



**TOGETHER WE  
CAN ACHIEVE  
NET ZERO.**

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# ABOUT THIS REPORT

## A NET ZERO PLAN FOR A BETTER FUTURE

**Our Net Zero Plan sets a new regional and sector benchmark for business leadership on climate action.**

This document highlights and communicates the key elements of our plans to accelerate the decarbonization of our growing business in line with the latest science.

To support its preparation we have spent the past year working through detailed carbon accounting and on emission reduction analysis across our value chain. We have applied a commercial and practical lens via stress-testing and business-wide engagement and challenge. We continue to engage with our key delivery partners from tenants, to supply chain, the UAE Government, investors and importantly our customers and communities. In the coming year we will share further details of our plans for implementing these actions in a Net Zero Transition Plan.

We know that our goals are ambitious, but recognizing the importance of the challenge, together with our leadership role and influence in the region, we know it is the right thing to do.



CEO'S MESSAGE

ALDAR IS TAKING A LEADING POSITION TO DECARBONISE REAL ESTATE

Talal Al Dhiyebi

Group Chief Executive Officer, Aldar Properties



The UAE has been a pioneer in the region in preparing its response to climate change. In 2022, we saw the launch of the UAE Net Zero by 2050 Strategic Initiative, with the aim of limiting the rate of global warming in line with the Paris Agreement.

As one of the UAE’s largest real estate developers and managers, and with a growing presence across the wider Middle East, Aldar is committed to supporting the UAE Government’s Net Zero targets and being an industry leader on climate action.

We are proud to present our Net Zero Plan – it is comprehensive, ambitious, and based on science. It matches leading global real estate industry benchmarks and sets a new standard for the region in its depth and detail.

Our Plan will drive deep and rapid change across all our lines of business and throughout our supply chain. It will transform our approach to design, construction, operations, and management of our assets and supply chain.

Partnerships will be essential to help us realise our goals and we intend to deepen our ties with our community members, our suppliers, and our customers to reduce our collective carbon footprint. At the same time, we will intensify our engagement with Government to develop necessary regulations and foster fair competition for construction partners on decarbonisation pathways.

Sustainability has been a part of our corporate governance framework for many years and our Net Zero Plan is a natural next step towards our long-term goals. Our ambition is to progressively improve things for our communities, our stakeholders, and our business – creating a sustainable future for generations to come.

# CFSO'S MESSAGE

## DELIVERING A NET ZERO FUTURE

**Greg Fewer**  
Group Chief Financial & Sustainability Officer, Aldar Properties



Aldar’s Net Zero Plan is our contribution to the decarbonisation of the real estate sector in the Middle East and creating new long-term opportunities for our business. The Plan sets out a clear path ahead for Aldar and our partners in both the public and private sectors. Our aim is to make Net Zero a reality in our region.

The actions we have outlined in the Plan are bold and put us on course to become Net Zero across our total value chain emissions by 2050. To keep us on track, we have set interim targets that will see Aldar become Net Zero in its direct emissions as well as emissions from purchased energy and water by 2030.

Our goals are ambitious, challenging but achievable, and are aligned with the latest climate science and guidance. We are committed to meeting these goals, cooperating with our partners, and sharing our progress and learnings to guide others.

As one of the first Net Zero movers in the region, we recognise the importance of innovation and have made a commitment to learning by doing. Our Plan is already driving creative business and supply chain responses to some of the unique challenges we face. The Plan will put us on track to address issues such as climate resilient communities, ultra-low carbon cooling, end of life carbon recovery for buildings, whole life carbon evaluation methods for new acquisitions and the role that digital transformation and low-carbon construction methods will play in our future.

We anticipate regulatory and market shifts increasingly driving demand for Net Zero real estate and property solutions. Together with a rapidly evolving supply chain, these external factors will support our efforts to decarbonise. As things change, we will adjust our Plan to ensure we exploit new opportunities and that can achieve our targets while remaining profitable.

Our Plan gives us the opportunity to create enduring value for all our stakeholders in a number of areas; whether it be by building a more resilient business, improving the quality of life for our tenants and communities, using less resources, reducing the impact of our portfolio or helping our supply chain modernise. For our customers, the actions in the Plan will also reflect in lower operating costs through more efficient, productive and healthier buildings in the long run.

We are committed to being transparent with the market and we will generate robust data that allows our stakeholders to hold us to account. This is not a one-off commitment, but part of a sustainability-led transformation of our business to deliver long-term economic, social, and environmental value.

We have already begun implementing our Plan and several key initiatives are underway.

In a very real sense we are building the future – our ambition is to help make it a Net Zero one.



# OUR BASELINE AND TARGETS





# WE HAVE SET A CLEAR AND COMPREHENSIVE EMISSIONS BASELINE FOR OUR BUSINESS ACTIVITIES

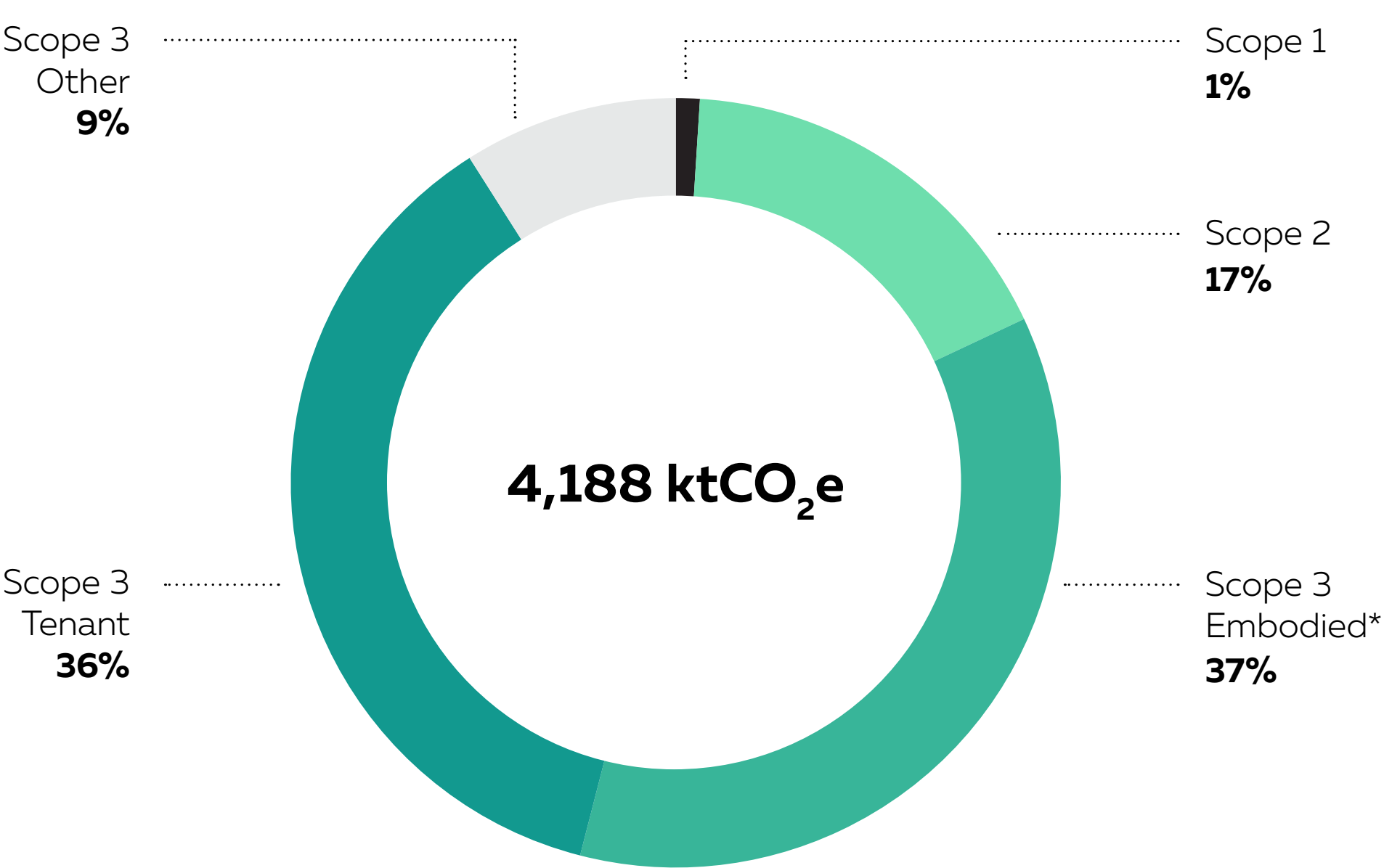
The scope and emissions boundary for our baseline uses the widely adopted GHG Protocol standard and our Net Zero targets and plan are aligned to Science Based Targets Initiative (SBTi) Corporate Standard and the latest guidance on Net Zero Transition planning. We will update the plan as necessary as we learn what works and as these standard evolve.

We have expanded our baseline emissions and decarbonation plan to include our full value chain emissions where we have reasonable control and influence, we have on our portfolio. Thus, this is a more comprehensive representation of our emissions footprint, compared to previous reporting.

We have included tenant emissions and government projects, where operational and/or capital control are possible. We have included emissions from our owned

assets as well as assets we manage on behalf of third-parties. Furthermore, we have included emissions from embodied carbon for not only our own developments, but also for developments where we provide project management services to third-parties. We will continue to assess the scope of our decarbonisation plan through an assessment of the level of influence on such projects. We will use this opportunity to promote collaborations and incentivise a whole lifecycle approach to decarbonisation.

Emissions from the use of sold products and their end-of-life treatment have not been included in our Net Zero targets – materiality has excluded further Scope 3 categories.



\* Includes contractors emissions

# CLEAR TARGETS TO COMPEL ACTION

**Our science-aligned targets<sup>1</sup> set the pathway for Aldar to become a Net Zero business by 2050.**

We have set both near and long-term greenhouse gas (GHG) emission reduction targets which align with the latest guidance on climate science. Our targets are bold but achievable and will be supported by leading global practice. We will also seek independent validation of our targets once the Science Based Targets Initiative publishes its guidance for the buildings sector.

We recognise that carbon reduction on this scale is a collaborative effort and will work extensively with our suppliers, peers, and our partners in government to achieve our targets for mutual success. We will be transparent on progress and how we approach technical challenges on issues such as neutralization of residual emissions.

These targets will be refreshed and revisited when the SBTi publishes guidance for the real estate sector (expected in 2023), particularly in terms of Scope 3 emissions. After that, targets will be reviewed annually for relevance to our business, best practice alignment, and market and supply chain readiness.

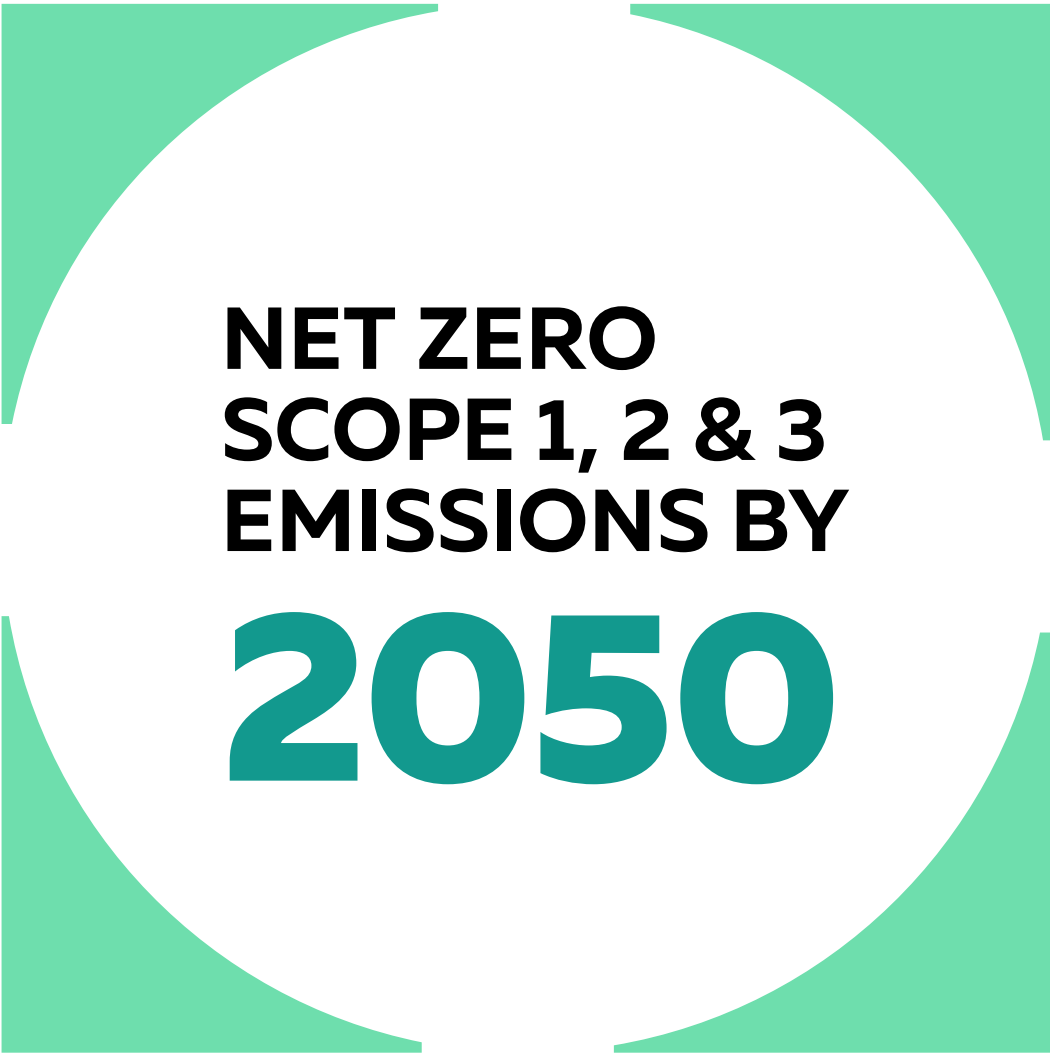
<sup>1</sup> The targets are not yet validated by SBTi, however, once the SBTi building's sector guidance is released, the targets and plan will be revised and validated accordingly.



**90% REDUCTION IN SCOPE 1 AND 2 EMISSIONS**

**45% REDUCTION IN SCOPE 3 EMISSIONS INTENSITY**

v. 2021 baseline.



**97% REDUCTION IN GREENHOUSE GAS EMISSIONS**

produced by our value chain where we exert reasonable control over reduction activities

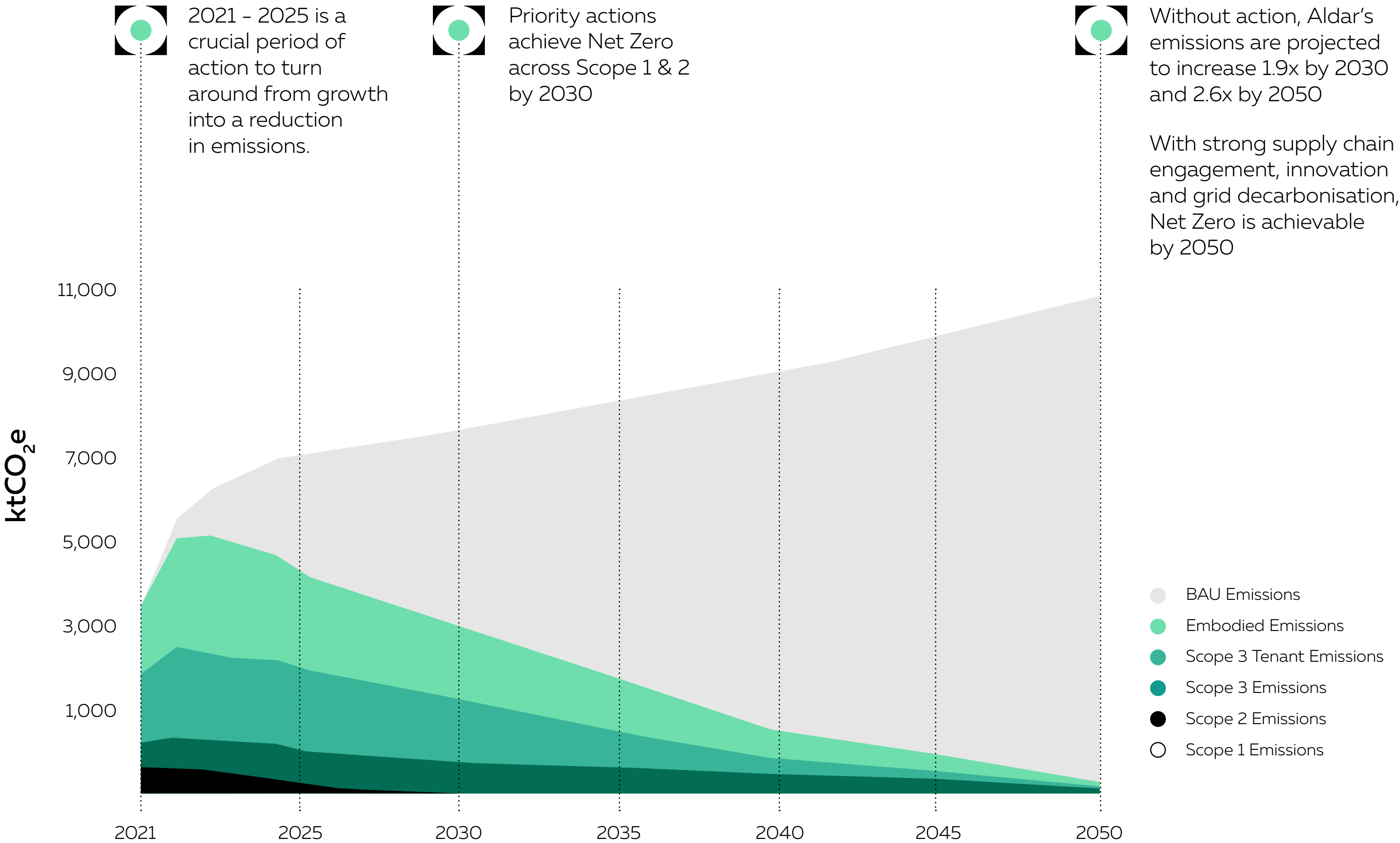
# BENDING THE CURVE: OUR EMISSIONS REDUCTION PATHWAY

Action this decade is crucial to pivot from increasing emissions whilst continuing to grow responsibly.

Achieving sustainable growth is one of our core strategic objectives. Our development business aims to increase development sales, grow our fee-based projects pipeline, and diversify geographically in both the UAE and Egypt. Our investment business will continue to grow as we acquire new businesses and assets to boost our portfolio.

Without action, these plans will see our emissions increase significantly from 4,188 ktCO<sub>2</sub>e in 2021 – growing 1.9 times by 2030 and 2.6 times by 2050.

Taking action now will see our emissions peak in the near-term and subsequently start to drop as intensity reductions take hold. This means rapid reduction to 2030 then sustained structural change to drive Scope 3 decarbonisation efforts through to 2050.





# SCOPE OF OUR EMISSIONS BOUNDARY

We have used the operational control approach to determine our Net Zero boundary, and will continue to update this as we grow.

EMBODIED EMISSIONS	
SOLD ASSETS	
ALDAR AS A DEVELOPER	
Sold assets encompasses real estate developed by us and sold. We have full control over the design and construction.	
Embodied Carbon (Including construction -related emissions)	Scope 3
Use of Sold Products (Building in-use emissions)	Excluded
CONSTRUCTION SERVICES	
ALDAR AS A DEVELOPMENT MANAGER	
Construction services encompasses real estate developed by us on behalf of third parties. We have limited or no operational control beyond a variable degree of influence on design and construction.	
Embodied Carbon (Including construction -related emissions)	Scope 3



OPERATIONAL EMISSIONS	
OWNED ASSETS	
ALDAR AS A LANDLORD & PROPERTY OWNER	
We have included emissions from assets that are directly owned by us, and/or our subsidiaries, both where we have control and where we do not.	
Aldar Controlled Areas	Scope 1, 2 & 3
Tenant Controlled Areas	Scope 3
MANAGED ASSETS	
ALDAR AS A PROPERTY MANAGER	
We have included emissions from assets where we provide property management services on behalf of landlords and/or owner’s boards or associations, including where we only have control of common areas.	
Aldar Controlled Areas	Scope 1, 2 & 3
Tenant Controlled Areas	Scope 3



# OUR DECARBONISATION APPROACH





# A WHOLE BUSINESS APPROACH TO DECARBONISATION

## Creating an integrated, lifecycle approach to reducing carbon across our core business activities.

As a leading real estate developer and manager, Aldar, in response to client need, operates across the key asset lifecycle stages, ranging from acquisitions, land use and development, design and construction management, through to investment, asset and property management services. We have the unique ability to influence carbon from built assets whether buildings or infrastructure, for forty years and more.

Our Plan therefore, takes an integrated approach to ensuring that we reduce and eliminate carbon from all parts of our business activities, taking robust actions where we can, using our influence where we don't have full control and providing guidance to others in fulfilling their Net Zero objectives where possible.

To drive action in such cases, we will:

- Partner with Government to help deliver Abu Dhabi's Net Zero objectives and influence where we can on market and regulatory changes to support Net Zero.
- Collaborate with our supply chain, forming new partnerships and aligning investment or operational approaches.
- Influence occupiers and users of our buildings to help ensure the full sustainability design potential that is realised in practice.

The following section describes how we are doing this.



# OUR CARBON VALUE CHAIN





# OUR DECARBONISATION FOCUS AREAS

These decarbonisation levers represent our biggest opportunities to reduce emissions.

01

LOW CARBON DESIGN

An Aldar Sustainable Design Standard to embed low carbon active and passive design options, maximising energy efficiency, building performance, and asset climate resilience.

02

LOW CARBON SUPPLY CHAIN

A supply chain incentivised by Aldar to innovate around low carbon products, materials, and manufacturing processes.

03

GREEN CONSTRUCTION

A whole lifecycle approach to assets that prioritises low carbon site practices and construction material procurement.

04

CLEAN ENERGY

Prioritise use of clean energy through grid decarbonisation and procuring clean energy generated by government instruments

05

RESOURCE EFFICIENCY & MANAGEMENT

Upgrading current systems to reduce leakage and improve asset efficiency in use.

06

TENANT INITIATIVES

Developing a programme of tenant engagement regarding all leased and managed assets, offering guidance and incentives for more sustainable behaviours.

07

CIRCULAR ECONOMY

Better waste management during design, build and use phase, prioritising diversion from landfill, increasing greywater recycling and supporting the local waste sector.

08

SUSTAINABLE ACQUISITIONS

All new investments and acquisitions will be guided by criteria that formally integrate sustainability considerations into the end-to-end investment decision making process.



# DELIVERING OUR DECARBONISATION PATHWAY THOROUGH OUR CORE BUSINESS SEGMENTS

**ALDAR DEVELOPMENT** will lead on design  
and embodied decarbonisation actions



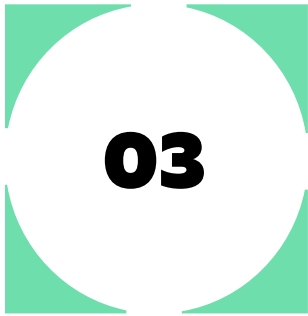
## LOW CARBON DESIGN

- Use low-carbon concrete in all projects
- Use low-carbon steel in all projects
- Integrate other low-carbon materials as our supply chain matures
- Adopt active and passive design for energy efficiency
- Implement carbon price to incentivise low carbon development



## LOW CARBON SUPPLY CHAIN

- Enhance sustainability criteria in supplier selection
- Include environmental performance specifications in contracting
- Engage with suppliers to accelerate Net Zero transition & innovation
- Procure key materials with Environmental Product Declarations



## GREEN CONSTRUCTION

- Reduce waste through improved material management
- Introduce low-carbon construction site practices
- Electrify construction sites where feasible



# DELIVERING OUR DECARBONISATION PATHWAY THOROUGH OUR CORE BUSINESS SEGMENTS

**ALDAR INVESTMENT** will lead on  
operational decarbonisation actions

04

**CLEAN ENERGY**

- Source low-carbon energy as the grid decarbonises
- Introduce on-site clean energy generation to tackle residual emissions

05

**RESOURCE  
EFFICIENCY  
& MANAGEMENT**

- Reduce consumption through improved energy and water conservation programs
- Expand our retrofit project across the portfolio

06

**TENANT  
INITIATIVES**

- Set up and launch a tenant engagement programme for energy reduction
- Introduce green leasing to improve tenant environmental performance
- Work with our tenants to promote retrofits and improve efficiency

07

**CIRCULAR  
ECONOMY**

- Reduce and recycle waste by cooperating with tenant, owners and Government
- Sort waste at source to drive efficient management
- Treat organic waste through on-site composting

08

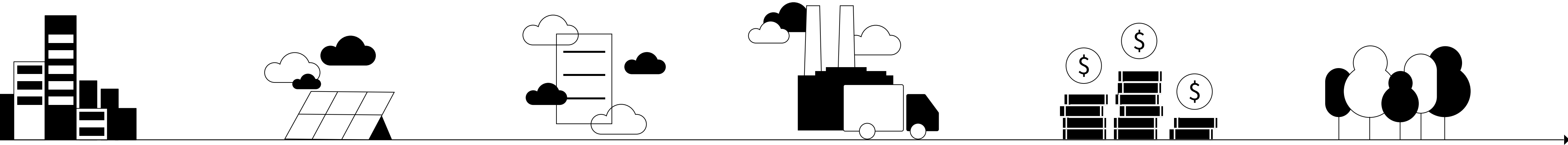
**SUSTAINABLE  
ACQUISITIONS**

- Integrate sustainability and Net Zero transition plans into investment strategy
- Widen energy retrofits to cover new acquisitions



# OUR ENABLERS TO NET ZERO IMPLEMENTATION

Decarbonising at pace and scale requires a wider set of enablers that will create an effective delivery environment. Each of these building blocks to our Net Zero Plan need to be activated in order to accelerate delivery across the whole business and value chain.



ENTERPRISE	INNOVATION	DATA & TRANSPARENCY	SUPPLY CHAINS	FINANCE	ENGAGEMENT
<p>Through our refreshed sustainability governance framework, we will cascade targets and co-develop plans with our business segments and subsidiaries.</p> <p>All of our businesses will operate in a way that recognises the carbon chain of custody through the asset lifecycle. Better internal coordination, accountability and target-based incentives are needed between development, design, investment, and asset management teams.</p>	<p>Whilst a range of technologies already exist that will enable Aldar to tackle its emissions, strategic investment in R&amp;D and upskilling are urgently needed to uncover the breakthrough innovations that will help deliver Net Zero.</p> <p>We will adopt a learning by doing approach so that we are continually evolving our knowledge, methods and impact.</p>	<p>Data and transparency are critical to realize our decarbonisation ambition.</p> <p>Accordingly, we will continue to upgrade our data quality focusing on improving coverage and accuracy.</p> <p>We will uphold the highest levels of transparency by getting external validation against targets and publicly reporting progress, setbacks and actions. Our annual sustainability report will closely monitor our progress.</p>	<p>Supply chain sustainability is fundamental to reducing Scope 3 emissions. Aldar will play a role by creating the right commercial incentives for suppliers to decarbonise their operations through more rigorous procurement requirements and tender scorecards. Low carbon supply will become a priority through communications, mutual action, and contractual updates.</p>	<p>We firmly believe that allocation of debt and equity capital will increasingly be driven by sustainability credentials and we will actively manage our assets, liabilities and networks to position Aldar as a leader of this inevitable mega trend.</p> <p>We will also assess the financing needs of our Net Zero plan fully, planning ahead and focusing on value for money and return of investment from sustainable investment opportunities.</p>	<p>We need collaboration and real partnerships to reach Net Zero. This means working with government to create regulatory and commercial incentives to decarbonise, helping suppliers understand expectations and requirements on low carbon materials, building customer demand for Net Zero assets and making investors aware of our Net Zero value proposition.</p>





# TECHNICAL APPENDIX



# GHG EMISSION SOURCES INCLUDED IN OUR NET ZERO PLAN

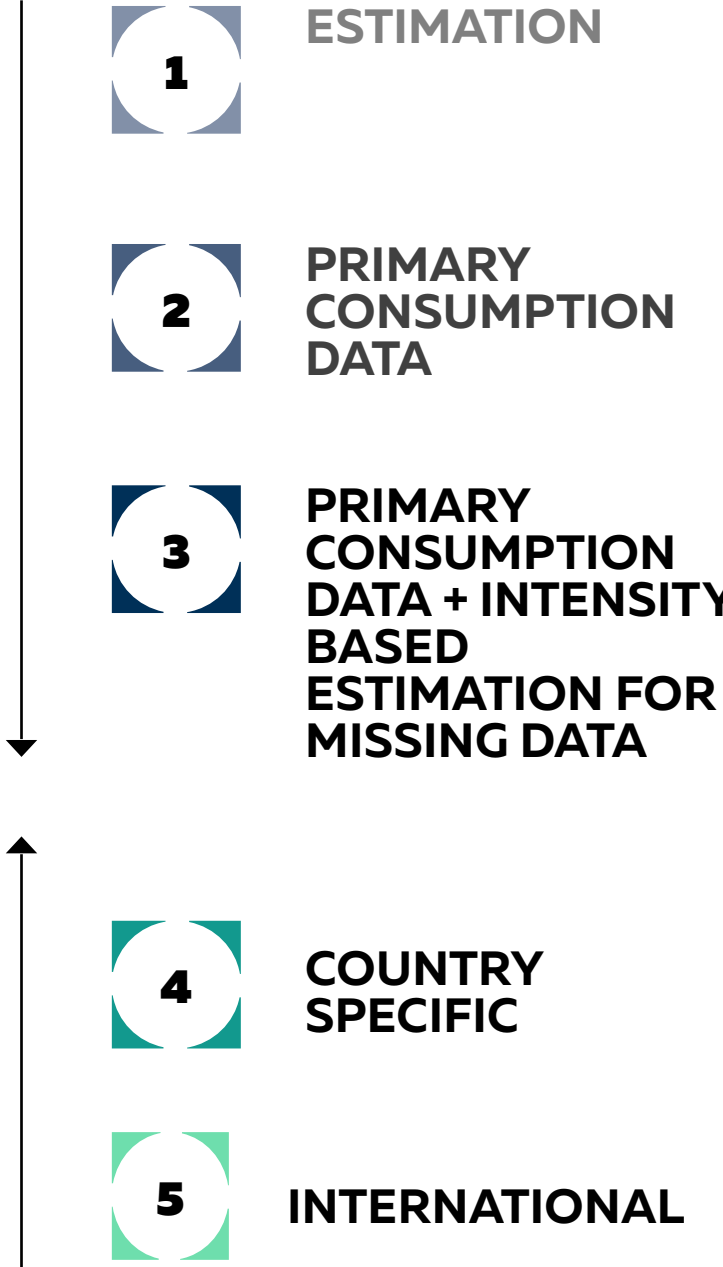
A hierarchy of data sources has been defined for all emissions data and decarbonisation actions, with prioritisation logic for use of primary data. Where primary data is not readily available, secondary data from accepted global or national databases have been used. Suitable proxies have been employed in some instances e.g. in our embodied carbon and tenanted emissions. This will be documented and made transparent to auditors. Proxies will be replaced with primary data when it becomes available in our annual emissions reporting.

We estimate GHG emissions using the most credible data sources, methodology and emissions factors.

\*Intensity figures for electricity, chilled water and refrigerants use are dependent on whether the asset in question is cooled through district cooling systems or via on-site units.

\*\*Due to paucity of quality and reliable data, waste emissions were estimated by using local waste benchmarks which covered 61% of floor area. Tenants and controlled areas waste is not reported and recorded separately.

	ELECTRICITY*	WATER	CHILLED WATER*	WASTE**	GAS	OTHER FOSSIL FUELS	REFRIGERANTS*
GHG EMISSION SOURCES - CONTROLLED AREAS							
GHG EMISSION SOURCES (TENANT AREAS)							
EMISSION FACTOR SOURCE	GHG inventory for Abu Dhabi, EAD (2018)	GHG inventory for Abu Dhabi, EAD (2018)	Tabreed (local supplier specific factor)	GHG inventory for Abu Dhabi, EAD (2018)	IEA emissions factors (2018)	IEA emissions factors (2018)	IPCC (AR5) published GWPs (2006)





SCOPE 3 MATERIALITY ASSESSMENT

The following table describes what each of the different Upstream Scope 3 categories mean for Aldar, as well as their materiality and the level of Aldar influence. This is used to explain why each category has been included/excluded from Aldar’s footprint calculation.

OWNSTREAM

CATEGORY		DESCRIPTION	MATERIALITY	LEVEL OF ALDAR INFLUENCE	INCLUDE/EXCLUDED FROM FOOTPRINT
01	Purchased goods and services	<ul style="list-style-type: none"><li>Raw materials and pre-manufactured components used for construction.</li></ul>	Very High	High	Included
		<ul style="list-style-type: none"><li>Suppliers of services and other materials used in asset management phase.</li></ul>	Low-Medium		
		<ul style="list-style-type: none"><li>Including water.</li></ul>	Medium		
02	Capital goods	<ul style="list-style-type: none"><li>Equipment, vehicles, machinery, buildings.</li></ul>	Medium	High	Included where data available
03	Fuel- and energy related activities (not included in scope 1 or scope 2)	<ul style="list-style-type: none"><li>Emissions from transmission and distribution of electricity.</li></ul>	Low	Low	Excluded due to low materiality
04	Upstream transportation and distribution	<ul style="list-style-type: none"><li>Transportation of raw materials to construction sites.</li></ul>	Low	Medium	Included within embodied carbon footprint
05	Waste generated in operations	<ul style="list-style-type: none"><li>Emissions from construction waste.</li></ul>	Low	High	Included
		<ul style="list-style-type: none"><li>Emissions from building operations.</li></ul>	Low		
06	Business travel	<ul style="list-style-type: none"><li>Any plane, rail or road travel from third-party providers.</li></ul>	Low	High	Included
07	Employee commuting	<ul style="list-style-type: none"><li>Any travel by employees to and from places of work.</li></ul>	Low	High	Included
08	Upstream leased assets	<ul style="list-style-type: none"><li>Any leased equipment not owned by Aldar.</li></ul>	N/A	N/A	Included for leased school buses
09	Downstream transportation and distribution	<ul style="list-style-type: none"><li>N/A - not likely to be material for real estate.</li></ul>	N/A	N/A	N/A
10	Processing of sold products	<ul style="list-style-type: none"><li>N/A - not likely to be material for real estate.</li></ul>	N/A	N/A	N/A
11	Use of sold products	<ul style="list-style-type: none"><li>Emissions from assets owned by third parties but managed by Aldar.</li></ul>	Medium	Medium	Included for Aldar Investment assets owned by third parties but managed by Aldar. Sold units excluded from baseline but reported separately.
		<ul style="list-style-type: none"><li>Emissions from assets sold from Aldar to third parties.</li></ul>			
12	End-of-life treatment of sold products	<ul style="list-style-type: none"><li>Emissions from deconstruction of buildings once useful life has ended.</li></ul>	Medium	Medium	Excluded
13	Downstream leased assets	<ul style="list-style-type: none"><li>Emissions from floor space let out by Aldar to third party operators.</li></ul>	Medium	Medium	Included
14	Franchises	<ul style="list-style-type: none"><li>N/A - Aldar does not have franchises.</li></ul>	N/A	N/A	N/A
15	Investments	<ul style="list-style-type: none"><li>Emissions from any investments held by Aldar.</li></ul>	Low	High	Excluded due to low materiality