

GREEN FINANCE FRAMEWORK

APRIL 2019

1. Introduction

Founded in 1992, Majid Al Futtaim is the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia. Majid Al Futtaim owns and operates 25 shopping malls, 13 hotels and four mixed-use communities, with further developments underway. We have three operating subsidiaries: Majid Al Futtaim Properties, Majid Al Futtaim Retail, and Majid Al Futtaim Ventures.

1.1 Responsible business¹

Majid Al Futtaim was one of the first companies in the Middle East and North Africa (MENA) region to focus on sustainability, having first developed a sustainability strategy in 2011. In 2017, Majid Al Futtaim defined a comprehensive sustainability strategy for all of its operating companies. This started with the identification and mapping of social, environmental and governance issues which are most material to the business based on a review of international standards and market requirements, the United Nations' Sustainable Development Goals (UN SDGs) and research into the risks present in key markets. This was complemented by research on sustainability innovation and best practices demonstrated by leading international companies. This process enabled Majid Al Futtaim to develop an aspirational strategy, "Dare Today, Change Tomorrow". It is based on key focus areas:

- Transforming lives in the communities MAF serves;
- Empowering people to contribute at their full potential; and
- Rethinking resources to make a Net Positive Impact

Under each of these key focus areas, MAF has set goals and targeted outcomes.

Transforming lives in the communities MAF serves

Majid Al Futtaim will invest in skills, infrastructure and local supply chains to help diversify regional economies, accelerate local economic development, and secure the sustainability of the communities it serves through the development of enterprise hubs and innovation centers of excellence.

Empowering people to contribute at their full potential

Majid Al Futtaim will work with employees and direct suppliers to ensure that accommodation and employment conditions for all employees and direct (tier 1) contractors comply with the International Labour Organisation's (ILO) eight core conventions. The company's Healthy Workplaces, Thriving Employees initiatives commits to having the healthiest, happiest and most productive employees in the region through wellbeing programmes and measurable real improvements in employee health, wellbeing and productivity. This also includes efforts to review the experience of women in MAF's operating companies and develop an equality, diversity, and inclusion policy.

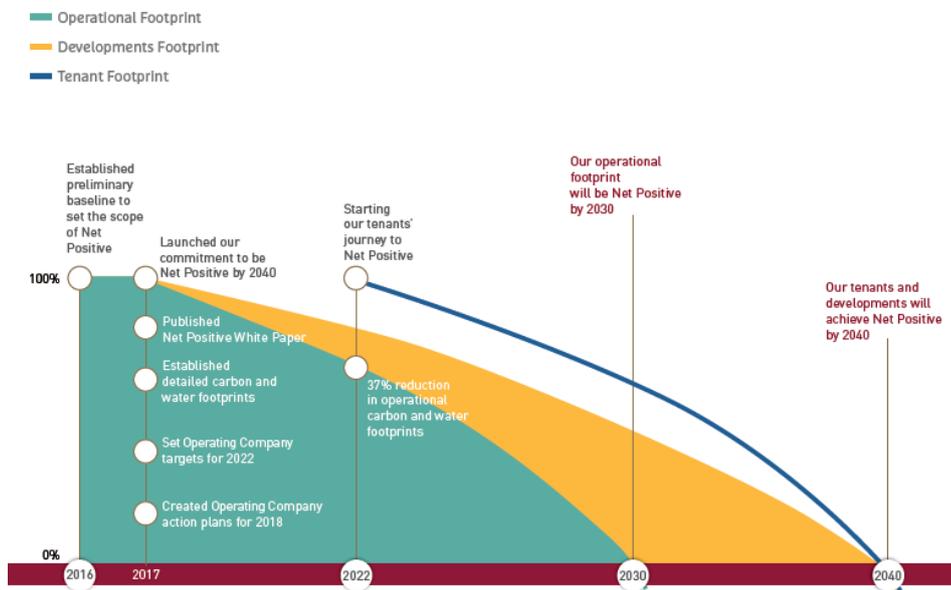
Rethinking resources to make a Net Positive Impact

Under its Net Positive objective, the company is committed to be net positive in carbon and water by 2040, across all of its operations, tenants, and developments. In the interim, Majid al Futtaim has committed to a 37% reduction in operational carbon and water footprints by 2022 and to achieve net positive in carbon and

¹ Majid Al Futtaim's sustainability reports and policies - <http://www.majidalfuttaim.com/about-us/overview/sustainability>

water footprints for its own operations by 2030. MAF is the first company in the MENA region to commit to being carbon and water net positive.

OUR PATH TO NET POSITIVE



Majid Al Futtaim's sustainability strategy contributes to 10 UNSDGs:

- SDG 3 - Good Health and Wellbeing
- SDG 4 - Quality Education
- SDG 6 - Clean Water and Infrastructure
- SDG 7 - Affordable and Clean Energy
- SDG 8 – Decent Work and Economic Growth
- SDG 9 – Industry, Innovation and Infrastructure
- SDG 11 – Sustainable Cities and Communities
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action
- SDG 17 – Partnership for the Goals

1.1.1 Governance

At the Group level, MAF's sustainability commitments are overseen by the Sustainability Steering Committee, which is chaired by the Chief Executive Officer. The committee is composed of leaders from across MAF's businesses.

Each of MAF's operating companies also has a Sustainability Steering Committee who is responsible for achieving the Sustainable Business Commitments set at Group level, plus any additional targets unique to their own business. They will also be responsible for managing progress against these commitments, reporting outcomes at a Group level and sharing best practice across the business.

In addition, MAF has implemented training programmes on sustainability across the business, including:

- Leadership Executive Training: a C-level leadership programme conducted by Cambridge Institute for Sustainability Leadership (CISL) aimed at shedding light on the commercial advantage of sustainable business
- Sustainability training for all MAF employees and throughout the value chain focusing on tenants and tier 1 suppliers

1.1.2 Sustainability Initiatives

Sustainable Building Policy: Majid Al Futtaim has developed a sustainable buildings policy that will help it achieve its net positive commitments and meet annual energy, water, waste and renewable energy targets. Under this policy, the company has established a Sustainable Buildings Working Group to review sustainable buildings standards available internationally every three years to identify those which represent best practice for development and operation. The policy has set minimum building standards as: LEED Gold V4 (USGBC), 3 Pearl (ESTDAMA) or BREEAM Very Good Rating.

By implementing this policy, Majid Al Futtaim has become a regional leader in sustainability, with a record of achievements:

- MAF is the first company in the region to achieve LEED (Leadership in Energy and Environmental Design) certification for its shopping malls, hotels and offices buildings
- MAF is the first company in the region to attain LEED platinum certification for shopping malls
- MAF has received LEED Gold accreditation for all of its new mall developments since 2014
- MAF has received Green star within GRESGB's assessment of above 600 Real Estate companies globally, for four consecutive years – representing excellence across all of the aspects evaluated by GRESB (management, policy & disclosure, risks and opportunities, monitoring and EMS, building certification, stakeholder engagement, and performance)
- MAF has obtained the first BREEAM Very Good rated Community in MENA region

Sustainable Procurement: MAF has a commitment to using its purchasing power to increase the availability of sustainable products and improve the sustainability of operational practices throughout our value chain. For instance, in 2017, MAF signed a Memorandum of Understanding with the Ministry of Climate Change and Environment in the UAE whereby MAF-Retail will help local suppliers to sell and promote their products through free listings and shelf space. MAF will also support the Ministry's social initiatives to give eligible businesses heavy discounts on equipment and training in areas including organic farming practices. In this context, Majid Al Futtaim – Retail is not only stimulating local jobs and industries, but also slashing food miles while bringing fresher, more organic products to its customers at even better value.

Adaptation Planning: In 2019, MAF will complete a comprehensive study integrating climate change adaptation into all risk and planning processes, putting into place a plan manage climate risk across UAE assets (to be expanded to non-UAE assets in future). This also includes Investments in climate-resilient infrastructure such as climate observation and early warning systems, as well as the construction, investment or operation of adaptation related-projects that contribute to a reduction in vulnerability to climate change.

Pearl Initiative: Majid AL Futtaim is a founding member of the Pearl Initiative, which has been developed in cooperation with the United Nations Office for Partnerships, to engage business leaders to convert value principle into sustainable initiatives. Additionally, Majid Al Futtaim partners with a number of other national and international organisations to advance sustainable development, including the UAE Ministry of Climate Change and Environment, the UAE's Private Sector Advisory Council on the SDGs, the UAE's Climate Change

and Environment Council, Habitat for Humanity (Egypt), the UN Environment Programme, the Global Real Estate Sustainability Benchmark, UN Women, and the World Economic Forum.

UN Global Compact: Majid Al Futtaim joined the UN Global Compact in May 2013, committing to support its ten principles with respect to human rights, labour, environment and anti-corruption.

Generation Unlimited Initiative: MAF has signed up to supporting the United Nations' Generation Unlimited Youth Leadership programme in MENA and Africa region, in order to reach 1000 young leaders and make a positive impact in their communities.

2. Green Finance Framework

Majid Al Futtaim has opted to develop a Green Finance Framework, under which it may issue Green Bonds or Green Sukuk as part of its commitment to financing the long-term sustainable projects required to transition to a low-carbon, more sustainable economy, in addition to attracting environmentally and socially conscious investors and demonstrating its leadership on sustainability in the global marketplace. Furthermore, the issuance of a Green Bond aligns with Islamic values surrounding local socio-economic development and care for the environment.

Majid Al Futtaim will issue Green Bond(s) or Green Sukuk under this Green Finance Framework (the "Framework") which is in accordance with the four components of Green Bond Principles 2018.²

1. Use of Proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

It is MAF's intention to follow best practices in the market as standards develop. Future changes in green bond standards may be implemented in updated versions of this Green Finance Framework. Any updated version of this framework will either keep or improve the current levels of transparency and reporting disclosures.

2.1 Use of Proceeds

Majid Al Futtaim intends to allocate an amount equal to the net proceeds of any Green Bond(s) or Green Sukuk to a portfolio of eligible green projects (the "Eligible Green Projects Portfolio") in the following categories:

Eligible Project Categories:

Project Category	Eligibility Criteria	Alignment with the UN SDG Targets ³
Green buildings 	<ul style="list-style-type: none"> • Acquisition, construction or refurbishment of buildings which meet recognised standards, such as: <ul style="list-style-type: none"> ○ BREEAM (Very good and above) 	SDG 7.3: By 2030, double the global rate of improvement in energy efficiency

² Green Bond Principles: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ Sustainable Development Goals: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

	<ul style="list-style-type: none"> ○ LEED (Gold and above) 	
<p>Renewable energy</p> 	<ul style="list-style-type: none"> • Generation or procurement of energy from the following renewable energy sources to power the company's operations <ul style="list-style-type: none"> ○ Solar ○ Wind ○ 	<p>SDG 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p>
<p>Sustainable water management</p> 	<ul style="list-style-type: none"> • Water recycling projects • Investment in technology, product or system(s) which will lead to a reduction in water usage / demand of a minimum of 30% 	<p>SDG 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>SDG 6.4 – increase water-use efficiency</p> <p>6.6 – protect and restore water-related ecosystems</p>
<p>Energy efficiency</p> 	<ul style="list-style-type: none"> • Investment in technology, product or system(s) which will result in at least a 20% improvement in energy efficiency 	<p>SDG 7.3: By 2030, double the global rate of improvement in energy efficiency</p>

2.2 Project Selection and Evaluation Process

The Project Evaluation and Selection Process will ensure that the proceeds of any Majid Al Futtaim Green Bond(s) or Green Sukuk are allocated to finance or refinance projects that meet the criteria and objectives set out above in section 2.1, Use of Proceeds.

The Project Evaluation and Selection Process will be led by Majid Al Futtaim's Green Finance Steering Committee, which is comprised of members of Majid Al Futtaim's Sustainability Committee and a member of Majid Al Futtaim Holding's Treasury team. The Green Finance Steering Committee will be chaired by the MAF Treasurer.

On an annual basis, the Committee will:

- Review and validate new Eligible Projects for inclusion into MAF's Green Eligible Project Portfolio, based on the defined Eligible Categories listed by the Use of Proceeds.
- Monitor the Green Eligible Project Portfolio. Specifically, the Committee will replace Eligible Projects if an Eligible Project no longer meets the eligibility criteria.

- Identify and, if necessary, implement any necessary updates to this Framework

2.3 Management of Proceeds

The proceeds of each Majid Al Futtaim Green Bond(s) or Green Sukuk will be deposited in MAF's general funding accounts and earmarked for allocation towards the Green Eligible Project Portfolio using the Green Finance Register. The Green Finance Register will contain relevant information on all Green Bonds or Green Sukuk issued, including issuance size, ISIN, pricing date, and maturity date. The Green Finance Register will be reviewed annually.

Until they are allocated to eligible projects, proceeds will be invested according to Majid Al Futtaim's normal liquidity policy.

MAF's Green Finance Steering Committee will strive to ensure that the Green Eligible Project Portfolio will at all times exceed the value of outstanding MAF Green Bond(s) and Green Sukuk.

2.4 Reporting

On an annual basis, Majid Al Futtaim will publish an allocation report and an impact report on its Green Eligible Project Portfolio, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Green Bond or Green Sukuk issued, or until the MAF Green Bond(s) or Green Sukuk are no longer outstanding.

2.4.1 Allocation Reporting

Majid Al Futtaim will provide information on the Green Eligible Project Portfolio on the Majid Al Futtaim website. The information will contain at least the following details:

- I. A list of Eligible Projects
- II. The total amount of proceeds allocated to each Eligible Project
- III. The amount of proceeds allocated by Project Category
- IV. The balance of unallocated proceeds

2.4.2 Impact Reporting

Impact reporting will be provided at the level of each Project Category and may include the following estimated Impact Reporting Metrics, as recommended under the Harmonized Framework for Impact Reporting:

Project Category	Impact Reporting Metrics
Green buildings	<ul style="list-style-type: none"> • Level of certification by property • Energy efficiency gains in MWh or % vs. baseline • Estimated avoided GHG emissions (tCO₂eq) • Annual energy savings (MWh pa) • Annual reduction in water consumption
Renewable energy	<ul style="list-style-type: none"> • Renewable energy purchased (MWh) • Renewable energy capacity added/rehabilitated (MWh pa) • % of electricity consumption from renewable sources

	<ul style="list-style-type: none"> • Estimated avoided GHG emissions (tCO₂eq)
Sustainable water management	<ul style="list-style-type: none"> • Amount of water recycled (litres) • Amount of water reused (litres)
Energy efficiency	<ul style="list-style-type: none"> • Estimated GHG emissions reduced (tCO₂eq) • Expected energy saved (in MWh) • % annual energy efficiency gain relative to an established baseline

3.External Review

3.1 Second Party opinion

Majid Al Futtaim has appointed Sustainalytics to provide an external review on the Majid Al Futtaim Green Finance Framework and confirm its alignment with the ICMA Green Bond Principles 2018. If this Framework is updated, Majid Al Futtaim will also obtain an updated Second Party Opinion.

This Second Party Opinion document will be made available on Majid Al Futtaim’s website:

<https://majidalfuttaim.com/en/investor-relations/bond-and-credit-rating>

3.2 Post issuance external verification

Majid Al Futtaim will obtain an external review of its reporting from a third party and this will be available at Majid Al Futtaim’s website under its sustainability section