

*Majid Al Futtaim*

Independent Assurance Statement

# 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 Futtain Holding concerning the environmental data used in its 2020 Annual Sustainability Report and 2021 Green Sukuk Report.

## SCOPE OF WORK

Majid Al Futtain engaged JLL to provide independent assurance of Energy, Water and GHG data from the Green Sukuk Portfolio relevant to its 2020 Annual Sustainability Report and 2021 Green Sukuk Report. The engagement was Type 2 moderate assurance in accordance with the AA1000AS v3 standard which consisted of:

- A. Evaluation of Majid Al Futtain’s adherence to the AA1000 AccountAbility Principles (AA1000AS v3) 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:
  - 2020 January to December Energy, Water and GHG data from the 2020 Annual Sustainability Report and 2021 Green Sukuk Report

## RESPONSIBILITY

The management of Majid Al Futtain is responsible for the completion of the 2020 Annual Sustainability Report and 2021 Green Sukuk Report and all statements and figures contained therein. JLL’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 Futtain.

## METHODOLOGY

JLL undertook the following assurance activities:

- Interviewed the following people about the principles of inclusivity, materiality, responsiveness, and impact
  - Omar Al Tabbaa, Director Fire & Safety, Operational Efficiency, Majid Al Futtain - Properties
  - Flavia Malacarne, Green Building Project Manager, Majid Al Futtain - Properties
  - Rasheed Duwaji, Development Director, Hotels, Majid Al Futtain - Properties

- Reviewed internal and publicly available information relating to the principles of inclusivity, materiality, responsiveness, and impact and drew upon information gathered in 2021 through interviews conducted with Majid Al Futtaim employees;
- 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**

JLL 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 2020. We tested a sample of 324 data points from a total of 27 data sources (e.g. meters or waste disposal routes) from:

- 23 properties within the Green Sukuk for calendar year 2020 that are reporting environmental data in the 2020 Annual Sustainability Report and 2021 Green Sukuk Report, namely: Aloft Hotel, Hilton Garden Inn (Mall of the Emirates, Dubai), 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, Kempinski Hotel (Mall of the Emirates, Dubai), Sheraton Hotel (Mall of the Emirates, Dubai), Pullman Hotel and Residence (Deira City Centre, Dubai), IBIS Hotel (Deira City Centre, Dubai), Novotel (Deira City Centre, Dubai), Novotel Suite & IBIS (Mall of the Emirates, Dubai), Le Meridien Hotel (City Centre Bahrain), The Westin Hotel (Bahrain City Centre, Bahrain), IBIS Rigga Hotel (Dubai)

# A: EVALUATION OF MAJID AL FUTTAIM - PROPERTIES' ADHERENCE TO THE AA1000 ACCOUNTABILITY PRINCIPLES (AA1000AS v3) OF INCLUSIVITY, MATERIALITY, RESPONSIVENESS, AND IMPACT

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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 2020.

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

### **Observations**

The implementation and development of Majid Al Futtaim - Properties' sustainability strategy relies on collaboration between key internal and external stakeholders, across all geographies in which the business operates. Due to the varying nature of Majid Al Futtaim - Properties' operations, there are many stakeholder groups with which the business regularly engages. These include employees, tenants, operators, customers and suppliers, regional and global peers, communities, NGOs, governments and global investors. A formal commitment to be accountable to these groups has been set out by the highest governing body of the organization, which is reiterated annually in the sustainability report along with an update on progress against targets, based around the 3 focus areas of the '*Dare Today, Change Tomorrow*' strategy framework.

Stakeholder communication is a continuous process occurring throughout the whole year, enabling stakeholders to provide input towards Majid Al Futtaim's activities, as well as the company's overarching sustainability strategy. Stakeholder input enables Majid Al Futtaim - Properties to prioritise responses to identified material topics, which are then communicated throughout the year via the publication of strategy, policy and 'thought leadership' documents. Methods of engagement vary dependent on stakeholder groups: a wide range of mediums are employed in order to maximise inclusivity. Modes of engagement include, staff and customer surveys, workshops, internal meetings and telephone calls, ad-hoc focus groups, the formation of committees, and opportunities to engage in dialog via Majid Al Futtaim - Properties' internal social media platform. Training and development are also conducted internally with employees and externally with suppliers, in order to create more sustainable outcomes and promote best practice across the organisation.

Formal processes exist to measure the outcome of stakeholder engagement and to respond accordingly. Key metrics used to measure this include employee and customer satisfaction. In the event that conflicts between stakeholder groups do arise, Majid Al Futtaim - Properties considers a hierarchy of factors, including safety, customer experience, business interruption, and sustainability, in order to prioritise the most appropriate response. Steering groups are also used as a method of integrating 'bottom-up' input into sustainability related decision making, to ensure that all voices are heard across all levels of seniority.

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

### **Observations**

A materiality review was most recently conducted by Majid Al Futtaim in 2017. This process involved a series of materiality assessments using best practice frameworks and standards (GRI and AA1000 guidelines). This included a strategy review, assessment of internal and external stakeholder perspectives, a risk review by country, peer review, and leadership and innovation benchmark. This study has been used to set the direction of Majid Al Futtaim's sustainability strategy over the previous 3 years, and is due to be re-evaluated in 2021. This will be used to gain new insights into key issues and themes across the MENA region, as well as guiding the company's strategy over the subsequent years. Existing KPIs and targets are currently set based on an annual review of the material issues identified within the 2017 assessment. Majid Al Futtaim - Properties continues to measure and report on its activities in line with international best practice, including GRI Standards, and Communication on Progress against the ten principles of the United Nations Global Compact. Material issues, and their impact, form key considerations in the devolvement of internal policies and procedures. Notable publications released during 2020 include the sustainable procurement policy and circular economy strategy, which are publicly available via the company website.

The targets and goals of Majid Al Futtaim vary between the different Operating Companies and Business Units, and are re-established each year. This annual review process provides opportunity to refocus, and allocate any additional resources where targets have been missed or partially achieved. Bottom-up input is provided by individual teams to help ensure that shorter term annual targets are achievable, and aligned with longer term strategic goals and sustainable business commitments. These longer-term commitments are currently set to be achieved by 2022 and are reviewed every 5 years. Once set, annual targets are communicated via target sheets, meetings, and workshops, to help ensure that internal stakeholders are effectively contributing to the businesses overarching sustainability strategy. Sustainability is regarded as a 'tier 1 priority' by interviewed staff, and the sustainability principles are a key consideration of business decision making and strategy development, as a result of being closely linked to efficiency and competitiveness. Awareness of sustainability issues amongst staff is perceived as being high at all levels within the organisation, highlighting the effectivity of internal stakeholder engagement.

The COVID-19 pandemic and its associated lockdowns across the regions in which Majid Al Futtaim operate have naturally impacted the business. However, the organisations response to these challenges has allowed Majid Al Futtaim to focus on a number of associated key material issues during 2020. These include a continued effort to build long term partnerships, by offering rent relief to shopping mall tenants, playing a significant role in safeguarding the health and safety of residents, and continuing the strong and proactive approach to employee and customer engagement. Majid Al Futtaim has also taken advantage of reduced occupancy throughout its hotels to carry out key efficiency improvement projects, without negatively impacting customer experience. In addition to this, there has been an acceleration of Majid Al Futtaim's digital offering, through the release of various online shopping platforms, helping to provide vital products and service to communities throughout the MENA region.

Majid Al Futtaim continues to monitor industry developments and capitalise on opportunities linked to key material issues, enabled by the Innovation Centre for Excellence. Research papers and thought leadership pieces are regularly published via the company website, and are made available to both internal and external stakeholders. Sharing knowledge and learnings allows the company to help find solutions to material sustainability issues, as well as contributing to the wider discourse on these topics.

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

### **Observations**

Majid Al Futtaim's sustainability strategy, '*Dare Today, Change Tomorrow*' has been developed in response to the company's recognition of key, material environmental, social and governance issues associated with successful day-to-day operation of the business. Majid Al Futtaim has a guiding principle to create '*great moments for everyone, every day*', which is extended throughout the businesses internal and external stakeholder groups; from customers and tenants to employees, supply chain partners, NGOs, and investors. The development of the current sustainability strategy has been influenced by an ongoing dialog with stakeholders, where responses to issues of importance are communicated through a number of different means. In order to gain maximum coverage and reach, communication plans are in place to provide responses over a range of mediums including Twitter, press releases, blog posts, annual reporting, policy documents, and most recently the introduction of a thought leadership series. Ongoing research and communication of Majid Al Futtaim's best practice approach enables the company to remain responsive to global trends and their associated impacts, and particularly those relevant and specific to the MENA region. The development of responses to stakeholders is a continuous and ongoing process, where updates are sent out to relevant parties on a regular basis. This helps to ensure that material sustainability issues are kept in mind and adopted into daily routines. Sustainability initiatives are reviewed and collated into reports which are communicated quarterly to the different Operating Companies throughout the organisation, which can then be shared internally.

The annual sustainability report provides a key source of information for stakeholders in relation to the company's progress against sustainability targets. This is a publicly available document which demonstrates a means of accountability to stakeholder commitments. The annual report has recently been supplemented with the addition of the Green Sukuk report and the sustainability report annex, providing a more detailed breakdown of progress by Operating Company and focus area.

Although targets and actions are decided at the beginning of each year, appropriate responses are adapted in relation to the maturity and impact of a topic. The COVID-19 pandemic has presented a number of challenges for the business, which in turn has created some stakeholder concerns such as business continuity and safe reopening of facilities, for which Majid Al Futtaim has developed a range of appropriate responses. During 2020, the company implemented a large-scale redeployment programme. This allowed the business to remain resilient to the unprecedented changes occurring, and respond to challenges, by upskilling and reskilling existing employees throughout the business.



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

### **Observations**

Majid Al Futtaim - Properties' sustainability performance is communicated regularly both internally and externally so that all relevant stakeholders are kept informed on the organisations impact on both society and the environment. Impacts are presented in a number of formats including qualitative, quantitative, and financial measures, and include both positive results and areas of improvement. Each operating company holds individual responsibility for achieving the goals set out in the sustainability strategy through a set of annual targets, broken down into more granular actions, which provide a means of measuring impact and driving progress towards the broader, long-term sustainable business commitments. Majid Al Futtaim - Properties Chief Executive Officers ensure that the strategy is adopted at the highest level and filters down to the day-to-day operations of the business. This is supported by the ongoing review and publication of policy documents to help ensure that best practice is adhered to, which require sign-off from senior management. The sustainability team, with input from third-party advisors, guide the target setting process and help ensure that impacts from a wide range of sources are identified, addressed, measured, and fairly represented within the company's reporting frameworks.

Progress against sustainability targets continue to be tracked quarterly and audited annually by a third-party auditor. This process is used to enhance the credibility and understanding of the organisations progress, in line with its ambitious sustainability strategy. Third-party assurance is also conducted on the environmental data presented within the Majid Al Futtaim - Properties' Green Sukuk portfolio, as well as retrospectively at a group level for the Company's full portfolio.

Transparency and disclosure remain a key priority of Majid Al Futtaim's sustainability reporting. Fair and accurate representation of environmental performance is ensured through the use of independent reporting standards and initiatives such as, the Global Reporting Initiative Standards (GRI), European Public Real Estate Association (EPRA) reporting guidelines, United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (UN SDGs). As Majid Al Futtaim's sustainability strategy has developed, its scope and coverage has broadened to include social and environmental measures, for which a magnitude of impact can be less straightforward to quantify. During 2020, where face-to-face interaction has been less common, stakeholder engagement and feedback has been of primary importance in assessing impact in the context of sustainability. Sustainability is a core component of Majid Al Futtaim's strategy, it is broadly understood that recognising, measuring, and mitigating potentially negative impacts will require input and effort throughout all levels of the organisation.

## RECOMMENDATIONS

To further strengthen its response to the AA1000 AS v3 principles, Majid Al Futtaim - Properties could consider the below recommendations.

- Although a formal reassessment of key material issues is due to take place in 2021, it may be useful to document criteria used to determine the relevance of these issues at a greater frequency. This could be conducted annually when setting targets for the upcoming year, and would help keep track of any changes in priority whilst ensuring that short term targets continue to be aligned with the longer-term group level strategy. A similar process could also be conducted in relation to the relevance of stakeholder groups, and would assist in improving the principle of inclusivity.
- Responsiveness to stakeholder issues has been of primary importance during 2020, notable examples include feedback collected from shopping mall tenants in relation to rent freezes during the COVID-19 pandemic and associated lockdowns. In addition to the annual employee and customer surveys, used primarily to help identify issues of importance for stakeholders, it may also be beneficial to continue to gather data on the business response to sustainability initiatives as they are implemented.
- Although conflicts between stakeholder groups are considered, and a method exists to prioritise responses, the development of a formal process of conflict documentation would help ensure that all stakeholders are fairly represented when deciding a course of action.
- A means of measuring and reporting on negative and indirect impacts would assist in further enhancing Majid Al Futtaim's transparency of reporting. Although negative impacts continue to be identified and discussed internally, introducing a formal process to log and document business responses would help ensure that a high level of transparency is maintained.

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**

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Based on the scope of the work described above, nothing has come to Upstream's attention that causes it to believe that the specified 2020 Energy and Water performance information or GHG emissions are not fairly stated for Majid Al Futtaim's Green Sukuk.

Majid Al Futtaim's 2020 Environmental Data Assured:

- Energy consumption of 214,243,136 kWh total (landlord only), assured with 98% accuracy
- Water consumption of 1,050,067 m<sup>3</sup> total (landlord only), assured with 98% accuracy
- GHG emissions of 106,590 tCO<sub>2</sub>e total (landlord only), assured with 98% accuracy

## RECOMMENDATIONS

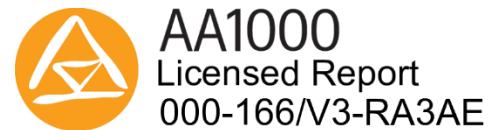
- Ensure that updates to the portfolio are provided prior to assurance starting, in order to prevent unnecessary or additional sampling.
- Formalise a process to record meter level data and the associated aggregations of this to an asset level for the data that is uploaded onto the data management platform. This will ensure that this data is quickly and easily available for assurance, and that the meter level data aligns with the data input onto the platform.
- Provide all meter level data in a single source/database, and check this corresponds with the reported asset level data prior to provision to ensure that these align.
- Ensure that individual utilities are reported separately on the data management portal rather than including multiple energy utilities under electricity as kWh equivalent, and that the data management team are notified of any significant changes to utilities.
- A data management system that stores evidence against each data point should be implemented to improve the ease of retrieving the evidence which is required for assurance.
- When providing evidence each file for each data point should be individually labelled and stored in a clear folder structure for greater clarity. This will also help to provide a clear overview of what information is available and what is missing.
- Collection and storage of more reliable evidence further up the hierarchy should be prioritised, to ensure that reporting is of the highest possible accuracy and reliability. It is also imperative that evidence is provided for the source of data that has been reported, as failure to follow this increases the chance of mismatches.
- Data managers and evidence providers who are required to contribute towards assurance should be fully briefed on their requirements/involvement, and the information that is needed from them by the auditors. This will help prevent unnecessary querying, both generally, and over multiple instances on the same data point.

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 v3.

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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