ESG STRATEGY - DAMAC
(DAMAC Real Estate Development Limited)
R01.1

To elevate DAMAC’s existing commitment to sustainable development, we updated our ESG Strategy to align it with our material ESG issues, latest market developments, and sector-wide advancements. While DAMAC’s previous strategy established a high-level commitment, this version embeds sustainability into DAMAC’s daily business processes. By operationalizing ESG and allocating responsibilities across different departments, we want to make sustainability a core competency of every business unit.

A key enabler of this transformation is DAMAC’s vertically integrated offsite manufacturing platform, Modular Innovations. This capability allows DAMAC to translate ESG commitments into measurable outcomes by industrializing construction processes, improving resource efficiency, reducing waste and emissions, and enhancing quality and safety at scale.

By aligning with evolving regional regulatory frameworks and international best practices, our strategy serves two primary overarching goals:

1. **Long-Term Value Creation:** Our ESG Strategy acts as a driver for financial and brand growth by optimizing resource use, opening doors to specialized Green Finance markets, and establishing DAMAC as the benchmark for high-performance and certified sustainable properties.

2. **Fostering Resilient Business Operations:** The strategy is designed to "future-proof" our organization by proactively addressing both physical and transition risks. By embedding sustainability into our core processes, we mitigate legal and operational vulnerabilities, ensuring DAMAC remains agile and stable in an increasingly regulated global market.

Environment

Our focus aims to reduce our ecological footprint by adopting **emerging green technologies** and circular principles that are currently redefining the regional real estate landscape.

- **Targeting Net Zero and Regulatory Alignment:** Aiming to achieve net-zero emissions in line with the UAE's Net Zero by 2050 initiative and ensuring compliance with Federal Decree Law No. (11) of 2024 on the Reduction of Climate Change Effects. This involves setting science-based GHG reduction targets to lower our overall carbon footprint and implementing robust decarbonization roadmaps to protect long-term asset value.
- **Green Governance:** Embed climate considerations into the design and construction of our properties, strategic planning, enterprise risk management, and business resilience measures.
- **Industrialized Decarbonization:** Scaling Modern Methods of Construction (MMC) through Modular Innovations to reduce embodied carbon, material use, and waste by shifting construction from site-based activities to controlled factory environments.
- **Real-Time Energy Benchmarking:** Integrating advanced IoT platforms for real-time energy monitoring and digital solutions to optimize indoor air quality and efficiency, aligning with current market shifts toward "Smart Building" standards.
- **Climate Resilient Designs:** Aligned with our Green Building Strategy, integrate climate-resilient architecture and high-performance building envelopes into all developments, leveraging passive design and sustainable materials to optimize lifecycle performance in alignment with Al Sa'fat and LEED standards.
- **Circular Economy:** Promoting a circular economy by repurposing construction materials into reusable building components. This commitment is operationalized through offsite manufacturing, where factory-controlled processes significantly reduce construction waste compared to traditional site-based methods, while enabling reuse, recycling, and more efficient material utilization across projects. It includes enhancing water-use efficiency through treated greywater reuse and implementing rigorous pollution prevention measures.
- **Green Finance:** Pursuing green building certifications for all projects by integrating high-performance envelopes and resource-efficient systems into the design and construction phases. By ensuring quality and sustainability, we are aiming to link our project pipeline to Green Finance frameworks, enabling access to green bonds and sustainability-linked financing aligned with international taxonomies.
- **Low-Carbon Materials & Systems:** Integrating advanced construction technologies such as X-Panel systems, reducing concrete and steel use while improving thermal performance and lowering lifecycle emissions.

Social

We believe that human-centric development is a key differentiator. Our social pillar focuses on enhancing safety through technology and fostering an inclusive workplace.

- **Industrial and Digital Worker Safety & Welfare:** Enhancing occupational health and safety by transitioning high-risk construction activities from site to controlled factory environments, significantly reducing exposure to height, confined spaces, and multi-trade hazards. Digital tools and AI-enabled monitoring further enhance safety oversight and real-time risk management.
- **Comprehensive Well-being:** Fostering employee well-being through health programs and access to services.
- **Digital Customer Journey:** Expanding our dedication to resident satisfaction by transitioning to a fully digitized customer ecosystem, eliminating paper waste and streamlining tenant engagement.
- **Safety & Resilience:** Prioritizing building safety and implementing robust emergency response plans to ensure the preparedness and resilience of our properties.
- **Talent & Education:** Providing employees with training and skill development opportunities, including specialized sustainability education, to empower them and increase job satisfaction, strengthen employer branding and reputation.
- **Workforce Transformation**: Supporting the transition from traditional construction labor to skilled industrial roles through training in modular construction, automation, and digital systems, enabling long-term workforce stability and upskilling.
- **Community & Economic Support:** Actively engaging with local communities through partnerships and initiatives, specifically supporting local sustainability-focused startups to foster regional economic diversification.
- **Diversity & Inclusion:** Promoting an equitable workplace that values unique perspectives and embraces diversity across all levels of the organization.
- **Stakeholder Collaboration:** Collaborating with tenants, employees, investors, and local communities to ensure our social initiatives address their evolving needs and concerns.

Governance

Governance forms the foundation of our sustainability efforts, ensuring ethical business practices, diverse board representation, risk management, and transparent reporting. We believe that robust governance is essential for maintaining the trust of our stakeholders. Our enhanced governance strategy includes:

- **Executive ESG Leadership:** Strengthening our foundation by requiring specialized sustainability awareness sessions for senior leadership, ensuring top-down integration of ESG risks and opportunities.
- **Responsible Procurement:** Responsible Procurement & Vertical Integration: Leveraging digital platforms and DAMAC's vertically integrated manufacturing capabilities to ensure full visibility, traceability, and ESG compliance across the supply chain, reducing reliance on fragmented subcontractor ecosystems.
- **Fair Competition & Market Integrity:** Actively preventing anti-competitive (anti-monopoly) behaviour by fostering a culture of fair play. We ensure all business operations and partnerships align with legal frameworks that protect market health and consumer choice.
- **Ethics & Integrity:** Upholding a strong code of ethics, transparency, and integrity throughout all business operations, including zero-tolerance policy toward bribery and corruption, rigorous internal controls, and regular audits to ensure full compliance with international anti-corruption standards and regional regulations.
- **Diverse Board Representation:** Striving for diverse representation on the board of directors, specifically targeting individuals with deep ESG and sustainability expertise.
- **Data Security & Privacy:** Fortifying our digital infrastructure to ensure the highest standards of customer privacy and data protection, reflecting a critical priority in today's digital market.
- **Risk Management:** Identifying and managing ESG risks; including fraud, corruption, and climate-related risks to protect the long-term value of our assets and reputation.
- **Metrics & Accountability:** Establishing clear ESG metrics and demonstrating our YoY performance transparently in our annual Sustainability Reports.
- **ESG Data & Product Transparency**: Developing product-level ESG data systems through Modular Innovations, enabling auditable reporting of carbon, waste, and resource efficiency at asset and component level.
- **Stakeholder Inclusiveness:** Fostering a culture of inclusiveness by providing clear opportunities for engagement, feedback, and transparency in all decision-making processes.

Implementation of this Strategy

We are dedicated to integrating sustainability principles into all aspects of our operations and decision-making processes. Our strategy is embedded in our corporate culture, influencing how we design, develop, and manage our properties, engage with stakeholders, and assess risks and opportunities. We ensure that sustainability considerations are an integral part of our business practices, enabling us to make responsible choices that align with our ESG goals.

Modular Innovations acts as a core execution platform for this strategy, embedding ESG performance directly into construction processes through standardized, factory-based production, digital monitoring systems, and integrated supply chain management.

To ensure the successful delivery of the strategy, we have established a structured governance framework that embeds accountability at every level of the organization. DAMAC's Sustainability Committee, reporting directly to the Chairman, is responsible for approving and overseeing the implementation of this strategy. While DAMAC's Sustainability Team orchestrates the strategic roadmap, heads of departments are accountable for applying these principles within their daily operations, ensuring that sustainability is integrated into our corporate DNA rather than managed as a separate function.

Strategy Integration

Strategically positioned between our material topics and our operational execution, the ESG Strategy provides the direct mandate for the DAMAC ESG Policies/Strategies Package. These policies act as the formal governance mechanisms required to achieve our targets. To ensure organizational coherence, all policies are aligned with the strategy's three primary pillars:

Governance Policies:

- Anti-Bribery & AML Policy
- Supplier Code of Conduct
- ESG Data & Disclosure Policy (to support LCA, EPD, GHG tracking)

Environmental Policies:

- Environmental Policy
- Offsite Manufacturing & MMC Policy
- Green Building Strategy
- Green Finance Strategy
- Green Procurement Strategy

Social Policies:

- Diversity & Inclusion
- Health & Safety
- Human Rights and Labor
- Learning Management Strategy

Continuous Improvement

Our commitment to sustainability is a journey of continuous improvement. We regularly review and enhance our ESG strategy, initiatives, and performance based on feedback from stakeholders, changing global and local contexts, and advancements in best practices. We remain agile in adapting our approach to address emerging challenges and leverage new opportunities to drive positive social, environmental, and governance outcomes.

At DAMAC, our goal is to create real estate assets with quality and sustainability as cornerstones, showcasing our leadership in sustainability and making a positive impact on the environment and society. Our ESG strategy drives our commitment to a sustainable future, and we continually strive to improve our practices and performance to create lasting value for all stakeholders.