

MAJID AL FUTTAIM - SUSTAINABILITY

# DEFORESTATION POLICY

## Purpose

Majid Al Futtaim carries out significant expenditure on goods, services, works and capital projects. We place utmost importance on positively using this purchasing power to make sustainable decisions in line with our core values, vision, and commitment towards sustainable development, while delivering long-term value for money.

This policy aims to clarify our stance on deforestation, emphasize the actions we are taking to ensure that our requirement is implemented, and to accelerate the efforts to avoid deforestation in all Majid Al Futtaim's operating entities and our suppliers.

This policy shall be updated when there are new legislations on this matter.

## Scope

This policy applies to all Majid Al Futtaim's operating entities and suppliers. We are committed to achieve deforestation free supply chain by 2026:

- We require our suppliers to transmit and communicate the same requirements to their supply chain.
- Operation shall be regularly monitored for risks and non-compliance and reported on achieved social and environmental outcomes.
- Operation must always be performed within the boundaries of local laws, regulations, and environmental requirements.

## Definitions

Deforestation is the permanent removal of trees to make room for something besides forest. Deforestation can happen due to clearing the land for agriculture or grazing, forest fires, urbanization, or wood logging to use the timber for fuel, construction or manufacturing.

## Accountability

The corporate sustainability department within Majid Al Futtaim Holding shall act as the custodian of the deforestation policy. It shall ensure that this policy and all related documents are kept up to date, in line with the necessary document control procedures and distributed to all relevant employees and external parties as appropriate.

## Sustainable Procurement

### Ethics & Integrity

All our employees, supply chain and other third parties (as relevant) must abide by and incorporate all our Codes of Conduct and relevant policies within their procurement approach and delivery. Majid Al Futtaim shall refuse partnership with supply chain parties who are unable or unwilling to implement the below mentioned documents within their company and operations within the stated timeline in this document.

The [Health & Safety Policy\\*](#), [Code of Business Conduct](#), [Conflict of Interest Policy](#), [Gifts, Hospitality, Entertainment Policy](#) and [Employment Conditions Policy](#) stipulate Majid Al Futtaim's commitment to high ethical standards from avoiding complicity and bribery to implementing health and safety, privacy, transparency, respect for human rights, fair and ethical treatment of employees and fair opportunity and competition. The [Supply Chain Code of Conduct](#) serves as a guideline on ethical standards and environmental practices. The [Sustainability Policy](#) discusses Majid Al Futtaim's sustainability strategy, our sustainable business commitments and governance structure, while the [Sustainable Building Policy](#) states Majid Al Futtaim's ambitions to build and operate sustainable buildings through a set of minimum standards.

Reporting ethical concerns and whistleblowing is done anonymously with options for reporting potential cases being:

1. Person raises a concern with his/her manager
2. Person raises a concern with the Ethics Panel or with the Chief Compliance Officer
3. Person raises a concern through the Ethics Hotline

Further details can be accessed through the links below:

[Ethics Hotline Process](#), [Ethics Hotline Toll Free Numbers](#) and [Ethics Hotline Online Reporting line](#).

### Social & Environment

Deforestation places greatest value upon positively impacting and enhancing all environmental and social areas across the company's operation lifecycle.

Majid Al Futtaim identifies and awards contracts to reliable supply chain companies that show willingness to minimize and avoid deforestation. This includes ensuring we:

- Avoid purchasing wood-based materials that were bought from tropical or high conservation value forests.

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- Emphasize on the importance of deforestation-free production, when purchasing wood-based materials.
- Emphasize the importance of sustainable cultivation practices that do not involve deforestation, when purchasing raw food materials.
- Ensure that our suppliers must comply with any policy that relates to our brand or products. They are also required to sign an NDA Code of Conduct.
- Require our suppliers to comply with the following:
  - Policies: Health & Safety and Human Rights.
  - Certifications: Human Rights Certified Materials (Rainforest Alliance & Sustainable Agricultural Network, UNFSS, Oeko-Tex Standard and UTZ Certified, ISO 14001-Environmental management, BS OHSAS 18001-Occupational Health & Safety, ISO 14044-Life cycle assessment. All materials that are used in the production processes of our suppliers must be obtained from legal resources.
  - Should never be involved in the deforestation of tropical forests or any other high conservation value forest.
  - Should not clear any land with fire.
  - Should respect the rights of local communities including their land rights. In case the supplier requests to create agricultural actions on a land owned by others, the supplier must obtain a free and informed consent of the land owner to carry out such operations.
  - Ensure they are actively improving their practices to eliminate deforestation and move towards sustainable production.

### Minimum Sustainability Requirements

Majid Al Futtaim's Tier 1, 2 & 3 suppliers are expected to meet the minimum standards (with weighting to be reviewed annually or as deemed appropriate), with indications to show adherence by 2025 for Tier 1 suppliers and thereafter for Tier 2 & 3 suppliers. After the said dates, Majid Al Futtaim shall work solely with companies meeting its minimum sustainability standards. This policy shall be included within the contractual and technical specifications during tender. Companies which are unable to comply shall be excluded from the process.

### Monitoring Progress

To monitor the progress of our efforts to eliminate deforestation, the following must be done:

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- Mapping the origin of the goods from tier 1 to define the risk of the supply chain and evaluate the chain's actions regarding deforestation.
- Providing a verification/assurance such as certification systems managed by the Forest Stewardship Council (FSC), the Roundtable on Sustainable Palm Oil, the Roundtable on Responsible Soy and the Roundtable on Sustainable Biomaterials to stakeholders to ensure that products come from responsibly managed forests that provide environmental, social and economic benefits.
- Creating Key Performance Indicators (KPIs) to be used to measure and clearly demonstrate the progress of eliminating deforestation.
- Transparently demonstrating our progress that includes monitoring, verification and the KPIs to eliminate deforestation with our stakeholders.

## Traceability System

We will provide our customers with the benefits of end-to-end product visibility through IBM Food Trust, a blockchain-enabled global ecosystem for the food industry run on IBM Cloud. The traceability system allows efficient documenting and locating of the products through manufacturing, processing, distribution and handling. The comprehensive history of the product including production process, halal and hygiene certification, date of birth, nutrition information and temperature data of the products will be readily available to customers in store.

## Governance

Relevant Quality teams shall clearly establish approved KPIs (e.g. mapping of supply chain, verification of supply chains, ensuring supply chain alignment with our commitment avoid deforestation) in order to transparently measure and demonstrate the progress of eliminating deforestation and identify potential areas for improvement. Risks to our deforestation values and/or risks to operations due to failure or lack of performance of companies providing goods or services shall be closely monitored and reconsidered. Where necessary, relationships with alternative companies shall be developed for critical purchase categories.

## Alignment with Policy

Majid Al Futtaim will support our supply chain to meet the minimum set sustainability requirements and align with this policy. However, in case of noncompliance, our supplier will be given a suitable timeline according to the level of noncompliance to abide by our policy. Cases of major noncompliance and policy violation will be elevated to the board. A noncomplying supplier's contract shall be terminated as a final resort to avoid the risk of impacting Majid Al Futtaim's reputation.