

Our sustainability strategy and framework

OUR VISION

Become a leading regional real estate developer and manager that creates memorable experiences and value for our customers and shareholders.

OUR MISSION

Place our customers first by embedding sustainability, quality, technology and innovation in everything we do.

SUSTAINABILITY PURPOSE

Shaping a Better Future

We aim to create a business culture where sustainability is at the heart of everything we do, and where the concept of sustainability informs the way we operate, collaborate, innovate and grow.

CORE SUSTAINABILITY PILLARS

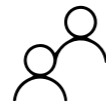
Economy



Community



People



Environment



STAKEHOLDERS

Our People, Shareholders & Investors, Local Communities, Partners, Rating Agencies & Media, Government & Regulators, Customers, Subsidiaries, Suppliers & Contractors, Banks & Lenders

GOVERNANCE

Board of Directors, Executive Management, Sustainability Department, Sustainability Council, Sustainability Champions

GLOBAL GOALS (SDGS)



SHARED VALUE

Vision 2021 | Ghadan 21 | National Climate Change Plan of the United Arab Emirates 2017-2050 | The UAE Green Agenda

This is a high-level summary of Aldar's 2021 sustainability achievements. The full and detailed sustainability performance will be communicated in Aldar's 2021 Sustainability Report that will be launched in H1 2022.

ALDAR'S APPROACH TO SUSTAINABILITY

As a leading developer, owner and manager of real estate, we are aware of our responsibility to the environment and to our people. Our sustainability journey is in its early stages but we believe we can pioneer an approach that will not only deliver benefits now but also for generations to come. We are already making steady progress across our four sustainability pillars: Economy, Community, People and Environment.

Throughout 2021, staying true to our commitment, we have cascaded the KPIs to all of Aldar's businesses, departments, and subsidiaries. We are refreshing detailed implementation plans for Aldar Investment and Aldar Development by embedding decarbonisation efforts and empowering each business unit to deliver impactful sustainability initiatives.

Behind our Sustainability Framework is a clear structure of accountability, overseen by our Chief Financial and Sustainability Officer (CFSO) and Sustainability Council. In 2021, we developed individual councils within Aldar Development and Aldar Investment to implement the strategy, monitor targets and strengthen governance across each business unit.

We announced our commitment to carbon neutrality some years ago and today we are committed to developing and launching a credible plan that can be reflected on the ground. Last year we made solid progress on Aldar's Carbon Neutral Action Plan. This included the commercial business case, and in line with UAE's commitment to become a net-zero country by 2050, Aldar is considering reclassifying its commitment too.

In 2021, we responded to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) through a comprehensive assessment and review of the risks and opportunities that climate change brings to our business. This will help establish a solid governance approach, enhance our disclosures and, ultimately, manage climate change risks in our business activities. Aldar also joined the United Nations Global Compact (UNGC) last year to further align our strategy and initiatives with the UN's global agenda.



KEY 2021 ACHIEVEMENTS

Despite a challenging year for businesses and processes as a result of the ongoing pandemic, we significantly improved our ESG score on different regional and international ratings¹. Our ESG score is now well above the industry average for both S&P Dow Jones Sustainability Index and Sustainalytics.

WE ALSO MADE GOOD PROGRESS IN 2021 ACROSS OUR FOUR SUSTAINABILITY PILLARS:



ECONOMY:

Our economic sustainability and contributions are vital to everyone who depends on our Company, including our customers, communities, employees, supply chain, shareholders and investors. We strive to provide our shareholders with secure, growing distributions derived from sustainable business practices.



COMMUNITY:

Healthy and dynamic communities are at the heart of our business. These multi-faceted environments – where citizens, residents and visitors live, learn, work and play – can be powerful catalysts of sustainable change, not just through the sustainability of the buildings themselves but also by encouraging sustainable lifestyles for everyone within them.



PEOPLE:

Our people are the lifeblood of our business and sustainability journey, continuously raising the bar for what our Company should and can achieve, and then applying their combined creativity, determination and expertise to meet and exceed these goals.



ENVIRONMENT:

We aim to reduce our environmental impact and improve the efficiency of our use of resources over time, in recognition that our stewardship of the environment is our greatest responsibility to future generations.

1. <https://esginvest.com/esg-rankings/>



ECONOMY

After the launch of the new operating model in early 2021, we updated the sustainability governance to ensure alignment and efficient decision making.

The Group Sustainability Council has been divided into smaller business-level sustainability councils. This will empower businesses to lead on implementing the sustainability strategy and provide smaller group-level council monitoring and advising on its strategic direction and progress.

Sustainability is at the heart of our business and we are making progress to make this vision a reality. This is reflected by our performance assessed by two leading ESG rating agencies. Sustainalytics ranked Aldar 9 out of 104 companies in the diversified real estate industry for being at low risk of experiencing material financial impacts from ESG factors. We were ranked in the top-quartile of real estate companies globally by the Dow Jones Sustainability Index, achieving a score of 58. This represented a 52% increase on the previous year's score of 38.

In 2021, we implemented a new data management system to streamline data collection, performance tracking, and reporting across the Group. It will be used to track more than 500 non-financial KPIs including environmental metrics related to energy, water, waste, and emissions. It will also track non-environmental metrics covering gender balance, human rights, and health and safety. The system is aligned with international sustainability reporting frameworks such as the Global Reporting Initiative and the Global Real Estate Sustainability Benchmark and will soon be expanded to incorporate ratings from agencies such as Dow Jones, Sustainalytics, and EPRA.

We secured the region's first sustainability-linked loan, with the AED 300 million five-year facility linked to the company's sustainability performance.

We signed an agreement with Majid Al Futtaim to collaborate on the digitalisation of real estate transactions to make property purchases, sales, and management a simple and convenient process for both UAE-based and overseas customers.



COMMUNITY

Thriving and inclusive communities are at the heart of our business. In both flourishing and challenging times, we have been a committed and active participant in communities where we live, work, and play.

Through our social responsibility programme, we aim to create sustainable value for shareholders, employees, suppliers, customers, business partners and the communities in which we operate. We invested an average of AED 25 million in our 2021 CSR programmes.

In 2022, we plan to roll out a new CSR Impact Strategy for the Group with

KPIs for both Aldar Investment and Aldar Development, empowering each business to deliver impactful CSR initiatives.

Creating impact and supporting the wider community

Driven by our purpose to shape a better future, we continually look for ways to provide a positive social and environmental impact that enrich inclusive, happy, healthy, and resilient communities across UAE and beyond.

Throughout the year, we supported numerous impactful initiatives to benefit the wider community.



FOSTERING UAE INNOVATION AND TALENT

Sandoq Al Watan

We have pledged AED 15 million to our long-term CSR partner, Sandoq Al Watan (the UAE National Fund) taking our total investment to AED 150 million. One of the world's largest social initiatives, Sandoq Al Watan aims to champion social entrepreneurship and cohesion, in line with the national vision for sustainable development. Through our partnership, we have funded local research projects that focus on solving environmental and social challenges, supporting local entrepreneurs, and upskilling and developing young local talent through customised programmes.

Some of the main initiatives of the Fund include:

- Supporting the UAE Coder and Mawhibatna Programmes
- Funding the Centurium Prize and other research programmes to support innovation and local research talent
- Supporting local entrepreneurs

Investing in teachers of tomorrow

Aldar Education, in partnership with Mohammed V University Abu Dhabi, continues to provide training programmes to aspiring teachers as part of its commitment to shape the future of education and to empower the next generation of UAE Nationals and GCC teaching professionals. It has trained more than 100 students so far.



COMMUNITY continued



ENRICHING INCLUSIVE COMMUNITIES

Enriching our inclusive schools

We have partnered with Key2Enable, a start-up providing assistive technologies in education to people of determination to provide a unique keyboard, Key-X, for use in our academies.

Key-X is a nine-button multi-functional smart keyboard that helps people of determination to use computers, tablets and smartphones for learning, communicating and gaming as part of its complete education platform. They give children and adults with various disabilities – ranging from cerebral palsy, severe autism, Down syndrome, multiple sclerosis, Alzheimer’s and Parkinson’s disease – greater autonomy and an inclusive learning experience through eye blinks and slight body gestures. Last year we ordered 30 additional keyboards distributed across the schools.

Supporting the nation’s youth and empowering the leaders of tomorrow

Empowering youth and equipping them with the necessary skills to work is essential. In our academies, students take part in challenges to promote critical thinking and innovation. We are also committed to offering one of our flagship buildings to the Federal Youth Authority – which acts as a co-working space with state-of-the-art.

Promoting health and wellbeing

We aim to champion and promote active lifestyles for people in our community. During the year, we organised multiple fitness sessions for our employees, residents and students.

In addition, we sponsored the UAE Team Emirates, the UAE’s competitive road cycling team. The three-year

sponsorship agreement is in line with our efforts by advocating healthy and sustainable living across its communities.

Volunteering programmes

In 2021, we launched our employee volunteering programme. Activities range from beach clean-ups to planting trees to raise awareness on the importance of reducing single-use plastics and recycling waste.

Special Olympics UAE

As an official partner of Special Olympics UAE, we are collaborating on the implementation of enrichment programmes to empower people of determination. We also provide office space and support services.

Furthermore, as a sole education partner with Special Olympics, Aldar Education facilitates the implementation of its

Unified Robotics Programme in its schools – as well as contributing their expertise and knowledge to support the provision of an inclusive, enjoyable, and impactful initiative for all.

Zayed Higher Organization for people of determination

In 2021 we signed a Memorandum of Understanding (MoU) with Zayed Higher Organization (ZHO) to enhance opportunities and accessibility for people of determination within Aldar and across our retail, hospitality, residential and commercial assets. The agreement comes as part of our CSR strategy to drive positive impact and improve inclusivity and accessibility in local communities. Aldar Hospitality collaborated with ZHO to source more than 1,000 staff uniforms, tailored by People of Determination students, to Aldar Hotel employees.



Atmah: GCC’s first social impact bond

In 2020, Aldar signed a strategic agreement with Ma’an, the Authority of Social Contribution, to build the Gulf Co-operation Council’s first social impact bond. We invested AED 2 million in the groundbreaking ATMAH programme that aims to increase employment opportunities for people of determination in Abu Dhabi, by equipping them with employability skills and helping them secure permanent employment.

We are proud to be harnessing the untapped potential of people of determination and promoting a more diverse and inclusive workforce in Abu Dhabi. Through this collaboration, we have enabled the recruitment of more than 20 individuals from the programme into local organisations.



PEOPLE

We became a supporter of the UN Global Compact (UNGC), the world's largest corporate sustainability initiative that has more than 13,000 corporate participants in over 170 countries.

The UNGC is based on 10 fundamental principles relating to human rights, labour, environment, and anti-corruption. We are committed to these principles, which are integrated within our policies and processes.

Aldar's 2020 Sustainability Report highlights its progress towards the UNGC principles.

We were named as a top 10 employer by 'Great Place to Work' for the environment it has created for women.

We are developing the next generation of talent in Abu Dhabi by committing to hiring and training 1,000 UAE nationals by 2026.

We are working closely with the Abu Dhabi Department of Community Development and the Camali Clinic to deliver gatekeeper training on mental health and suicide prevention to site foremen and supervisors responsible for approximately 2,000 workers.

Aldar launched a pilot grievance mechanism for workers in its supply chain on two Aldar project sites.

We completed 79 million manhours worked across all the projects in 2021 with zero lost-time injuries (LTI).



ENVIRONMENT

Aldar Properties launched a portfolio-wide energy management project to reduce its energy consumption by approximately 20% across 80 assets including hotels, schools, commercial, leisure, retail, and residential buildings.

In addition to reducing energy emissions, the project will enable Aldar to save approximately AED 20 million per year in energy consumption costs on owned assets. Based on the completion of the level-III audits by the shortlisted partners, Aldar has signed five-year Energy Performance Contracts with four Energy Service Companies (ESCOs). The project aims to reduce Aldar's carbon emissions by 80,000 tons, electricity consumption by 110 GWh, water consumption by 886,000 m³, chilled water consumption by 23,000,000 TRH, and gas consumption by 726,000 m³ every year. In the upcoming phase of the project, the ESCOs will carry out retrofit projects across all 80 assets with an expected completion date in 2022.

Aldar implemented the first solar hybrid power plant, which contributes to reducing the construction offices' energy consumption related emissions by 25%.

Aldar adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), becoming one of the first in the region to take this action. Using the TCFD framework, Aldar identified climate risks and opportunities, and it has now started to evaluate the resilience of its strategy and business model under various climate scenarios.

Using the insights from our scenario analysis, we are creating a climate risk management plan and developing business level ESG risk registers that will monitor ESG and climate risks and track the associated risk mitigation measures. These registers will be integrated into the company's overall risk management processes, which require us to consider options to transfer, avoid, reduce risk likelihood, reduce risk impact, or retain a risk.

Managing climate-related risks, Aldar's response to TCFD

STRATEGY

1. Scenario analysis

As recommended by TCFD, we have undertaken a detailed analysis of two distinct and plausible climate scenarios to understand the risks we face and the resilience of our business strategy. We chose two of the Representative Concentration Pathways (RCP 4.5 and RCP 8.5) used by the Intergovernmental Panel on Climate Change (IPCC), to align our approach with best practice and leading climate science. These model a defined pathway of increased greenhouse gas concentrations, which correspond with associated levels of average global temperature rise by the end of the century.

- The RCP 4.5 scenario considers major mitigation efforts by governments to keep global temperature rise less than 2°C above pre-industrial levels, in line with the 2016 Paris Agreement. Risks in this scenario are associated with decarbonisation activities, although there is still at least 1.5°C of warming and, as a result, physical risks are present.
- The RCP 8.5 scenario considers a high emissions scenario where governments take no further action to decarbonise and global warming likely exceeds 4°C, resulting in severe and more frequent physical climate impacts on a global scale. Extreme physical risks have implications including supply chain disruption, litigation risk and difficulty securing insurance.

2. Risk assessment process

To inform our scenario analysis, we reviewed extensive climate science data and literature from leading credible sources, including the Intergovernmental Panel on Climate Change (IPCC), whose models and reports consolidate the foremost peer-reviewed climate literature and are used as a central resource by global climate policy decision makers. We selected time horizons aligning with climate policy and available data to assess our business strategy against climate risks over the short term (up to 2030), medium-term (up to 2050) and long term (2050 onwards). Our methodology assessed climate risk impacts and likelihoods, considering these in the context of our time horizons and current business strategy. The impact was assessed per risk to our business operations, revenue, expenditure, assets and liabilities, and capital financing. Likelihood was determined by the probability, frequency and duration with which major impacts are felt once the risk materialises. This allowed us to capture the nuance of how risks materialise and are experienced over time. The risks that we identified as most material and that we are prioritising for action include:

- Shareholder pressure, fines, void periods or declines in asset values if we do not comply with enhanced policy and building requirements, with capital expenditures needed to comply with new standards for energy and resource efficiency and climate defence measures.
- Significant financial market implications resulting in market disruption as investor and consumer demands shift in favour of more

sustainable alternatives. Conversely, if serious climate action is not taken, physical climate risks may lead to a severe economic downturn, disrupted supply chains, and reduced consumer confidence.

- Operating in a water-stressed region, water scarcity will impact our cost to operate and construction of our buildings – there will be a likelihood of the need to invest in additional water efficiency measures.
- More frequent, severe and unpredictable extreme weather events in the region are likely to include storms, sandstorms, severe rainfall, drought, and flooding. Assets will need to have robust plans in place to address these risks and new developments will need to be resilient.
- Rising sea levels are a significant risk for the region. The coastline of Abu Dhabi may retreat by as much as 3.8km and subsequently, our assets could face flooding risk in the long term. Accordingly, we plan to consider investment in flood defence measures.

As a business operating in the real estate sector, key risks are increased costs associated with meeting policy and legislative requirements and the cost impact associated with mitigating or recovering from physical climate events. As the physical impacts of climate change will be felt over the medium and long term, the preparatory action we take now will embed long term resilience-planning into each stage of our assets' lifecycles.

RISK MANAGEMENT

Using insights from our scenario analysis, we created a three-year climate risk management plan.

We are developing business level ESG risk registers to monitor ESG and climate risks and track associated risk mitigation actions. These registers will be integrated into overall risk management processes, which require us to consider options to transfer, avoid, reduce risk likelihood, reduce risk impact or retain a risk. We will assign overall responsibility for overseeing the chosen risk treatment option to process owners. Through our scenario analysis, we have identified several key climate risks and opportunities (as outlined in the strategy section) that we plan to actively embed into our ESG risk registers and business plans.

At Aldar Development, cost and feasibility analysis include sustainability features in the earliest stages of design. As the design checklist evolves, we will include climate resilience designs into our guidance to help mitigate future risks. We are also working to integrate sustainability into our investment criteria and due diligence processes, and we will include climate risks as part of these considerations. Finally, we periodically review and monitor legislation, which includes climate and sustainability issues. This ongoing oversight enables us to manage risks associated with non-compliance and falling behind climate-related legislative requirements.

METRICS AND TARGETS

As part of our commitment to enhanced, transparent environmental reporting, we reported specific Scope 3 GHG emissions for the first time (see page 74 from the 2020 sustainability report for more detail). We reported intensity metrics for energy, GHG emissions (using the GHG protocol methodology) and water consumption as intensity per million AED in revenue. For all our environmental reporting, please see pages 99-103 from the 2020 sustainability report.

Our environmental performance monitoring helps us to develop, activate and achieve our Carbon Neutral Action Plan. We have set ambitious public environmental targets in support of this, including achieving a 20% reduction in asset portfolio energy intensity and associated GHG emissions, and a 10% reduction in water intensity by 2025, against our 2019 baseline.

For Aldar Development, it targets a 70% Estidama score, with a Pearl 1 or Pearl 2 building certification for all our assets. Since 2010, 87% of Aldar developments have attained a Pearl 1 and 13% a Pearl 2 rating. We are now exploring more ambitious, internationally recognised building certifications. We have also set ourselves a target of 80% of waste diverted from landfills on all our new development projects.