainability issues that is affecting its stakeholders.

Majid Al Futtain Properties recognises the increasing importance of environmental, social, and governance issues as identified in its material issues, and in response to this, launched their sustainability strategy 'Dare Today, Change Tomorrow' in 2018. In the initial year of the launch, the key focus was on introducing all relevant stakeholders to the meaning and the intend of the new strategy. Since then, there has been a consistent offering of training, workshops and messaging on the sustainability strategy for internal staff. In 2019, the focus moved to implementation and tracking performance against the related targets. This resulted for example in updating the policies and governance processes to align with the new strategy, such as the health & safety policy across the group, leasing and fit-out standards and performance based procurement process. Development and (re)investment targets are now being assessed against a new set of criteria that have sustainability elements at the core. Accountability for the sustainability strategy and its targets has been integrated at a business unit, asset as well as a personal level. The Sustainability Steering Committee, led by the group Chief Executive Officer, meets twice per year and hold the different operation companies accountable for delivering on Sustainable Business Commitments.

As part of the sustainability strategy, Majid Al Futtain Properties has been working to integrate sustainability into all corporate communications and relevant marketing campaigns and develop targeted stakeholder communications using multiple channels of communication. Majid Al Futtain encourages its stakeholders to build sustainability into their everyday lives. In order to appropriately respond to the external stakeholders and material issues identified, the sustainability team works closely together with internal teams such as the customer experience team and the marketing team to ensure communication covers the relevant topics and are communicated through relevant channels at the appropriate time. A communications plan is in place, providing responses over a range of media for internal as well as external stakeholders: Twitter, LinkedIn, blogs, news, whitepapers, annual reports, publicly available company policies as well as internal communication sites. The communication plan is reviewed monthly. Communication is adapted to match the level of understanding a stakeholder has on the relevant topic. Content is designed to be easily navigable to the reader, avoiding complex/technical jargon and excessive detail. Internal responsiveness and accountability is also driven through target auditing, annual reporting and sustainability policies are publicly accessible online.

IMPACT – how the organisation monitors and measures their impact on the ecosystem

Observations

Majid Al Futtaim Properties communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with best practice industry standards like the Global Reporting Initiative (GRI) principles, European Public Real Estate Association (EPRA) reporting guidelines, United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (UN SDGs). In order to be transparent, Majid Al Futtaim Properties discloses both positive and negative aspects and results of their performance.

Between 2018 and 2019, both the launch of the sustainability strategy, as well as the listing of the Green Sukuk have driven improvement in the transparency and disclosure of Majid Al Futtaim's sustainability performance. Reporting commitments have increased significantly, meaning that internal staff as well as hard services providers had to expand their role to improve and streamline the data collection process. Utility and water consumption data have proven most challenging to collect and report on (please see section B of this statement).

The Chief Executive Officer (CEO) of Majid Al Futtaim Properties sets sustainability targets for the operating company to ensure the strategy is driven forward at the highest level, and the sustainable business commitments are achieved. The creation of (publicly available) policies and procedures in line with global best practice, helps Majid Al Futtaim Properties to further translate their strategy into achievable and measurable actions. Actions are tracked internally on a quarterly basis by the Majid Al Futtaim Properties Sustainability Manager to ensure the progress is monitored and issues are addressed early. Performance against the targets is disclosed publicly in the annual sustainability report and gets verified by an external advisor. The group-level steering group will meet at least twice a year, chaired by the group CEO, and will hold operating companies accountable for delivering on sustainable business commitments. Accountability for the performance against the targets gets audited and is embedded on a personal level, asset level, as well at the level of the individual operating companies and the group.

Due to the nature of the targets that Majid Al Futtaim Properties has committed to, monitoring of impact goes well beyond the common indicators of energy, water and waste consumption. Tracking of performance and impact includes topics such as financial impact, employment conditions, indoor environmental quality, employee perception & satisfaction, and stories of personal experiences and impact. Majid Al Futtaim Properties recognises that improving performance on many of these topics will require ongoing effort and attention.

RECOMMENDATIONS

To further strengthen its response to the AA1000 principles (2018), Majid Al Futtaim could consider the below recommendations.

- There is scope to enhance the sustainability principle of inclusivity and materiality by formally documenting the criteria used for determining the relevance of stakeholders and material issues to Majid Al Futtaim Properties.
- The reassessment of the material issues planned for 2021 can be used as an opportunity to increase the understanding of formal materiality assessment framework that was applied to derive at the material issues that underpin the sustainability strategy. An enhanced understanding of the criteria used can help internal stakeholders when asked to set and prioritise asset level targets, and ensure these are aligned with the group level strategy.
- Setting up a process for capturing and measuring actual as well as potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts. Though these impacts are discussed when identified by internal staff, no formal process is in place to actively capture them.

The above recommendations and additional observations will be presented to the management of Majid Al Futtaim in a more detailed management report.

B: EVALUATION OF THE RELIABILITY OF THE SPECIFIED SUSTAINABILITY PERFORMANCE INFORMATION AND ASSOCIATED DATA COLLECTION AND MANAGEMENT PROCESSES AND SYSTEMS

Based on the scope of the work described above, nothing has come to Upstream's attention that causes it to believe that the specified 2018 Energy and Water performance information or GHG emissions are not fairly stated for Majid Al Futtaim's Green Sukuk.

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Majid Al Futtaim Green Sukuk 2018 Environmental Data Assured

- Energy consumption of 213,220,079 kWh total (landlord only), assured with 99% accuracy
- Water consumption of 1,073,738 m3 total (landlord only), assured with 100% accuracy
- GHG emissions of 93,235 tCO₂e total (landlord only), assured with 99% accuracy

Majid Al Futtaim Green Sukuk 2019 Environmental Data Assured

- Energy consumption of 220,757,926 kWh total (landlord only), assured with 99% accuracy
- Water consumption of 1,047,790 m3 total (landlord only), assured with 100% accuracy
- GHG emissions of 96,423 tCO₂e total (landlord only), assured with 99% accuracy

RECOMMENDATIONS

- Meter level data was not readily or easily available, or centrally collected through data management. Collection of data to this level of granularity would provide Majid Al Futtaim with a much better understanding of when and where it consumes these utilities, and could significantly increase the accuracy and reliability of data reported.
- The received meter level data was fragmented, incomplete and required further investigation and aggregation before assurance could begin. We recommend that those responsible for the meter level breakdown sense check the information against the provided asset level data prior to submitting it for assurance, to prevent delays and additional rounds of querying.
- Although invoices were available for some data points, many meters relied on evidence of lower standards further down the evidence hierarchy, such as meter readings. This could be improved to ensure that data is of the highest possible accuracy and reliability.
- Evidence generally was not easily available, and took longer than anticipated to be retrieved. The process for data management could be adapted to incorporate storage of evidence to ensure that future audits are more streamlined.
- Evidence providers are requested to point out where in the documentation the actual consumption evidence is stated, in case this evidence is extensive.
- Responses to queries should be clear and concise rather than inconclusive or incomplete in order to ensure an effective auditing process. An enhanced approach to provision and archiving of evidence document in clear folder structures, will further improve the time and effect needed from both parties.
- Conflicting evidence was provided during querying, which caused confusion and a lack of clarity as to which pieces of evidence were most reliable. Moreover, due to the limited quality of utility services provided in the regions that Majid Al Futtaim Properties operates in, internal metering is common place. Whilst this is more often more accurate than local provision of services, this adds complexity to assuring evidence when not aligned with the reported consumption.

The above findings and additional observations and recommendations will be presented to the management of Majid Al Futtaim in a more detailed management report.

INDEPENDENCE OF ASSURANCE

Due to our expertise and experience with non-financial information, sustainability management and social and environmental issues, we have the competencies required to conduct this independent assurance engagement. We are bound by the JLL Code of Business Ethics and are independent as defined by AA1000AS (2018).

Upstream is a consultant to Majid Al Futtaim and provides support on their environmental, social and governance programme. The assurance team has not been involved in the delivery of these other services for Majid Al Futtaim and we do not consider that there is any conflict of interest between these other services and this assurance engagement



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