



MAJID AL FUTTAIM GROUP

# UN GLOBAL COMPACT: 2014 COMMUNICATION OF PROGRESS



To our stakeholders,

I am pleased to confirm that Majid Al Futtaim reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In 2014, we conducted a sustainability materiality and risk review across our entire group of companies (Majid Al Futtaim Holding; Majid Al Futtaim Properties; Majid Al Futtaim Retail, the sole franchisee of the Carrefour brand in the MENA and Central Asia regions; and Majid Al Futtaim Ventures). This review sought to identify and provide details on our key sustainability risks and impact areas. The goal was that this process would allow us to develop an overarching policy, reporting framework and governance structure for sustainability for Majid Al Futtaim Holding & its subsidiary companies. Due to significant organisational restructuring, this is in the process of being developed during 2015 and in our second Communication on Progress, we will initially focus on Majid Al Futtaim Properties.

This strengthening of our corporate mechanisms to address sustainability will support our commitment to uphold the principles of the United Nations Global Compact. Here, five years into the implementation of our sustainability strategy, we continue to make systematic progress in integrating sustainability and the Ten Principles into our business strategy, culture and daily operations.

In addition we include instances where Majid Al Futtaim Holding has overarching responsibility for ensuring the business meets the Ten Principles, as well as some of the initial actions taken by Majid Al Futtaim Retail and Majid Al Futtaim Ventures to embed the principles of the United Nations Global Compact into operations.

Yours Sincerely,

Alain Bejjani  
Chief Executive Officer  
Majid Al Futtaim Holding

**HOLDING**

PO Box 91100, Dubai, United Arab Emirates  
T +971 4 294 9999  
F +971 4 294 0217

[majidalfuttaim.com](http://majidalfuttaim.com)

Majid Al Futtaim Holding LLC issued capital AED 2,486,729,000  
Commercial registration number: 59383 - Dubai

**القابضة**

ص.ب. ٩١١٠٠، دبي، الإمارات العربية المتحدة  
هاتف: +٩٧١ ٤ ٢٩٤ ٩٩٩٩  
فاكس: +٩٧١ ٤ ٢٩٤ ٠٢١٧

ماجد الفطيم القابضة ش.ذ.م.م. رأس المال ٢,٤٨٦,٧٢٩,٠٠٠ درهم إماراتي  
رقم السجل التجاري: ٥٩٣٨٣ - دبي

# 1. Human Rights

*Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.*

*Principle 2: Businesses should make sure that they are not complicit in human rights abuses.*

## 1.1. Assessment, policy and goals

*Description of the relevance of human rights for the company (i.e. human rights risk-assessment)  
Description of policies, public commitments and company goals on Human Rights*

### *Majid Al Futtaim Group*

Majid Al Futtaim aims to uphold the principles in the Universal Declaration of Human Rights and expects all employees to abide by these principles. We employ people from more than 86 nations.

### *Majid Al Futtaim Properties*

Majid Al Futtaim Properties' Code of Business Conduct sets out our values which include ethical actions, honesty, respect for others and teamwork. Their exercise requires an environment that is open, supportive, and interdependent. No action could be more contrary to our values than discrimination.

Majid Al Futtaim Properties' policies prohibit discrimination and harassment of any kind, and each employee needs to meet this obligation. Discrimination, harassment, slurs, or jokes based on a person's race, colour, creed, religion, national origin, citizenship, age, sex, sexual orientation, marital status, or mental or physical disability are not tolerated.

Majid Al Futtaim Properties' Code of Business Conduct also includes a health & safety section which requires all staff to contribute to promoting a safe environment and which asserts that Majid Al Futtaim Properties respects the right of all individuals to work in a safe working environment that promotes wellbeing.

In some of the countries we operate in there are quotas for the employment of local people in order to support local skills development and economic growth. Majid Al Futtaim Properties aims to meet or exceed these quotas wherever possible.

In 2014, Majid Al Futtaim Properties introduced a Labour Policy to ensure the protection and enhancement of labour standards amongst our own workforce, our contractors and our direct suppliers. It makes a number of commitments pertaining to wages and benefits, working hours, annual leave, basic worker rights, women's rights, child labour, health and safety, labour accommodation and education. It has been designed to align with international best practice standards, in particular the International Labour Organisation Core Conventions and the requirements set out in the UN Global Compact.

Majid Al Futtaim Properties has also set minimum standards for labour conditions and the health and safety for the supply chain workers on our construction sites and in our assets, and we have special criteria for those supply chain staff resident in labour accommodation camps. Contractors are required to comply with Majid Al Futtaim Properties' standards and our labour accommodation audits follow International Labour Organisation (ILO) guidance.

### *Majid Al Futtaim Retail*

As the sole franchisee of the Carrefour brand in the MENA and Central Asia regions, Majid Al Futtaim Retail applies many of Carrefour's international standards, including those that relate to procurement and our global supply chain. Carrefour's own requirements relating to the United Nations Global Compact are set out in its Code of Business Conduct and its Ethical and Social Charter for Suppliers.

## **1.2. Implementation**

*Description of concrete actions to implement Human Rights Policies, address Human Rights risks and respond to Human Rights violations.*

### *Majid Al Futtaim Properties*

Our Human Resources Policies and Procedures Manual includes details of our equal opportunities commitments and is the principal way in which the practical implementation of our commitments is met.

Details of the implementation of our labour conditions and health and safety commitments are included below in Section 2.

## **1.3. Measurement of Outcomes**

*Description of how the company monitors and evaluates performance*

### *Majid Al Futtaim Properties*

Details of the measurement of outcomes of our labour conditions and health and safety commitments are included below in Section 2.

## 2. Labour

*Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

*Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.*

*Principle 5: Businesses should uphold the effective abolition of child labour.*

*Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.*

This section focuses on the actions taken by Majid Al Futtaim Properties to support the United Nations Global Compact labour principles. It also sets out actions taken by Majid Al Futtaim Retail.

### 2.1. Assessment, policy and goals

*Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities)*

*Description of written policies, public commitments and company goals on labour rights*

#### 2.1.1. Assessment

With labour conditions in the regions in which we operate lagging behind international best practice and scrutinised by the press and NGOs, there are considerable risks if we do not manage and improve labour conditions in our supply chain. We also recognise the need to prevent child labour in all of the countries that we operate in and source materials from.

*Majid Al Futtaim Properties*

Majid Al Futtaim Properties has over 900 employees. Additionally a significant proportion of Majid Al Futtaim Properties' work at construction sites and assets is delivered by contractors, and therefore supply chain standards and auditing are critical to the upholding of the UN Global Compact Labour Conditions Principles. A total of 32,532,860 man hours were worked by contractors on Majid Al Futtaim Properties' construction sites in 2014.

In this context, health and safety is a constant management challenge and underpins Majid Al Futtaim Properties' licence to operate. Majid Al Futtaim Properties has put in place many of the building blocks of a robust health and safety system but more work is needed to put place a holistic and systematic approach across all activities to minimise this risk to our organisation.

#### 2.1.2. Policies and procedures

*Majid Al Futtaim Properties*

In 2014, we advanced our approach by introducing a Labour Policy to ensure the protection and enhancement of labour standards amongst our own workforce, our contractors and our direct suppliers. It makes a number of commitments pertaining to wages and benefits, working hours, annual leave, basic worker rights, women's rights, child labour, health and safety, labour accommodation and education. It has been designed to align with international best practice standards, in particular the International Labour Organisation Core Conventions and the requirements set out in the UN Global Compact.

Majid Al Futtaim Properties' Code of Business Conduct includes a health & safety section which requires all staff to contribute to promoting a safe environment and which asserts that Majid Al Futtaim Properties respects the right of all individuals to work in a safe working environment that promotes wellbeing.

The Code of Business Conduct sets out Majid Al Futtaim Properties' values which include ethical actions, honesty, respect for others, and teamwork. Their exercise requires an environment that is open, supportive, and interdependent. No action could be more contrary to our values than discrimination.

In some of the countries we operate in there are quotas for the employment of local people in order to support local skills development and economic growth. Majid Al Futtaim Properties aims to meet or exceed these quotas wherever possible.

#### *Majid Al Futtaim Retail*

As the sole franchisee of the Carrefour brand in the MENA and Central Asia regions, Majid Al Futtaim Retail applies many of Carrefour's international standards, including those that relate to procurement and our global supply chain. Carrefour's own requirements related to the United Nations Global Compact are set out in its Code of Business Conduct and its Ethical and Social Charter for Suppliers.

### **2.1.3. Long term goals**

#### *Majid Al Futtaim Properties*

By 2018, Majid Al Futtaim Properties aims to achieve public recognition for transforming labour conditions in the MENA region, both through our work with government authorities and the delivery of a best practice management system.

By 2018, Majid Al Futtaim Properties strives to achieve zero fatalities and have in place a certified health and safety management system covering all activities.

## **2.2. Implementation**

*Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.*

#### *Majid Al Futtaim Properties*

Majid Al Futtaim Properties performs bi-annual audits to assess levels of compliance with our labour conditions and health and safety standards and make improvements to health and safety systems. A total of 52 labour camp audits and 115 health and safety audits were conducted across our assets and developments in 2014. Despite the continued delivery of health and safety audits, due to internal reorganisation we were unable, as planned, to create a dedicated senior health and safety post. This meant that progress on developing a health and safety policy was delayed.

Majid Al Futtaim Properties uses a staff satisfaction survey to solicit the views of direct employees on their happiness working at Majid Al Futtaim Properties.

#### *Majid Al Futtaim Retail*

Majid Al Futtaim Retail audits social standards in our supply chain to ensure that Carrefour's Ethical and Social Charter for Our Suppliers is respected. To ensure employees have the opportunity to voice concerns, Majid Al Futtaim Retail has a supplier and employee hotline through which feedback can be given.

Majid Al Futtaim Retail uses a management survey to solicit the views of employees on their satisfaction working at Majid Al Futtaim Retail.

To ensure a safe working environment for employees, all hypermarkets and supermarkets have been certified to the ISO 18001 Occupational Health and Safety Standard and hygiene training is given to employees. In addition, Hazard Analysis and Critical Control Point (HACCP) certification is used to further improve the occupational conditions of hypermarkets and supermarkets.

### 2.3. Measurement of Outcomes

*Description of how the company monitors and evaluates performance*

*Majid Al Futtaim Properties*

We assess the progress of all our sustainability activities including those related to labour. To ensure the delivery of long term sustainability goals, Majid Al Futtaim Properties sets and tracks annual targets and key performance indicators which are externally audited on a quarterly basis. Progress is directly reported on a bi-annual basis to the Board and publicly in our annual financial and sustainability reports. To ensure continual improvement, we have established a Sustainability Steering Group, which includes the CEO, and is supported by national sustainability groups. The Sustainability Steering Group meets on a quarterly basis to review our progress and implement changes where required.

Majid Al Futtaim Properties met its 2014 target of performing at least two labour conditions audits and two health and safety audits at all assets and sites. In 2014, 52 labour camp audits and 115 health and safety audits were conducted at Majid Al Futtaim Properties' developments and assets.

Majid Al Futtaim Properties captures data on localisation rates. In addition, in 2014 over 350 local people received an average of 18 hours training.

#### **Case study: Small changes, big impacts**

Migrant labourers working on construction sites do a tough job that is made even harder by the fact that they're far from home. Feelings of isolation can easily develop, and at Majid Al Futtaim Properties we're conscious that most construction workers have little day-to-day interaction with staff members of our company.

With this in mind we've created an initiative that aims to build stronger ties between Majid Al Futtaim Properties' employees and the labourers who work on partner sites. Run by the Dubai-based organisation, The Sameness Project, it emphasises shared connections rather than differences, and aims to break down barriers.

As part of the project, in 2014 around 50 employees volunteered to visit a construction site in Dubai to show their appreciation for the efforts of 600 migrant workers who had gathered at the end of their shift. Handshakes and hugs were exchanged, refreshments were served, and gifts handed over. More importantly, perhaps, conversations were had, stories were told and new connections were made.

While the construction workers were clearly touched by what happened – so much so that they lingered on well after the appointed end of the event – our office staff also spoke of how much they gained from the encounter. The venture was so successful that it will be repeated at other construction sites.

'I was certainly touched by the unexpected connections I made with the workers throughout the event,' says Jamal Shawish, leasing manager at Majid Al Futtaim Properties, who was one of the volunteers. 'It was an amazing and fulfilling experience.'

Chris Dixon, technical operations director, found the event both 'humbling' and enlightening. 'It was such a great opportunity to connect with people who'd otherwise remain anonymous to most of us,' he

says. 'It also helped us to better understand the experiences and aspirations of construction workers in Dubai.'

*Majid Al Futtaim Retail*

In accordance with Carrefour international standards, Majid Al Futtaim Retail regularly audits suppliers to ensure that its labour standards set out in their "Ethical and Social Charter for Our Suppliers" are respected.

## 3. Environment

*Principle 7: Businesses should support a precautionary approach to environmental challenges.*

*Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.*

*Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.*

This section focuses on the progress made by Majid Al Futtaim Properties to implement the UN Global Compact's environmental principles and also describes some of the ways Majid Al Futtaim Retail and Majid Al Futtaim Ventures are acting to support these principles.

### 3.1. Assessment, policy and goals

*Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities)*

*Description of policies, public commitments and company goals on environmental protection*

#### 3.1.1. Assessment

*Majid Al Futtaim Properties*

Majid Al Futtaim Properties' operational portfolio has an absolute carbon footprint of 603,150 tonnes of CO<sub>2</sub>e. This is only set to increase as we continue to rapidly expand our portfolio across the region.

As a market leader in the development of world class shopping malls and communities in the Middle East, Majid Al Futtaim Properties wants to build high performance assets to international standards. For us this means using best practice green building standards. However, this continues to be challenging in our operating markets where environmental standards are yet to be enshrined consistently in building codes and regulations.

We operate in some of the most water-scarce countries in the world where energy-intensive desalination is common place. We need to minimise our water footprint to protect the long term availability of water and to reduce associated carbon emissions.

Poor waste infrastructure across the markets in which we operate, and a waste footprint of 39,823 tonnes per year, means waste management is an ongoing challenge for our business. If managed properly, this could become a net positive income stream for our business.

With Majid Al Futtaim Properties' malls and hotels receiving over 182 million visitors in 2014, Majid Al Futtaim Properties has a huge opportunity to engage with customers and visitors to help them live sustainable lives. This represents a significant opportunity for us to operate as a sustainability 'change agent'.

#### 3.1.2. Policies and procedures

*Majid Al Futtaim Properties*

Majid Al Futtaim Properties' **Sustainability Policy** sets out our broad, high level commitment to delivering our sustainability strategy.

The Majid Al Futtaim Properties' **Green Building Policy** specifies detail on the minimum green building standards which all Majid Al Futtaim Properties' projects must achieve during design, delivery and operation, and provides guidance on how to achieve these standards. A target of achieving LEED Gold/Equivalent accreditation has been set for all assets.

Majid Al Futtaim Properties' **Energy and Water Management Policy** sets out how all property divisions should approach the design, development, delivery and operation of their properties in order to reduce their electricity and water consumption. The policy aims to: limit and control electricity and water wastage, minimize electricity and water costs through the property lifecycle, and reduce carbon emissions and environmental impacts.

Majid Al Futtaim Properties' **Pre-Acquisition Policy** seeks to identify major environmental risks and to ensure that these are properly considered as part of the due diligence undertaken before the acquisition of development sites, new land or new buildings. Our **Sustainability Implementation Plans** are developed for each new project to ensure that all developments are created in line with the Sustainability Policy.

#### *Majid Al Futtaim Retail*

As the sole franchisee of the Carrefour brand in the MENA and Central Asia regions, Majid Al Futtaim Retail applies many of Carrefour's international standards, including those that relate to procurement and our global supply chain. Carrefour's own requirements related to the United Nations Global Compact are set out in its Code of Business Conduct and its Ethical and Social Charter for Suppliers.

### 3.1.3. Long term goals

#### *Majid Al Futtaim Properties*

Majid Al Futtaim Properties aims to create and manage resource efficient assets, communities and infrastructure.

We will build and operate all assets to best practice green building standards in the MENA region.

## 3.2. Implementation

*Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents*

### 3.2.1. Concrete actions to date

#### *Majid Al Futtaim Properties*

In 2010, we established energy, water and waste baselines across our portfolio. Since then we have invested over AED 25 million in improving the energy and water efficiency of assets. This includes measures such as the installation of energy efficient equipment including LED lighting and efficient building services plants.

To engage tenants Majid Al Futtaim Properties has developed a Green Star Rating system to assess the environmental credentials of tenant's shop fit outs. The system appraises the measures taken by the tenants of shopping malls to reduce their impact on the environment and takes into considerations energy, water and waste efficiency. In 2014 we appointed a Green Star rating manager to oversee, and drive improvements in, green building performance across Majid Al Futtaim Properties' malls portfolio. So far 13 of our tenants have successfully achieved three Green Stars or more, with 4 tenants achieving the coveted five green star rating. In total a further 224 tenants have performed green star self-assessments and there is optimism that many of these will achieve verification in 2015.

To further expand our understanding of our total impact we finalised our construction data collection methodology in 2013. This began to be rolled out across all our sites in 2014.

Majid Al Futtaim Properties has engaged millions of customers through environmental communications in malls and hotels. In 2014 we ran a series of sustainability presentations to tenants in our malls. These were designed to discuss ways of better incorporating sustainability factors into tenants' operations, to seek and share views on improving resource efficiency and to support tenants in communicating the benefits of sustainability to customers. Majid Al Futtaim Properties also supported Earth Hour for the seventh consecutive year in 2014.

Finally, as part of Majid Al Futtaim Properties' commitment to green buildings, we are installing a range of environmentally friendly technologies. A recent example is the integration of heat and smoke detection systems into the cooking hoods across our Dubai hotels which automatically adjust the speed of the fan according to the level of activity. Majid Al Futtaim Properties is also investigating the business case for renewable energy technology.

#### *Majid Al Futtaim Retail*

In 2013, Carrefour announced the launch of its Eco-Friendly shopping bags; reusable bags made entirely of recycled material. The bags are available to purchase at a nominal fee of 5 AED from all Carrefour stores and will help reduce plastic bag usage and waste in the UAE.

As part of its environmental CSR programme, Carrefour has been involved in a number of beach and desert clean-ups throughout the GCC. Volunteers from Carrefour's workforce took time out of their weekends to help pick up rubbish along coastlines and desert areas, reducing the amount of litter that damages wildlife and helping to preserve these eco-systems.

Majid Al Futtaim Retail is benchmarking the utility performance of our portfolio of stores and trialling closed refrigeration to improve the resource efficiency of our operations.

#### *Majid Al Futtaim Ventures*

Majid Al Futtaim Ventures has put in place a waste reduction programme and enacted initiatives to reduce water and energy use at Ski Dubai.

### **3.2.2. Next steps**

#### *Majid Al Futtaim Properties*

Majid Al Futtaim Properties has set a range of long term environmental and green building targets, aiming to reduce like for like energy and water use and waste production. We will continue to invest in capital projects to improve environmental performance.

In 2015 we will continue to improve the way in which track the financial returns we get from capital expenditure on energy, water and waste reduction, through the development and implementation of a series of metrics.

Furthermore, in a move to encourage tenants to focus on improving the efficiency of their fit-outs and operations, from 2015 we will include a requirement to achieve a minimum of three Green Stars for their retail outlets in every new lease. To help tenants meet this requirement we will run a series of resource efficiency presentations, providing information on the Green Star rating system and how to achieve better efficiencies in their shops.

### 3.3. Measurement of Outcomes

*Description of how the company monitors and evaluates environmental performance*

#### 3.3.1. Approach

*Majid Al Futtaim Properties*

We regularly assess the progress of all of our sustainability activities. To ensure the delivery of long term sustainability goals, Majid Al Futtaim Properties sets and tracks annual targets and key performance indicators which are externally audited on a quarterly basis. Progress is directly reported on a bi-annual basis to the Board and publicly in our annual financial and sustainability reports. To ensure continual improvement, we have established a Sustainability Steering Group, which includes the CEO, and is supported by national sustainability groups. The Sustainability Steering Group meets quarterly to review progress and implement changes where required.

Our annual Sustainability Report is aligned with the Global Reporting Initiative principles and we participate in the Global Real Estate Sustainability Benchmark (GRESB) through which we, and our stakeholders, are able to better understand our performance in comparison with that of our peers. We provide a separate report on environmental data in line with the European Public Real Estate (EPRA) Sustainability Best Practice Recommendations. This can be downloaded from our website.

Majid Al Futtaim Properties' first set of environmental targets were established for the period 2010 to 2013. At the end of 2013, a full review of performance was undertaken and a new set of environmental targets were set for the period 2014 to 2016. Progress against this new set of targets will be published for the first time in Majid Al Futtaim Properties' 2014 sustainability report which is due to be published in May 2015.

#### 3.3.2. Performance

*Majid Al Futtaim Properties*

Full details on Majid Al Futtaim Properties' environmental performance are detailed in the 2014 Sustainability Report. A summary of achievements is provided below.

In 2014 Majid Al Futtaim Properties' head office in Dubai, MAF Tower II, became the first building in the UAE to receive a LEED EBOM Gold rating (Existing Building Operation and Management). Majid Al Futtaim Tower I also achieved LEED commercial interiors Gold certification.

To measure the resource efficiency of assets, at the end of 2013, Majid Al Futtaim Properties launched a new set of long-term environmental targets. Since this launch, highlights have been:

- 15.8% like for like reduction in **mall** water consumption against a 2013 baseline (target: 5% by 2015)
- 9.8% reduction in **hotel** water consumption against a 2013 baseline (target: 5% by 2018)
- 4.7% like for like reduction in **hotel** energy consumption against a 2013 baseline (target: 5% by 2018)
- 39% recycling rate across all **hotels** (target: 30% by the end of 2014)
- 69% recycling rate for **MAF Tower II** (target: 40% by the end of 2014)

Full details can be found in our 2014 Sustainability Report.

## Case Study: A green milestone at head office

We achieved a notable landmark in 2014 when our head office in Dubai, the Majid Al Futtaim Tower MAF Tower II, became the first building in the UAE to be awarded the LEED EBOM (existing buildings operation and maintenance) Gold building standard by the US-based Green Building Council.

Tower II was awarded Gold certification for the operation and maintenance of existing buildings – known as EBOM. We managed the certification process through a programme of improvements that included the fitting of motion detectors to de-activate lights when rooms are empty, the installation of fault detection systems to identify and repair water leaks, and a switch to environmentally-friendlier cleaning equipment.

As a result we beat LEED's water consumption targets by 26%, while energy improvements took us 18% cent above LEED targets and changes to our recycling regime helped us exceed LEED demands, with a recycling rate of 69%.

The money we spent on making these improvements has already been recovered through cost savings on energy, water and disposal.

## 4. Anti-Corruption

*Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.*

The business' approach to corporate governance is predominantly set at Majid Al Futtaim Holding level. This section therefore focuses on the actions taken at group level with discussion on how these actions feed into the operations of Majid Al Futtaim Properties, Majid Al Futtaim Retail and Majid Al Futtaim Ventures.

### 4.1. Assessment, policy and goals

*Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment)  
Description of policies, public commitments and company goals on anti-corruption*

#### 4.1.1. Assessment

At Majid Al Futtaim we recognise that the countries we operate in can present challenges related to bribery and corruption. This can be a result of political conditions or the lack of good corporate governance in the markets in which we operate. Corruption presents a risk to the success of our business and we resolutely seek to minimise our exposure to corruption.

#### 4.1.2. Long term goal

Majid Al Futtaim places considerable emphasis on upholding best practice approaches to governance and transparency. We believe strong corporate governance is fundamental to making better commercial decisions over the long term and ensuring that risks, including those related to bribery and corruption, are reduced to the greatest extent possible. Our goal is to maintain international best practice corporate governance.

To demonstrate our commitment to corporate governance, Majid Al Futtaim became a founding partner of the Pearl Initiative in 2012. The Pearl Initiative is a GCC based private sector-led not-for-profit organisation set up in collaboration with the UN Global Compact. We aim to support the Pearl Initiative's objective to drive the adoption of best practice in corporate governance throughout the GCC and to tackle issues including bribery and corruption. We count this objective among our own goals.

#### 4.1.3. Policies and procedures

To ensure effective governance, we have voluntarily adopted the principles of the UK's Combined Code on Corporate Governance. The code sets out principles that inform how the management and board of an organisation are structured, remunerated, held accountable and engage with shareholders.

Across the Group we implement a robust risk management framework which covers corruption and bribery risks. As an example of how this translates into our operations, each Majid Al Futtaim subsidiary business uses country risk registers. The risk registers assess the quality of governance in each country and the risk that staff may be exposed to corrupt behaviour. Where risk is identified, the Majid Al Futtaim business assesses our strategy for managing the risk and, where necessary, takes action to improve procedures and protocols.

## 4.2. Implementation

*Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.*

### 4.2.1. Concrete actions to date

To comply with the UK's Combined Code on Corporate Governance we have put in place world-class boards at all our operating companies, chaired by and with a majority of independent non-executive directors.

We conduct due diligence and regular audits to ensure that all applicable laws and regulations in the countries in which we operate are complied with including those related to corruption and bribery.

As part of the Pearl Initiative, Majid Al Futtaim actively contributes to roundtable discussions and thought leadership on the challenges of bribery and corruption within the GCC region. At these meetings, we share our insights and learning to help improve the policies and actions of other organisations to mitigate the risk of corrupt practice in GCC markets.

#### *Majid Al Futtaim Retail*

Majid Al Futtaim Retail, which controls Carrefour operations in the MENA and central Asia regions, operates in accordance with Carrefour's international standards and supports Carrefour's Code of Business Conduct and Social and Ethical Charter for suppliers which require all employees, suppliers and sub-contractors to refuse all forms of corruption.

### 4.2.2. Next steps

In 2014, Majid Al Futtaim continued to implement international best practice in corporate governance by further developing the risk management framework within all businesses. In particular, in 2015, Majid Al Futtaim Properties will develop a sustainable procurement policy.

## 4.3. Measurement of Outcomes

*Description of how the company monitors and evaluates anti-corruption performance*

We have clear codes of business conduct across our operating companies. We expect our staff to sign these codes annually. The Group also has clear governance with transparent terms of reference.

*All figures stated are correct as of 5<sup>th</sup> May 2015.*