

OUR SUSTAINABILITY JOURNEY 2018

Dubai Financial Market PJSC



www.dfm.ae

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An aerial, black and white photograph of the Burj Khalifa in Dubai, showing its iconic tiered spire and the surrounding urban landscape, including other skyscrapers, roads, and a marina with many boats.

At Dubai Financial Market (DFM), creating value for our stakeholders and conducting our business in line with sustainability principles are vital to our long-term growth. We understand too that our exchange has an important role to play in supporting sustainable development in Dubai and the UAE. That's why we aim to act as a catalyst for positive environmental, social and governance (ESG) performance in the capital markets.

About this Report






Dubai Financial Market (DFM) is pleased to present its inaugural Sustainability Report – the first stock exchange to publish such a report in the gulf region.

In this document, we focus on material sustainability issues to both DFM and its stakeholders. This report has been prepared in accordance with the GRI Standards: Core option. It covers the sustainability performance of our main businesses, DFM PJSC and DFM Stock Exchange, for the fiscal year January 1 – December 31, 2018. This report also highlights relevant performance data from 2016 and 2017 to show year-over-year trending.

We welcome your feedback on our report. Please email: sustainability@dfm.ae

This report is published in conjunction with our Annual Report 2018. A digital copy is available at: www.dfm.ae

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2018 Sustainability Highlights

RESPONSIBLE EXCHANGE

BCM Certification



DFM and Nasdaq Dubai became certified with "ISO 22301: 2012", the international standard for business continuity management (BCM)

76%

CSR satisfaction score, as rated by our community stakeholders based on DFM's community contributions and impacts



Innovation Award



DFM was recognised by the Securities and Commodities Authority (SCA) for our innovative dividend distribution service for listed companies, through the iVESTOR Card

100%



investor services available online through DFM eServices

DFM Women's Council



formed to accelerate women's empowerment and advancement in our workplace

58%



representation of women in our workforce

82%



employee satisfaction, up from 77% the previous year

58%



Emirati employees at DFM

36



Average training hours per employee

ACCELERATING SUSTAINABLE CAPITAL MARKETS

DFM Sustainability Strategy 2025

First-of-its-kind among regional markets

World's first Shari'a-compliant exchange

DFM continued to collaborate with the Hawkamah Institute for Corporate Governance in offering a Board Secretary Accreditation Program for listed companies, bringing the total number of training participants since inception to

76

67

listed companies including two new listings during 2018

DFM Shari'a Standards include Trading of Green Sukuk, Shares and Green Investment Funds

"Excellence 5-Stars"

Awarded by the European Foundation for Quality Management (EFQM)

KEY PLAYER IN THE GLOBAL EXCHANGE INDUSTRY

DFM contributed to the United Nations Sustainable Stock Exchanges (SSE) Initiative White Paper:

DFM collaborated with the UN Principles for Responsible Investment (PRI) Association and the Chartered Financial Analyst (CFA) Institute to host an investors workshop and panel discussion:

DFM contributed to a global ESG report developed by the CFA Institute and PRI:

"How securities regulators can support the Sustainable Development Goals"

"A Practitioner's View: ESG, Islamic Bonds, Green Bonds – What Investors Need to Know"

"The state of ESG integration and best practices in Europe, the Middle East and Africa"

A Message from the Chairman

"Sustainability is at the heart of our strategy. We are continually seizing new opportunities to become the region's leading sustainable capital market by creating long-term shared value for DFM stakeholders."

It is with the utmost pleasure that I present to you the Dubai Financial Market's (DFM) inaugural, fully-fledged Sustainability Report.

Sustainability is at the heart of our strategy. Our sustainability framework reflects our commitment to continuously advocate for sustainability and the adoption of best practices at the global, regional and local levels, while leading by example as we integrate sustainability into every aspect of our daily operations including our governance and risk management frameworks, business continuity processes, environmental and social impact, and multi-level stakeholder engagement approaches.

This past year, we focused on developing a sustainability policy to further embed sustainable practices across our organization. Guided by this policy, we are continuing to improve our operations, drive sustainable markets and contribute to global sustainability efforts. We conducted DFM Sustainability Surveys among internal and external stakeholders to measure their knowledge about ESG and sustainability issues, and to prioritize the material ESG issues that influence DFM's strategy and operational activities that matter most to our stakeholders.

As we aim to be the region's leading sustainable financial market by 2025, we are the first among regional markets to have developed a Sustainability Strategy 2025, which is aligned with the United Nations Sustainable Development Goals (SDGs), UAE Sustainable Development Goals 2015-2030, UAE Green Agenda 2015-2030, UAE Vision 2021, UAE Gender Balance Council and Dubai Plan 2021.

To create a sustainable future for our business and all our stakeholders, collaboration is absolutely imperative. Through cooperation and partnerships, we are actively promoting and advancing sustainability across the global exchange industry. We have been a member of the UN's Sustainable Stock Exchanges (SSE) initiative since 2016. This initiative encourages sustainability of performance and transparency in capital markets, and DFM is actively contributing to the SSE's advisory group on sustainability and responsible investing matters.



We also collaborate with the UN-backed Principles for Responsible Investment (PRI) Association, and accordingly, we are adding our input to global dialogue on environmental, social and governance (ESG) issues and working to integrate responsible ESG practices in the region.

With investors integrating ESG factors in their decision-making process, DFM is well positioned to accelerate sustainable capital markets, building on our leading position as the first Islamic Shari'a-compliant exchange globally since 2007. We will achieve that by driving ESG-related disclosures, awareness and education, by supporting green listings and by championing gender balance. These are key focus areas of our sustainability agenda. In fact, one of the four pillars of the DFM Sustainability Strategy 2025 is 'Sustainability Reporting and Disclosures', which demonstrates DFM's commitment to promoting ESG reporting among DFM issuers. With DFM-listed companies having the highest number of sustainability reports among the region's capital markets, DFM is keen to support companies to achieve 70% ESG disclosure reporting by 2025.

Looking ahead, we are committed to publishing our first ESG Reporting Guidance to support our listed companies in reporting on key ESG issues, in alignment with the World Federation of Exchanges recommended ESG metrics and international global reporting standards. We will continue our sustainability journey through continued commitment in the working groups and contributions to global papers, gender balance initiatives to support female board representation, and further collaboration to develop the region's leading sustainable financial hub.

I would like to thank all our stakeholders for supporting us in our journey.

H.E. Essa Abdulfattah Kazim
Chairman
Dubai Financial Market (PJSC)





01

About DFM

About DFM

Dubai Financial Market is the first exchange in the United Arab Emirates (UAE). We offer primary and secondary market services to investors and issuers alike, using integrated operations with Nasdaq Dubai. Since inception in 2000, we have continuously strengthened connections among various market participants, including governments, private and educational institutions, brokerage firms, custodians, market data providers, and exchange partners.

DFM is the first market in the world that is compliant with Islamic Shari'a principles. DFM is a regulatory member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), which issues accounting, auditing, governance, ethics and Shari'a standards for Islamic financial institutions and the industry at an international level.

Our vision, mission and values guide our efforts to create long-term shared value for our stakeholders and become the region's leading sustainable capital market by 2025.

VALUES:

Transparency: We prioritise transparency across all our actions and decisions.

Efficiency: We focus on building efficiency into every aspect of our operations.

Confidentiality: We accord the utmost confidentiality to our clients and their interests.

Integrity: We conduct ourselves with unconditional integrity and ethics.

Innovation: We believe the future depends on the innovation we empower today.

VISION:

The World-Class Regional Marketplace.



MISSION:

To provide stakeholders with innovative services in conducting trading, settlement and depository of securities, in an efficient, transparent and liquid environment.

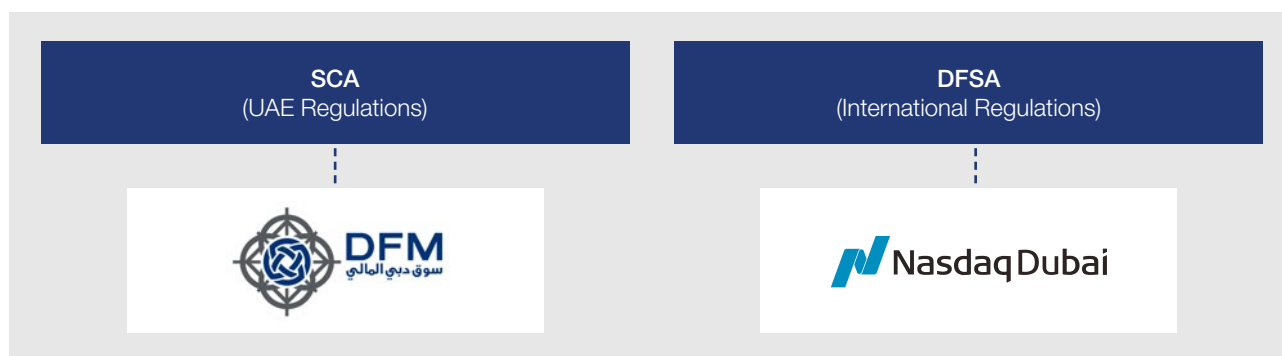


Within a short time, DFM has quickly developed into a leading financial market across the region. Through our ongoing efforts and strategic initiatives, we have reinforced Dubai as a center of excellence in this part of the world, enhancing its leading position as a powerful capital market hub.

OUR REGULATORY ENVIRONMENT

DFM is governed and regulated by the UAE Securities and Commodities Authority (SCA). We work proactively with the SCA to protect investors and provide an optimum trading platform, which includes initiatives such as Margin Trading and Delivery versus Payment (DvP) mechanisms, and contribution to the SCA Sustainable Capital Markets Roadmap launched in 2018.

In 2010, the Dubai Financial Market consolidated its operations with Nasdaq Dubai to create a dynamic force in the region's capital markets.



DFM AT A GLANCE

→ WORLD-CLASS TRADING PLATFORM:

Featuring a complex multi-asset trading system that supports multiple markets simultaneously using a state-of-the-art global brand (INET).

→ A SECONDARY MARKET:

We offer liquidity for governments, institutions and individuals, catering for a wide range of financial needs. Total equity market capitalization has appreciated by over 10% since 2011.

→ SHARED VALUE:

We drive business excellence, responsible governance and investor relations best practices among our listed companies. As a good corporate citizen, we add value through proactive engagement with our stakeholders.

→ AN INFLUENCER:

Our business model is built around multiple stakeholders – from investors to brokers, issuers and regulators to society as a whole. Creating long-term shared value is at the heart of DFM's Sustainability Strategy.

→ STRATEGIC PARTNERSHIPS:

We cultivate strategic partnerships with brokers, banks, custodians, issuers, shareholders and stakeholders.

RECOGNITION AND AWARDS IN 2018

- Recognized by the Securities and Commodities Authority (SCA) for our innovative dividend distribution service for listed companies (through the iVESTOR Card – see page 32 for details)
- DFM and Nasdaq Dubai achieved the ISO 22301: 2012 Business Continuity Management System certification
- Recognized by the European Foundation for Quality Management (EFQM) with the “Excellence – 5-Stars” award





An aerial photograph of Dubai, United Arab Emirates, showing the city's skyline and its artificial islands in the Persian Gulf. The image is split diagonally: the top-left portion is in black and white, showing the dense urban landscape and the Palm Jumeirah, while the bottom-right portion is in a vibrant orange color, showing the same area from a slightly different angle or with a color overlay. The text is overlaid on the black and white section.

02

DFM's Approach to Sustainability

Our unique position as an exchange allows us to generate real value for market participants. It also gives us a significant opportunity to contribute to the country's sustainability agenda and global initiatives focused on tackling pressing ESG issues such as climate change. Supporting these broader efforts through partnerships, leadership and collaboration is a priority for us and connects to our sustainability ambition of being *The Region's Leading Sustainable Financial Market by 2025*.

Sustainability Context

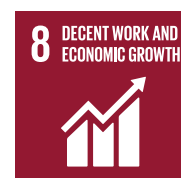
Stakeholders in the mainstream capital markets, including major institutional investors, expect companies to be more responsible and transparent about their risks, impacts and performance. This is not only driven by the results of the financial crisis. Today's investors are more mindful of the environmental and social risks facing the world, and the need for urgent action to address them. Climate change, water scarcity, gender inequality, human rights and governance are among the issues of concern.

As a result, investors are increasingly evaluating investment opportunities from an environmental, social and governance (ESG) lens, evaluating companies against a wide span of criteria. The momentum for “responsible investing” continues to grow, fueled by evidence showing companies that integrate ESG issues into their management systems outperform companies that don't.

Capital markets play a pivotal role in shaping the future of the global economy, and efforts to drive sustainability are at the heart of this. At DFM, we understand that investors are increasingly seeking meaningful ESG data to inform their investment decision-making.

In the UAE, the national visions and plans are well aligned to the global sustainable development plans. According to the global Sustainable Development Goals (SDGs)¹ Index report for 2018, the UAE's overall SDG's performance ranked 60 out of 156 countries globally – and first in the GCC. The UAE outperformed towards achieving 50% of the SDG's indicators and is leading the Arab region in SDG 17 “Partnerships for the Goals”.²

DFM has taken a first-of-its-kind approach globally from an exchange by adopting an ‘outside-in’ approach to its sustainability strategy development. To ensure we maximize our contribution to sustainable development locally and globally, DFM's sustainability approach is aligned with the SDGs, the UAE Green Agenda 2015-2030, the country's commitment to the Paris Agreement, and Dubai's Vision 2021 to create a smart and sustainable city. We have prioritized the following six SDGs for which DFM has been focusing its long-established CSR activities along with where we can have the most impact, and mapped these against our strategic corporate goals:



¹ Federal Competitiveness and Statistics Authority - SDG Index and Dashboards Report 2018. The United Nations Sustainable Development Goals (SDGs) are a call to action for countries, organizations and all stakeholders to work collaboratively in areas of pressing importance, such as tackling climate change, addressing inequality, and ensuring access to quality education.

DFM's approach to sustainability intends to create long-term value for all stakeholders within the regulatory ecosystem by aligning it to ensure maximum contribution to SCA's Sustainable Capital Market Roadmap. This roadmap focuses on seven themes: classifications and standards, supporting legal and regulatory framework (SCA and markets), green market platform and instruments, corporate governance and stewardship, transparency and disclosure (integrated reporting), awareness, and awards and incentives.

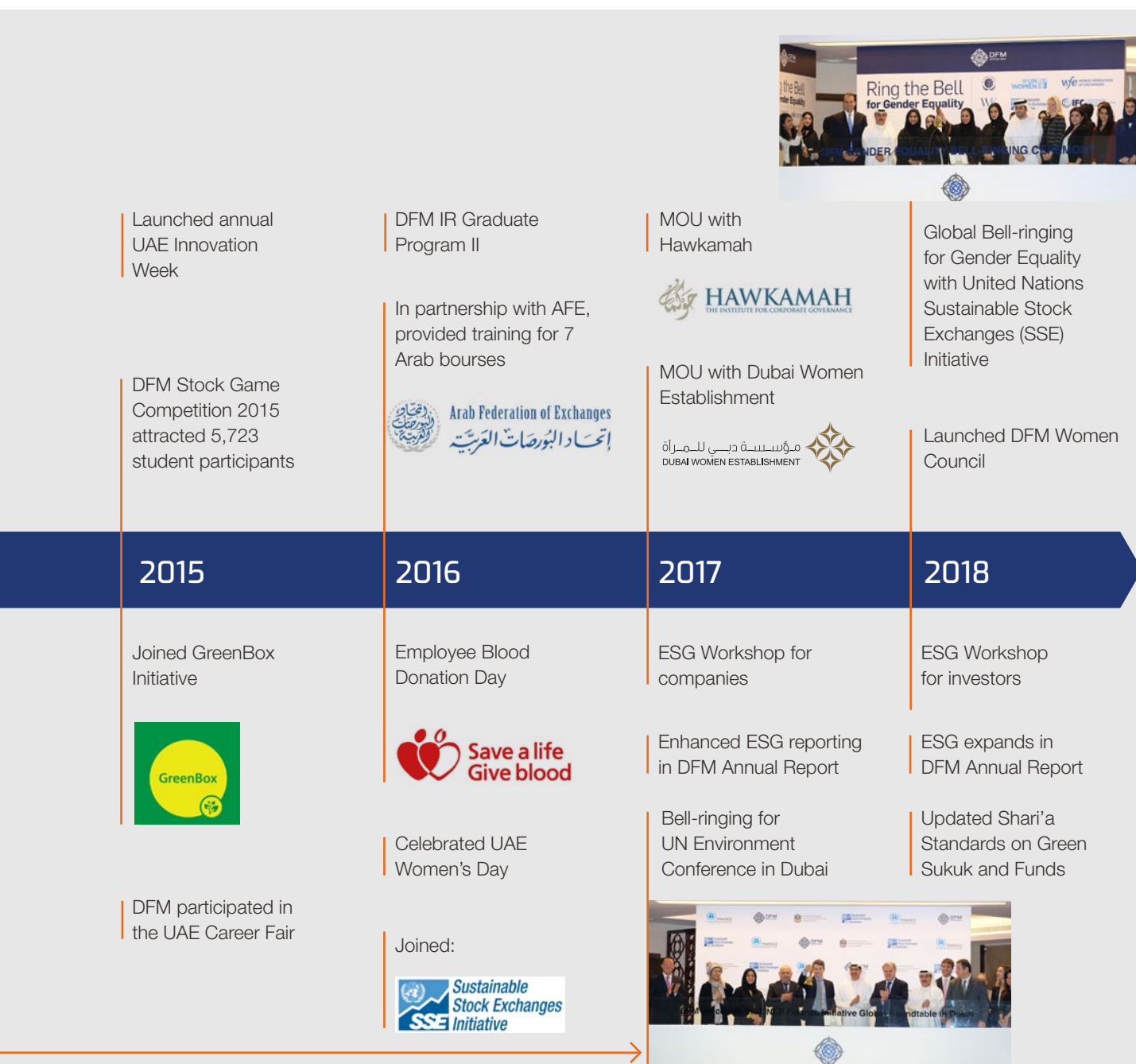
DFM'S LONG-ESTABLISHED CSR JOURNEY...



OUR CSR JOURNEY

Since DFM's inception, we have demonstrated pioneering sustainability leadership. Our journey began from a strong sense of ethical and social responsibility. We were the first market globally to comply with Islamic Shari'a principles, which are well aligned to the principles of sustainable development and ethical practices.

Our Corporate Social Responsibility (CSR) department was established in 2011 to reinforce DFM's commitment to sustainability and magnify our social and environmental impact. In 2015, we started a strategic transition towards embracing a more comprehensive sustainability approach, to help DFM achieving its ambition to be the region's leading sustainable financial market. We continue to evolve our approach to sustainability and ESG issues, recently launched our new Sustainability Strategic Plan 2025, which aims to build on our strengths and focus on the challenges that lie ahead.

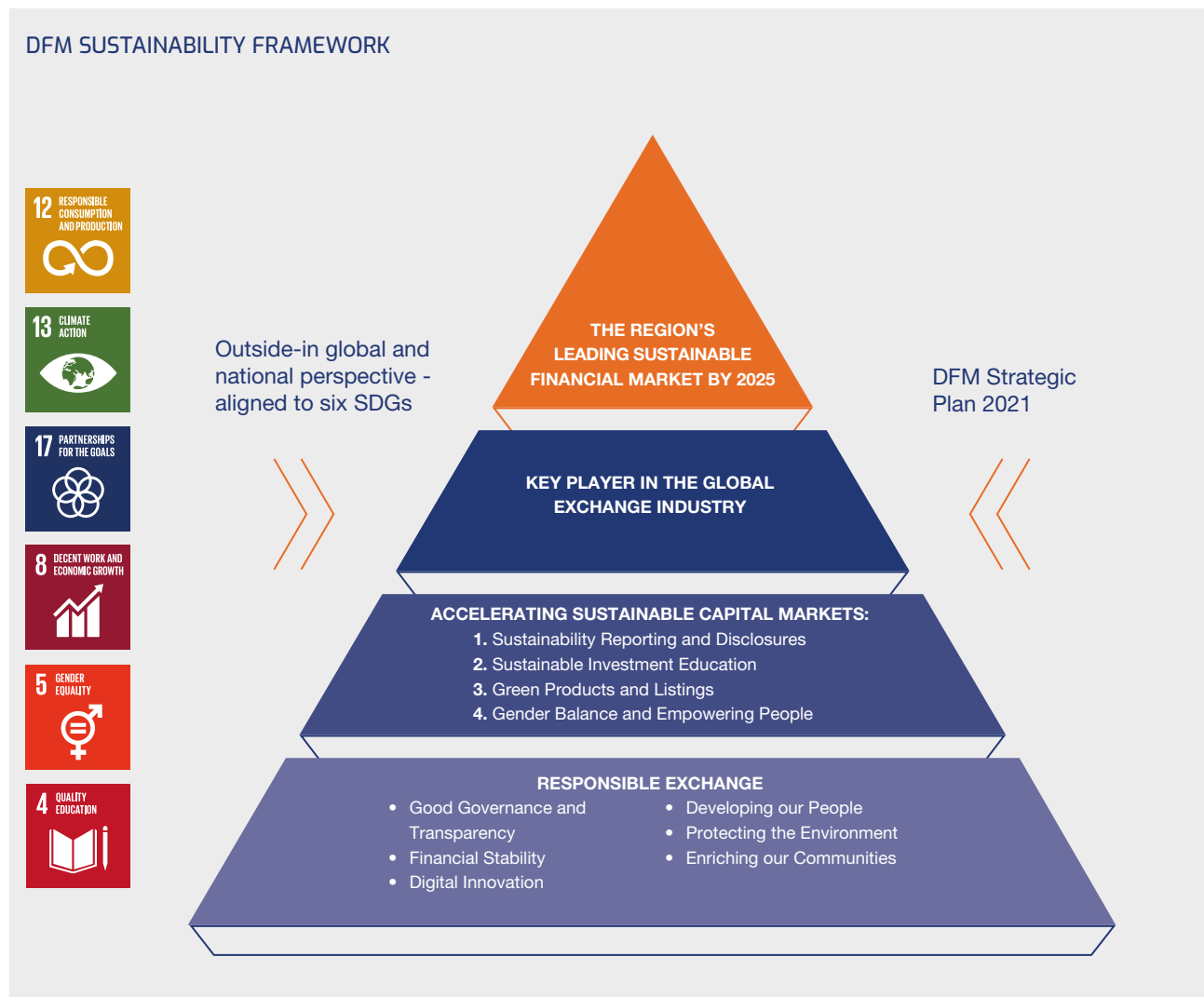


Sustainability Framework

Our understanding of the current sustainability context and emerging trends shapes the foundation of DFM's sustainability framework. Through this framework, we aspire to create long-term shared value for our stakeholders, position DFM as the region's leading sustainable financial market by 2025 and contribute to the broader sustainability aspirations of national, sectoral and international agendas.

Aligned with DFM's Strategic Plan 2021 and its five key strategic goals - promoting stakeholder happiness and satisfaction; creating a Smart Borse; developing and sustaining DFM's infrastructure; employee competencies and

happiness; and sustaining financial stability - our sustainability framework builds on our strengths and targets three main areas where we can support positive change and enhance our performance, as captured in the diagram below:



1

RESPONSIBLE EXCHANGE

To become the region's sustainable capital market, it is essential that DFM leads by example. We continue to embed leading sustainability practices into our operations and identify opportunities to continuously improve. As a responsible exchange, we are committed to:

- Good governance and transparency
- Financial stability
- Digital innovation
- Developing our people
- Protecting the environment
- Enriching our communities

2

ACCELERATING SUSTAINABLE CAPITAL MARKETS

We are shifting the marketplace towards sustainability by focusing on four main pillars for DFM and its stakeholders:

- Sustainability Reporting and Disclosures
- Sustainable Investment Education
- Green Products and Listings
- Gender Balance and Empowering People

3

KEY PLAYER IN THE GLOBAL EXCHANGE INDUSTRY

We aim to be a prominent player in the global exchange industry. Through effective partnerships and collaboration, we advocate for and contribute to the growth of responsible investing and sustainable market practices, while driving regional action towards the same outcomes.

DFM SUSTAINABILITY POLICY

Vital to our success, we prioritize sustainability in every aspect of our corporate strategy and operations, so that we create long-term shared value for all stakeholders. Our Sustainability Policy outlines our commitment to model responsible practices and do business in a way that contributes to an environmentally, socially and economically sustainable future. The policy focuses on areas, including:

1



Sustainable risks management

2



Supply chain management

3



Stakeholder happiness

4



Employee training and engagement

5



Women and youth empowerment

6



Water and energy conservation

7



Recycling Program

8



Develop sustainable products and services

9



Sustainability work policies and procedures

10



Sustainable data collection and reporting

Engaging our Stakeholders

At DFM, we recognize that our continued success relies on delivering value to our diverse stakeholders. We consult and listen to each of our stakeholder groups, so that we understand their evolving needs and incorporate their perspectives into our strategies and actions. This is essential to ensuring DFM remains relevant, responsive and creates long-term value and happiness for our stakeholders.

The chart below defines our key stakeholder groups, their priorities and how we engage with them including frequency.

Stakeholder Group

Priorities

How DFM Engages with Stakeholders

REGULATORY BODIES (SCA, MINISTRY OF ECONOMY, FDI)



- Improve legislative environment
- Introduce policies, rules to promote market performance
- Organize the legislative environment
- Regulatory framework for sustainable capital markets
- Regulations to support sustainability reporting and disclosures, and green issuances
- Investor education on sustainable investment and capacity building

- Quarterly meetings
- Engagement in Committees to improve the legislative environment
- Consultative sessions
- Jointly organized events
- Reports in respect of compliance with statutory obligations (such as Annual Governance Report)

BROKERAGE FIRMS & CUSTODIANS



- Improve services
- Achieve transparency
- Provide guidelines
- Ensure ethical conduct
- Increase quality and productivity
- Increase knowledge of DFM products and services
- Receive continuous feedback reports from accredited assessors

- Awareness workshops
- Annual Broker Excellence Rating
- DFM website and eServices
- DFM mobile applications
- Social media
- Events and activities
- Call Center
- Annual Reports
- Sustainability Reports
- Annual satisfaction survey
- Quarterly meetings
- SMS and email communications

DFM-LISTED COMPANIES



- Promote ESG/sustainability disclosure
- Provide ESG/sustainability guidance
- Provide a strategic overview on how the ESG landscape is evolving
- Training/awareness sessions
- Constant communication with companies

- Meetings and workshops
- Focus group sessions
- Public/industry consultations
- EFSAH Online Disclosure system
- Investor relations function
- Investor Excellence Program
- International Investor Roadshows
- Annual satisfaction survey
- DFM website
- Site visits
- Annual Reports
- Annual General Meetings
- Email communications
- Issuer Support Program



Stakeholder Group

INDIVIDUAL INVESTORS



Priorities

- Promote ESG/sustainability investing practices
- Provide ESG/sustainability guidance
- Enhance investor relations practices
- Provide platform for investors to send their questions, recommendations, complaints and requests
- Provide data packages that can address investors' needs

How DFM Engages with Stakeholders

- Public consultation
- Investor workshops
- Focus groups
- DFM website and eServices
- DFM mobile applications
- Social media
- Events and activities
- Call Center
- Annual Reports
- Sustainability Reports
- Annual satisfaction survey
- Client Services Affairs Desk at DFM Trading Floor
- Happiness Meters at Client Affairs Desk
- People of Determination, Elderly and Pregnant Ladies Priority Access
- Semi-annual meetings with Brokers on behalf of investors
- 24/7 IVR StockPortfolio
- 24/7 Call Center for iVESTOR Card Services
- SMS and email communications

INSTITUTIONAL INVESTORS



- Promote ESG/sustainability investing practices
- Provide ESG/sustainability guidance
- Enhance investor relations practices
- Platform for investors to send their questions, recommendations, complaints and requests
- Provide data packages that can address investors' needs

- International Investor Roadshows
- Awareness workshops
- Roundtables
- DFM website and eServices
- DFM mobile applications
- Social media
- Events and activities
- Call Center
- Annual Reports
- Annual General Meetings
- Sustainability Reports
- Annual satisfaction survey
- SMS and email communications

DFM PJSC SHAREHOLDERS & ANALYSTS



- Shareholders:
 - Invest in the right market providing necessary capital for PJSCs in return for profit (e.g. dividends, stock price appreciation)
- Sell and Buy side analysts:
 - Researching equity stories, including past performance and future outlook for investment decision-making

- 57 Senior Management Meetings
- DFM website
- DFM IR mobile application
- DFM facility site visits
- Focus group sessions
- Annual Reports
- Annual General Meetings (AGM)
- Mail
- SMS and email communications
- Annual satisfaction survey
- Investor conference participation
- Investor presentations

DFM EMPLOYEES



- Recognition and rewards
- Capacity building
- Competitive benefits
- Healthy working environment
- Fairness and equality
- Open communication channels with management

- Learning and Capacity Development Programs
- Clear KPIs and periodic performance reviews
- Human Resources Services
- Employee Experience programs and initiatives
- Code of Conduct
- Quarterly/monthly/weekly internal meetings
- Internal committees
- Volunteering programs
- Moments that matter
- Annual Reports
- Sustainability Reports
- Annual satisfaction and 360° surveys
- Employee intranet HR portal
- Employee mobile application
- Monthly and Annual Employee Gatherings
- Employee Handbook
- Annual Chairman Awards
- SMS and email communications

PARTNERS



- Contribute to global and local sustainable development
- Support local economy
- Support job creation and youth employment
- Improve financial literacy
- Advance social development
- Protect the environment
- Encouraging the adoption of best practices and performance enhancement
- Provide effective market data
- Provide innovative services with a positive economic and social impact

- DFM website
- DFM mobile applications
- Social media
- Joint events and activities
- Call Center
- Annual Reports
- Sustainability Reports
- Industry Working Groups
- DFM Educational Trading Floors in Colleges/Universities

OUR SUPPLIERS

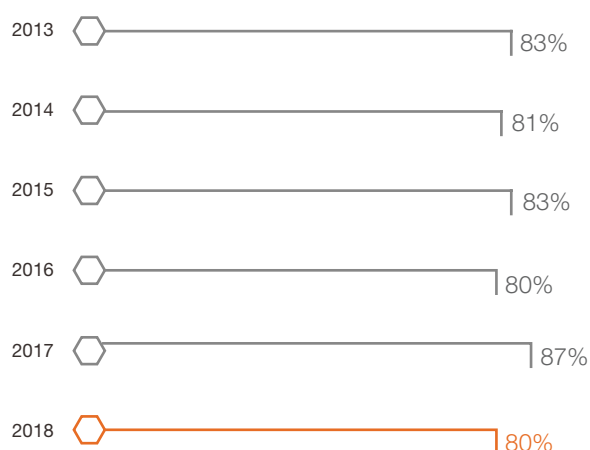


- On-time payments
- Open communication channels
- New business opportunities
- Fairness and transparency in bidding procedures and communications

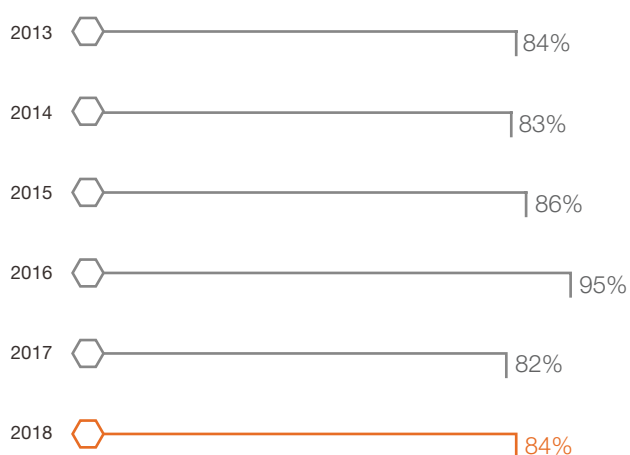
- Procurement policy
- Invitations to biddings
- DFM website
- Annual Reports
- Sustainability Reports
- Supplier CRM
- Annual satisfaction survey
- Email communications

We use a number of engagement methods to connect with stakeholders. For example, each year we conduct surveys that measure the satisfaction levels of customers, employees and other stakeholders. In 2018, our overall customer satisfaction score (which includes investors, issuers and brokers) was 80%, our supplier and strategic partners satisfaction reached 84% and 85% respectively, while our employee and investor satisfaction scores were 82% and 71% respectively. Our goal is to achieve and maintain an overall stakeholder satisfaction rate above 80%.

DFM Customers Overall Satisfaction (Investors - Issuers - Brokers)



Suppliers Satisfaction



STAKEHOLDER SERVICES

As part of our effort to provide the highest levels of stakeholder services, we pilot launched our Chatbot service in 2018. It provides instant responses, anytime through automated text, to frequent investor queries about various DFM product and services. The service reduces waiting time, especially during busy trading hours.

We collaborate with brokerage firms to provide trading services through smart phone application. Currently, 25 DFM-licensed brokerage firms are offering this service to their customers.



During our Broker Awards Ceremony, we honored three licensed brokerage firms for providing their customers with trading via smart phone applications.

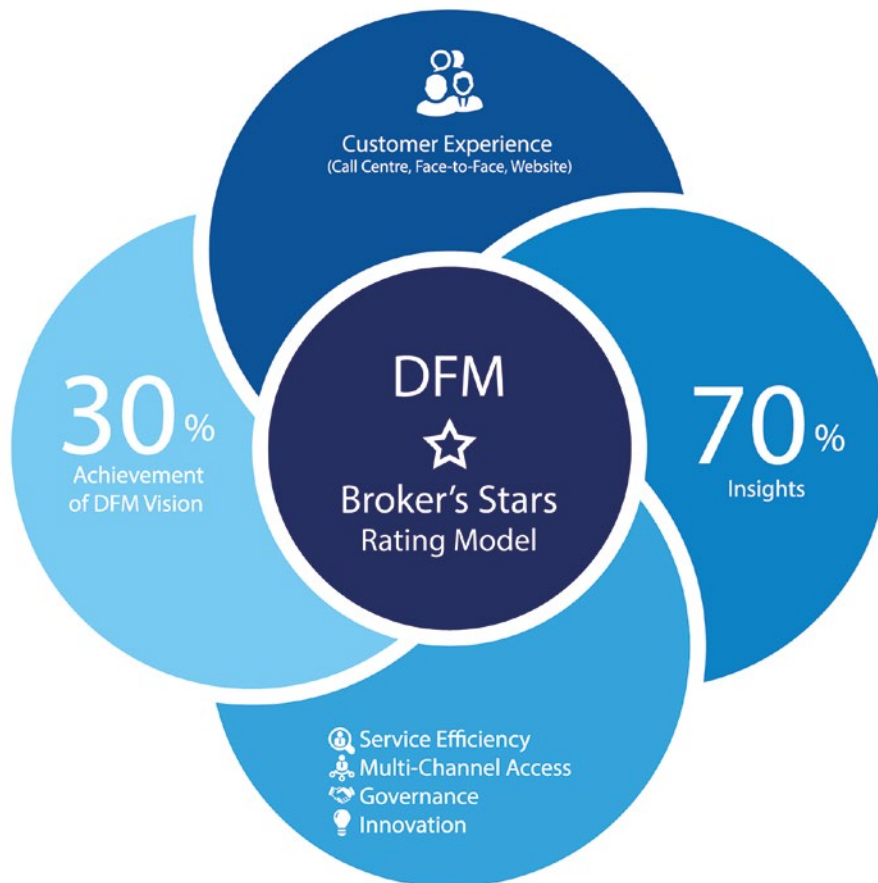
BROKER EXCELLENCE RATING PROGRAM

To further enhance our investor services and strengthen the leading position of Dubai and the United Arab Emirates (UAE) as a center of excellence in the region and globally, we launched the Brokers Excellence Rating in 2018. It is the first-of-its-kind initiative globally aimed at promoting the quality of service offered to investors.

Through this rating, brokers are scored on a criteria that covers the entire customer journey, including service efficiency, multi-channel access, innovation and good

governance. The rating scheme enables brokerage firms to identify strengths and gaps based on third-party evaluation.

We regularly host workshops to educate DFM-licensed brokerage firms on new developments and best practices. In 2018, for example, we organized a workshop about DFM's new Brokers Excellence Rating Program, with 32 brokers representing 16 firms attending, where five brokerage firms were awarded the '5 Stars' Broker Excellence rating.

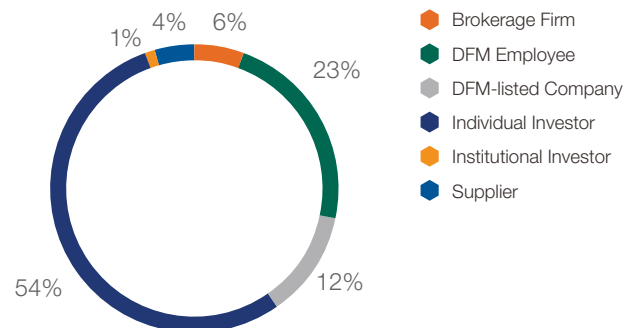


Our strong focus on embedding excellence into our strategy, systems and culture was recognized in 2018 with the "Recognized for Excellence - 5 Stars" award by the European Foundation for Quality Management (EFQM). DFM's pursuit for excellence continued, in late 2018, we also worked on our entry to the Dubai Quality Awards.

Materiality Review

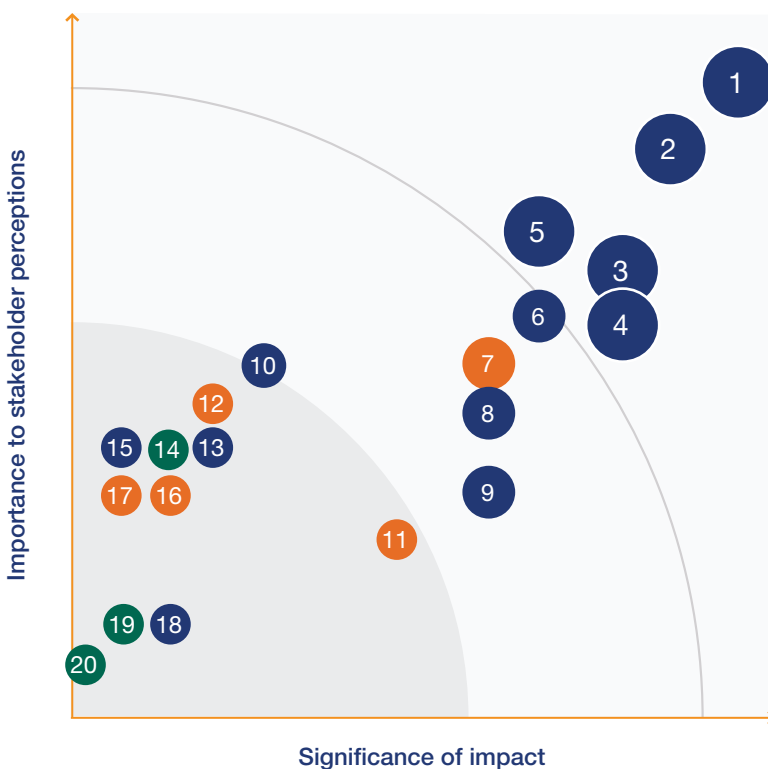
DFM's exchange activities influence the economy, the natural environment, and communities. By engaging our stakeholders and maintaining a consistent and strategic dialogue with them, we can better assure that our operations and sustainability management approach are robust and inclusive, and manage as well as mitigate any potential material ESG issues identified.

This past year, we conducted Sustainability Surveys which included assessing the materiality of ESG issues among internal and external stakeholders. Individual investors made up the majority of survey participants (54%), followed by DFM employees (23%) and DFM-listed companies (12%). Our goal was to measure their importance about ESG and sustainability issues, and to prioritize the material ESG issues that influence DFM's strategy and operational activities that matter most to our stakeholders. These issues, captured in the materiality matrix below, are informing our sustainability plans and actions, and will be integrated into our Risk Management Framework.



DFM MATERIALITY MATRIX

● Environmental ● Social ● Governance



- 1 Anti-corruption and anti-bribery
- 2 Financial stability
- 3 Data privacy
- 4 Efficient and transparent markets
- 5 Business continuity
- 6 Disclosure practices
- 7 Employee health and safety
- 8 Technological risks and cyber threats
- 9 Responsible customer communication and marketing
- 10 Market surveillance
- 11 Talent attraction, development and retention
- 12 Financial literacy
- 13 Attract new listing
- 14 Waste recycling
- 15 Digital innovation
- 16 Women and youth empowerment
- 17 Diversity and inclusion
- 18 Promote ESG among listed companies
- 19 Climate change
- 20 Sustainable supply chain

03

Responsible Exchange

In order to play a global role towards sustainability, while building a sustainable marketplace, it is essential that DFM leads by example. To this effect, DFM aims to embed the leading sustainability practices into its operations, driven by DFM's sustainability policy.

DFM is committed to:

- Good governance and transparency
- Financial stability
- Digital innovation
- Developing our people
- Enriching our communities
- Protecting the environment

Good Governance and Transparency

Good governance, that is fair and effective, is vital for delivering sustainable results for internal and external stakeholders. At DFM, we are committed to responsible governance and transparency, supported by our governance framework, risk management, anti-corruption and data privacy and security policies and procedures.

CORPORATE GOVERNANCE FRAMEWORK

Cultivating trust and confidence through good corporate governance has been an ongoing focus of our strategy. DFM's corporate governance framework is supported by the Securities and Commodities Authority (SCA), which clearly defines relevant matters and applicable limits. These parameters include those reserved for the Board's approval, and those which the Board may delegate to the Board Committees and Management.

At the core of the Board's responsibilities are: improvement of both operational performance and profitability levels, the institutionalization of sustainable development, the implementation of good governance principles, and providing strategic direction for the organization. Moreover, the Board of Directors is responsible for performance monitoring as well as identifying and managing risks, to achieve the desired objectives.

In 2018, DFM shareholders appointed one female member to the DFM's seven-member Board of Directors, an enhancement to our female Board Member representation.

In line with international best practices and accounting standards, and to meet the needs of ethical and belief-based investing, our Board Committees include the Fatwa & Shari'a Supervisory Board and Audit Committee. Additionally, initiatives from the Audit Committee and subsequent Internal Control procedures allowed us to gain the following ISO accreditations:



ISO 9001 Quality Management



ISO 27001: 2013 Information Security Management System



ISO 20000 IT Service Management Practices



ISO 22301: 2012 Business Continuity Management System

Our [2018 Annual Report](#) includes a comprehensive and detailed Corporate Governance Report showcasing our practices, achievements and Board of Directors composition, meetings and remuneration. Refer to pages 44-69 in that report.

PROMOTING GOOD GOVERNANCE IN THE MARKET

With its unique position within a larger economic system, DFM takes a proactive approach to improving governance practices across listed public joint stock companies.

In 2018, DFM recorded 100% compliance of its UAE listed companies in the disclosure of quarter three 2018 results within the deadline of 45 days from the end of the period. Through its Listing and Disclosure department, DFM ensures that all of its listed companies disclose the annual governance report and any major changes pertaining to their Board members' election, the market also stringently manages operations to prohibit insider trading, and accordingly assigns major penalties.

In recent years, DFM issued a resolution that sees listed companies obligated to enroll board members and board secretaries in governance programs, and to ensure that any board secretaries are DFM certified. In 2018, the DFM continued its third round of the Board Secretary Accreditation program bringing the total number of attendees since initiation to 76; of these 49 attained the accreditation. There is an increasing demand from

DFM-listed companies to keep their boards updated with the latest governance trends and regulations aimed at enhancing board effectiveness.

DFM also conducted governance workshops and initiated board briefings in collaboration with Hawkamah and other partners. Please refer to the section **Sustainable Investment Education** in this report for more details about these efforts.

Additionally, we partnered with the Dubai Women Establishment to foster bilateral collaboration and further women's economic empowerment by encouraging female participation on the boards of listed companies. The partnership stipulates that the DFM and the Dubai Women Establishment will support the Women on Board initiative and cooperate in implementing programmes designed to increase the number of women in higher positions across the listed companies. It aims to help women become effective leaders and positively engage them in the business world, so they can contribute to the national development by means of joint activities, awareness initiatives, educational campaigns, agreements and research and database exchange.

TRANSPARENT AND RESPONSIBLE COMMUNICATION

Transparency is one of DFM's five core values that is best represented in our sustainability framework where we aim to encourage sustainability reporting and ESG disclosure at market level. In addition, DFM has a strong commitment to annual sustainability reporting.

We prioritise transparency across all our actions and decisions. We are dedicated to meeting the information needs of clients and the investment community by delivering clear, timely and factual disclosure. Our Investor Relations staff updates stakeholders on a regular basis through presentations, meetings, calls, our website and our IR mobile application.

DFM spearheaded open communication with foreign investors since 2007, by organising international investor roadshows in major financial cities to communicate their successful equity stories.

As a financial services provider, we are regulated by the Securities and Commodities Authority (SCA) and therefore limit our advertising to mandatory disclosures, important investor notifications and information on how to access and use our services. We are extremely diligent about the types of messages published through our various communication channels, including social media.

We improved our [Annual Report](#) to provide enhanced disclosures, including on our governance and risk management practices.



We also released the second version of our Investor Relations mobile app to enhance the user experience.



INTEGRATED RISK MANAGEMENT

In an increasingly uncertain world, the need to improve trading efficiency, provide real-time information coupled with risk preparedness and state-of-the-art risk management tools are of paramount importance to the success of global markets. DFM developed a strategy and implemented policies and procedures to measure, manage, monitor and report its risk exposures. These initiatives are regularly reviewed by the appropriate management and supervisory bodies.

While implementing this strategy and policies, DFM defined its internal control and Enterprise Risk Management (ERM) Framework according to principles and guidelines of the COSO-ERM¹ framework - Aligning Risk with Strategy and Performance, ISO 31000: 2018, and the KPMG ERM Model, all of which define best practices and are geared to achieving an entity's objectives.

RISK MANAGEMENT FRAMEWORK

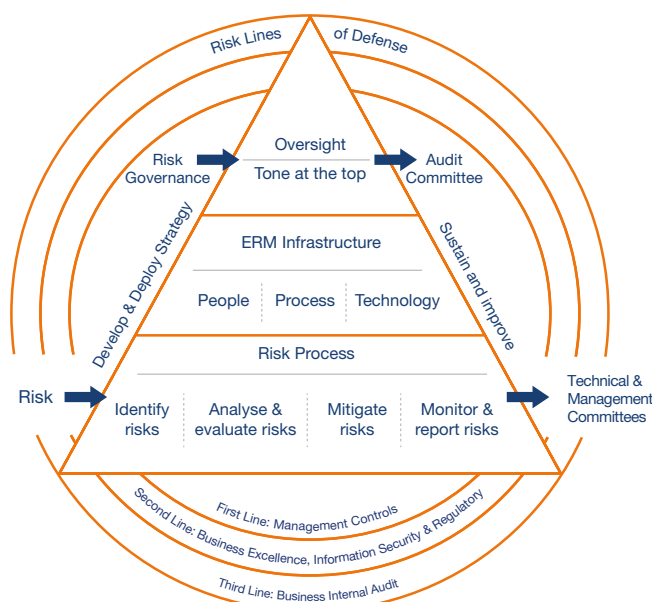
The ultimate goal of the risk management framework is to mitigate the risk exposure while accepting some degree of risks in the pursuit of DFM's vision, mission, and business objectives. DFM's risk appetite varies according to the undertaken activity and any acceptable risk is always subject to a cost-benefit analysis before approval, coupled with established sensible measures to mitigate risks.

Within this framework, DFM has developed a systematic process to identify, analyze and evaluate the strategic and operational risks it faces while conducting business. Starting with our employees, a risk-reporting network was established, which was implemented through the application of our whistle-blowing policy and the appointment of a risk champion at each market segment. Once the risk is identified, it is recorded and tracked through the risk register.

A specialized team runs the Risk Management and Project Management office and reports to the Audit Committee and the Board of Directors. DFM continuously develops its risk management framework by providing a series of risk awareness workshops and assigning different roles and responsibilities to risk champions identified in each department. In the accompanying diagram, we depict the overall process of DFM's risk management.

In 2018, our risk team completed a company-wide Enterprise Risk Assessment and prepared risk registers for all divisions.

Integrated Risk Management Framework



As an exchange, our ability to minimise and manage any disruption to markets that can result from an event is critical. Last year DFM and Nasdaq Dubai achieved the ISO 22301:2012 Certification for Business Continuity Management System, from Lloyd's Register Quality Assurance, the leading provider of business and quality certification globally. This achievement underlines our commitment to having an efficient business continuity and disaster recovery plan, which ensures our ability to resume operations and return to business as usual as quickly as possible after a disruptive incident.

Looking ahead, DFM will further integrate ESG criteria into risk analysis to proactively and systematically mitigate any sustainability risks while benefiting from the new opportunities offered towards more sustainable business and markets.

For a more detailed description of our risk management framework and key risks, refer to pages 61-64 of our 2018 Annual Report.

¹ COSO stands for The Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is a joint initiative to combat corporate fraud.

ANTI-CORRUPTION AND ANTI-BRIBERY

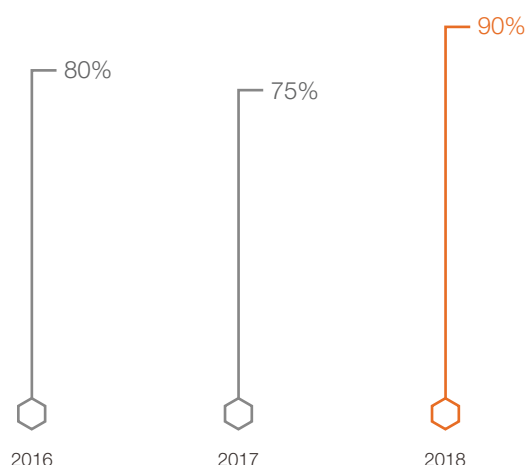
We treat corruption, bribery and conflicts of interest seriously. We have anti-corruption and anti-bribery policies and procedures in place and we provide training on these topics to employees. We expect all employees to demonstrate the principles of integrity, accountability and ethical conduct at all times. In 2018, 90% of our employees were trained on DFM's anti-corruption policies and procedures.

Our risk assessment process considers the potential for fraud and bribery across our operations. We have incorporated such risks in the respective risk registers. Additionally, our internal audit planning methodology considers fraud risk exposures as part of the process for generating an audit risk index.

To further increase transparency and to eliminate suspected fraud, corruption and conflicts of interest, in 2018 the DFM's board approved an updated insider trading policy as well as an updated whistle-blowing policy. Both of these are ways to increase transparency and to eliminate suspected fraud, corruption and conflicts of interest.

Fraud Training

Percentage of employees trained in DFM's anti-corruption policies and procedures



DATA PRIVACY AND SECURITY

As one of the company's core values, we accord the utmost confidentiality to our clients and their interests. In light of our unique position in the financial marketplace, protecting client records and commercially sensitive information is absolutely critical.

We have numerous safeguards in place to protect client data, such as firewalls, access controls and a Privacy Policy. Additionally, DFM is certified to the ISO 27001: 2013 Information Security Management System standard. This international standard provides a framework for implementing a robust information security management system. We achieved certification after an extensive audit of our data security and privacy program, underscoring our commitment to protecting client data and complying with international best practices. Our operational units identify and manage data privacy and security risks on a regular basis.

In 2018, we experienced no incident of a customer privacy breach.

Financial Stability

Since our founding, we succeeded in positioning DFM as a powerful capital market regionally, in line with our vision to become a World-Class Regional Marketplace. A key goal of our 2017-2021 Strategic Plan is "sustaining a stable financial performance and diversifying sources of income".

SUSTAINING A STABLE FINANCIAL PERFORMANCE AND DIVERSIFYING SOURCES OF INCOME

As part of our efforts to broaden sources of income, maximize profits and enhance the added value offered to shareholders, we continually focus on diversifying investments and increasing market depth. We diligently work to achieve this by creating a culture and environment that encourages companies to list, while fostering a swift and seamless listing process. In order to increase traded values, we focus on diversifying our products and services, launching quality and innovative solutions, which cater to our stakeholders' needs, and enhancing operational efficiency for the benefit of CSD functions and brokers.

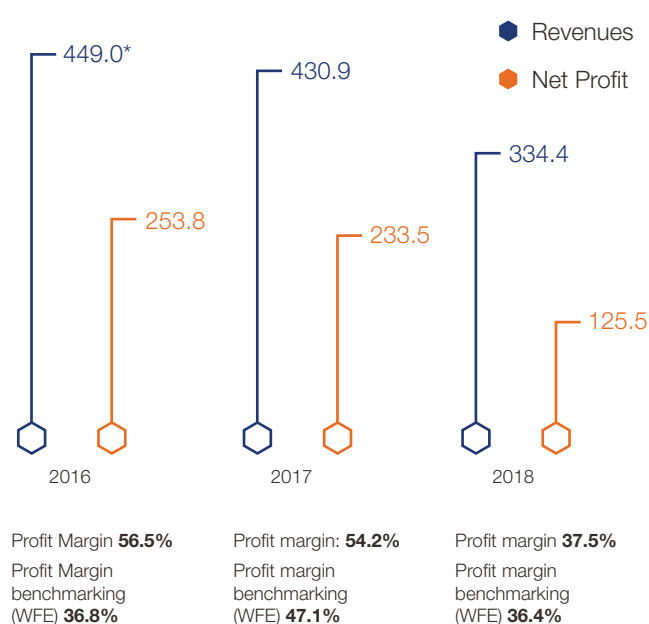
During 2018, our efforts to sustain a stable financial performance and to diversify our sources of income included the following achievements:

- Due to the attractiveness of DFM's listing environment, and the seamless listing process, two foreign companies foresaw the benefits of listing on DFM and became dual-listed. These were Bahrain's Ithmaar Holding B.S.C. (Ithmaar) and Egypt's Naeem Holding for Investment, bringing the number of listed companies at the DFM to 67.
- DFM signed an MoU with the Dubai Land Department to stimulate investment opportunities in the financial market for real estate companies. The MoU is particularly focused on Real Estate Investment Trusts, and aims to facilitate the listing of both the companies operating in the real estate sector and their assets.
- We organized two annual International Investor Roadshows in London and New York, where meetings were conducted between senior executives, representing the DFM-listed companies, and representatives of global investment funds.
- As a public joint stock company, DFM has offered healthy dividends throughout the years, and this continued last year with total dividends equal to AED 3.6 billion by the end of 2018.

The economic environment proved challenging last year. As for the financial markets, uncertainty about the performance of most of the global financial markets prevailed. In 2018, the market indices fell in 62 out of 75 stock exchange members of the World Federation of Exchanges (WFE), with only 13 recording a rise.¹ These economic challenges in general affected the performance of the UAE's financial markets, especially the DFM due to its solid integration with foreign markets.

DFM PJSC total consolidated recurring revenues during 2018 amounted to AED 334.4 million, reflecting a 22% decline compared to 2017, mainly driven by a decrease of 48% year-on-year (y-o-y) in DFM's traded value. This result came despite a 12% increase in other revenue streams, such as fees related to investments, brokers services, and fees related to managing dividend pay-outs on behalf of listed companies.

Direct Economic Value Generated and Distributed (AED million)



¹ The World Federation of Exchanges (WFE).

* Excludes an extraordinary income from gifted land income and expense provision for Wakala deposit in the amount of AED 5.3 million.

Digital Innovation

Our strategy since inception has focused on development and innovation. We constantly endeavour to employ technological advancements to provide market participants with seamless and innovative approaches. DFM pioneered numerous solutions that changed the way services are delivered in the capital markets sector.

In line with the national strategy for innovation aiming at transforming the UAE into one of the most innovative regions globally, we are also focused on promoting a culture of innovation. This is a key value of DFM, our employees and our market participants.

Cementing DFM's position as a Smart Bourse is a goal of our 2017-2021 Strategic Plan. To that end, we continue to execute the digital transformation of our operations and develop innovative solutions such as eServices, smart phone applications and other technology platforms to enhance stakeholders' experience.

We have also demonstrated our strong Fintech capabilities by becoming among the first financial institutions in the UAE to launch a comprehensive application for the DFM iVESTOR Card in 2018. The new mobile application offers customers increased flexibility and security in line with their preferences. Acting as a self-service tool, the Card Control solution offers cardholders – whether high net worth investors or parents who want to supervise the supplementary cards they give to their dependents – full and immediate control over the card without the need to contact a call center.

In 2018, we have also revolutionized the cash dividend distribution process with the launch of an innovative electronic system. The new system enables DFM to distribute dividends electronically to investors' bank accounts or iVESTOR Card account. (DFM has managed dividend distributions on behalf of its listed companies since 2011).



DFM participated in a number of external events devoted to promoting and showcasing innovation. During the 2018 GITEX Technology Week in Dubai, we hosted an exhibit to educate visitors about DFM's diverse and integrated range of smart applications. We have also launched the pilot of the Annual General Meetings service for listed companies featuring Block Chain technology, and the pilot of the Chatbot interactive communication service during GITEX 2018.

As a result, DFM won the Innovation Award organized by the Securities and Commodities Authority (SCA) in recognition for the dividend distribution service of DFM's listed companies through iVESTOR Card.

We were also involved in the UAE Innovation Month 2018 and the Day without Service Centers initiative launched by Dubai Government's Department of Finance, which encouraged greater usage of smart channels when accessing services and completing transactions.

Furthermore, the eIPO platform provides investors, issuers and receiving banks with a digital advantage during the IPO process, whereas our Customer Relationship Management (CRM) system manages relationships online with the supply chain.

Developing our People

Our people are fundamental to the strength and success of DFM. Our ability to create a great workplace is critical to attracting, developing and retaining quality talent that exhibit DFM values. With more than 164 employees, representing 14 nationalities, and in line with DFM's sustainability policy, we strive to empower and engage our people by providing opportunities to learn, grow and thrive, within an environment that encourages innovation and excellence.

A DIVERSIFIED AND INCLUSIVE WORKFORCE

At DFM, we value diversity, inclusion and equal opportunity. We believe these are key drivers for a vibrant and enduring workplace, as well as a more equitable world. As an organization that encourages innovation and creativity, bringing together – and keeping – talented people with diverse backgrounds, ages, interests and perspectives make our business stronger.

58% 

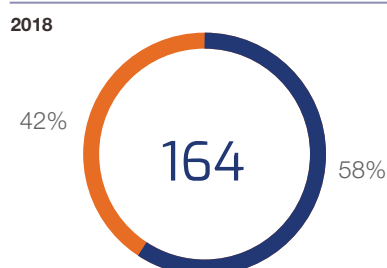
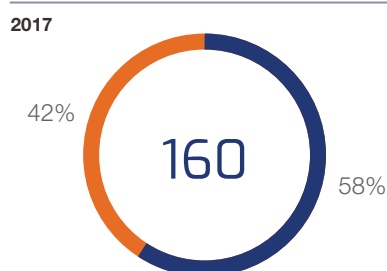
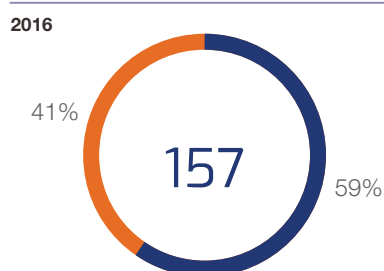
Women in our workforce

Policies and practices are in place, including our recruitment, staffing and talent review processes, that highlight our commitment to be an inclusive employer and treating everyone with respect and dignity. Our diversity and inclusion journey is ongoing. We have more work to do to truly represent our communities and create an environment where everyone feels supported and can thrive.

Over that past three years, we maintained the percentage of female employees at around 58% and we are committed to encouraging women empowerment while providing equal opportunity for all. However, women remain underrepresented in leadership roles, comprising 24% of middle management and 2% of senior management in 2018.

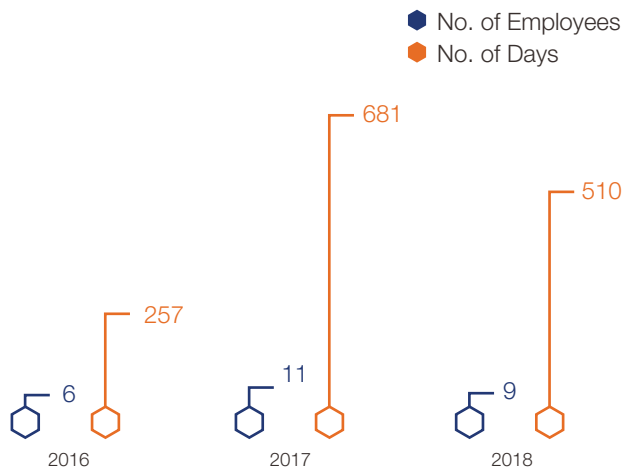
Workforce Overview

Male employees Female employees

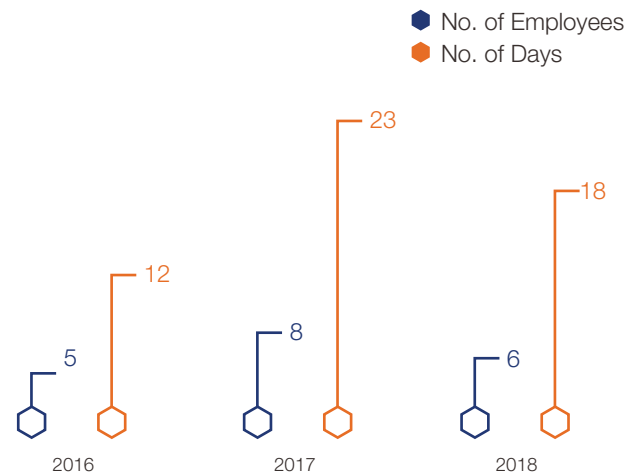


Our efforts towards workforce diversity and inclusion included the equal provision of maternity and paternity leaves to our employees. In 2018, nine of our employees used 510 days of maternity leaves while six employees used 18 days of paternity leaves.

Maternity Leaves



Paternity Leaves



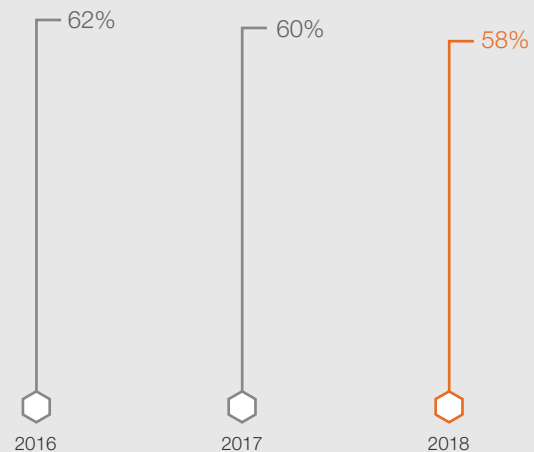
DEVELOPMENT OF THE NATIONAL WORKFORCE – DFM'S EMIRATIZATION PROGRAM

As part of our endeavor to support the UAE Government's plans to attract local Emirati talent in the financial sector, DFM pursues initiatives aimed at attracting Emiratis such as utilizing relations with universities and colleges to attract local talent, engaging in career fairs and posting job openings in government job portals.

DFM is considered to be a pioneer in Emiratisation. We employ the highest percentage of national employees in the financial sector. Further, our Emirati talent shows the highest level of loyalty based on employee engagement results.

Proudly, DFM maintained an Emiratisation rate above 50% over the past three years and 58% of the workforce were Emiratis as of the end of 2018. It is noticeable that the rate has slightly decreased over the past years, this is due to hiring specialized technical skills.

Emiratization Percentage



DFM organized an inspiring session for female employees with breast cancer survivor, Ms. Fakhria Lutfi, who spoke of how she coped with the challenge and what she learnt from the experience.



EMPOWERING WOMEN

Gender balance is a particular focus of our sustainability strategy. Through this strategy, we are working to empower women within the market as well as within our workplace and support the UN's sustainable development aspiration for gender equality, as represented by SDG 5, and aligning with the UAE Gender Balance guidelines.

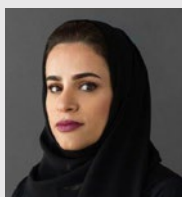
Over the past few years, we have achieved positive progress in these areas, and our new DFM Women's Council has set targets and action plans to further enhance our efforts going forward. Beyond our organization, DFM is leading efforts in the UAE to champion women's advancement in the broader business community – refer to the **Gender Balance and Empowering People** section on page 54 for more details.

DFM WOMEN'S COUNCIL

In 2018, we formed the DFM Women's Council.

This council consists of six female members, representing various divisions, who are responsible for driving plans and initiatives to help develop our female talent. During the year, the council organized workshops, hosted guest speakers, created an internal blog to share real-life stories of successful women, and carried out other activities to boost the professional and managerial proficiencies of our female employees.

DFM'S LEADING WOMEN IN FINANCE



Mrs. Moaza Al Marri
Board Member
Dubai Financial Market (DFM)

Moaza Al Marri, is the Director of Marketing & Corporate Communication at the Roads and Transport Authority (RTA). She also sits as a Board member at the Dubai Sports Council serving as the Secretary General of Mohammed bin Rashid Al Maktoum Creative Sports Award and the Head of the Women's Sports Committee.

While at the RTA, Moaza has been entrusted in chairing several key organizing committees undertaking mega events in Dubai such as the launch of Dubai Tram (2014), Dubai Water Canal (2016), Etihad Museum (2016), Shindigha area (2018), and Expo (2020). She has also contributed towards RTA winning the International Public Relations Association (IPRA) award from South Africa in 2015, RTA being recognized as the best entity for encouraging reading in the 'Year of Reading' 2016 and on a personal level she won The Middle East Women Leaders Excellence Award in 2015 for Communications and Media excellence.

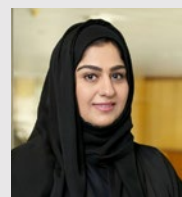


Mrs. Maryam Fekri
Executive Vice President
COO, Head of Clearing, Settlement and Depository Division
Dubai Financial Market (DFM)

Maryam Fekri was specifically nominated to contribute in the founding of what was then called, "The DFM Project". She is one of the original five key pillars who actively strived towards transforming DFM - the first listed exchange in the GCC - from a mere vision into a fully operational and successful entity.

Maryam Fekri championed the strategic use of technology to ensure maximum operational efficiency from which DFM's depository is a fully scripless and electronic depository. She also spearheaded the task force responsible for the successful upgrade of the MSCI UAE Index status from Frontier to Emerging Market in the MSCI May 2014 Market Review.

Forbes' Top 100 Influential Women in the Middle East' (2018).



Mrs. Fahima Al Bastaki
Executive Vice President
Head of Business Development Division
Dubai Financial Market (DFM)

Fahima Al Bastaki plays a key role in the development of the DFM as a Public Listed Company and an Exchange championing best practices among corporates. Fahima Al Bastaki oversees the IPO strategy, Issuer and Investor Relations Excellence programs. She initiated and continues to lead the organization of the DFM International Investor Roadshows as well as the IPO Forum, a flagship event for decision makers.

Currently, Board member of the Dubai Women Establishment, Certified Financial Advisor (CeFA) from the Chartered Institute of Bankers. Previously, Senior Quality Assessor in the Dubai Quality Awards 2006 & 2007, Committee Member of the Officials & Directors of GCC Stock Markets and Authorities, and Chairperson of the Middle East Investor Relations Association (MEIRA) Dubai Chapter.

EMPOWERING YOUTH

We monitor the age of our employees to ensure we have the right balance of youth and senior staff who can take DFM's strategy forward.

Reflecting our commitment to nurture the next generation of talent, we hired 15 young employees in 2018. As at year end, one-fifth of our employee population was under 30 years old.

We partner with universities and colleges across the country to promote job opportunities at DFM and help students learn more about the financial sector. We also offer paid summer internships that allow students to gain valuable on-the-job experience.

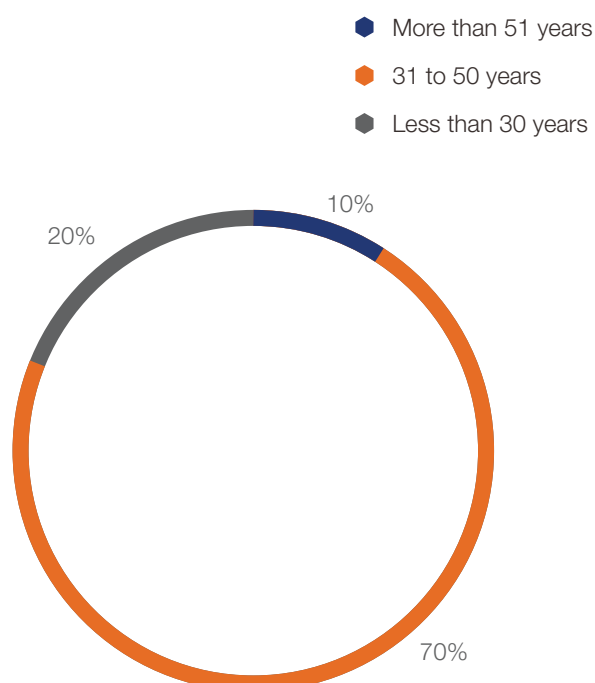
Please refer to the **Enriching our Communities** chapter on page 43 for more details on DFM's efforts to empower and attract youth.

RESPECTING HUMAN RIGHTS

We are dedicated to fostering a respectful work environment free from discrimination and harassment of any kind. We abide by all applicable human rights legislation and our human rights policy sets out our commitment and expectations of staff and applies to all employees, DFM operations and business dealings.

We educate employees on human rights through our induction program and other training, and continually work to promote an inclusive culture. On a yearly basis, we provide training for DFM security personnel regarding the appropriate use of force and protection of human rights. Any employee who feels they have experienced or witnessed a human rights abuse can file a formal complaint through our Grievance Process. DFM management will investigate and take appropriate actions if discrimination or harassment is found.

Age Breakdown in 2018



TRAINING, DEVELOPMENT AND ENGAGEMENT

Employee Training and Development

DFM's sustainability policy clearly identifies employee training and engagement as a key area through which DFM can create a capable and committed workforce that can deliver on our values and commitments towards creating sustainable financial market. DFM has long subscribed to the policy of continuous learning, to encourage employees to further their potential.

We equip employees with skills and knowledge that go beyond the required expertise of their current roles, by providing a variety of training, educational scholarships, continuing education schemes and internal job rotation opportunities. Our in-house development program, called MAHARAT comprises leadership training and technical learning that aims to drive employee learning, growth and leadership, and employees can access and choose from more than 300 courses.

During 2018, employee training and development continued, which helped us maintain an average of 36 training hours per employee. In 2018, the employee training programs included 19 programs for management skills and lifelong learning that support the continued employability of employees and assist them in managing career endings.

Our continuous investment in employee training and development is reflected by our employees' satisfaction with our efforts in this area, at 82% last year, up from 77% in 2017.



To promote efficiency and innovation across our business, we organized employee training sessions on topics such as "Knowledge Management" and "Creative Thinking".

TRAINING

Total Training Delivered (hours)



Average Training Hours per Employee



Percentage of Trained Employees



Number of programs for management skills and lifelong learning that support the continued employability of employees and assist them in managing career development.

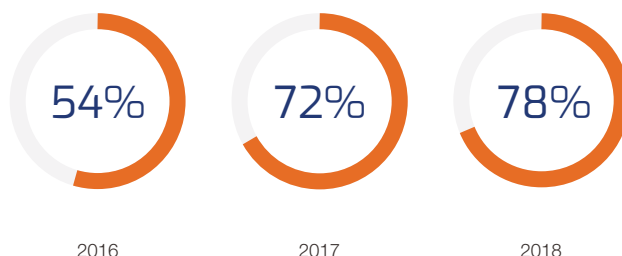


EMPLOYEE ENGAGEMENT AND SATISFACTION

Understanding the importance of having an engaged workforce, we strive to involve and inspire our people through regular workshops and meetings, communication forums and team-building events. We also run an annual, company-wide survey to gauge employee satisfaction levels and gather insights into the employee experience. The feedback is used to shape new practices and workplace improvements.

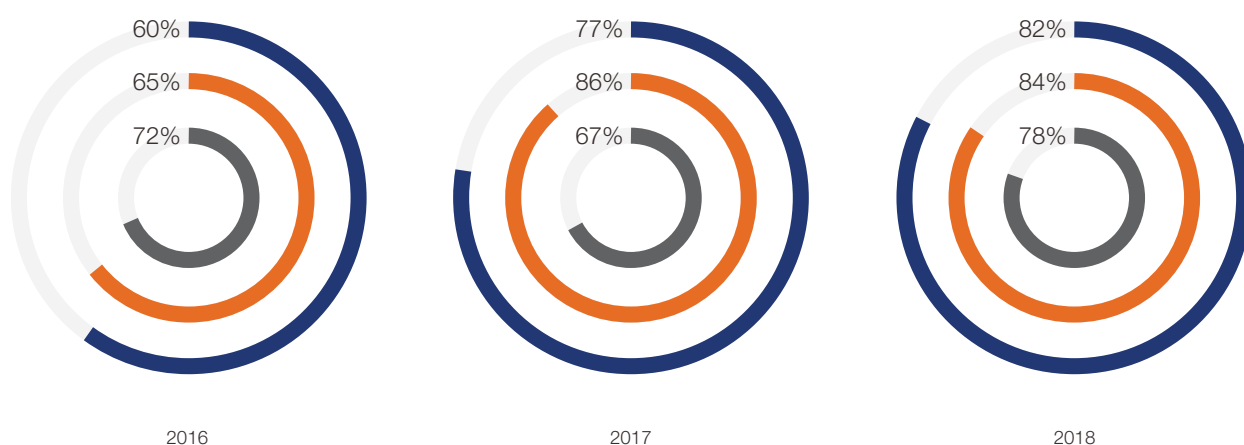
The results of our 2018 employee satisfaction survey showed 5% significant improvement in total employee satisfaction, up to 82%. We also successfully maintained the employee satisfaction on working conditions above our target despite the slight decrease in 2018.

Employee Satisfaction on Training and Development



Employee Satisfaction

- Overall employee satisfaction
- Working conditions – employee satisfaction
- Transparency, integrity and justice when dealing with human resources – employee satisfaction



KEY HIGHLIGHTS FROM 2018 SUSTAINABILITY SURVEY - EMPLOYEES

In the Sustainability Survey for employees, DFM measured the employee perception on its efforts to embed sustainability into DFM's strategic and operational levels. This serves as a great action plan to support DFM's efforts to integrate sustainability into all its operations:

87%



believe there are equal opportunities for male and female employees at DFM

35%



aware of the United Nations 17 global Sustainable Development Goals (SDG's)

60%



aware of DFM's Sustainability Policy

58%



aware of DFM's Sustainability Strategy

70%



believe there are opportunities for youth in the DFM

56%



Awareness of the integration of ESG factors in operational, business and investment decisions

79%

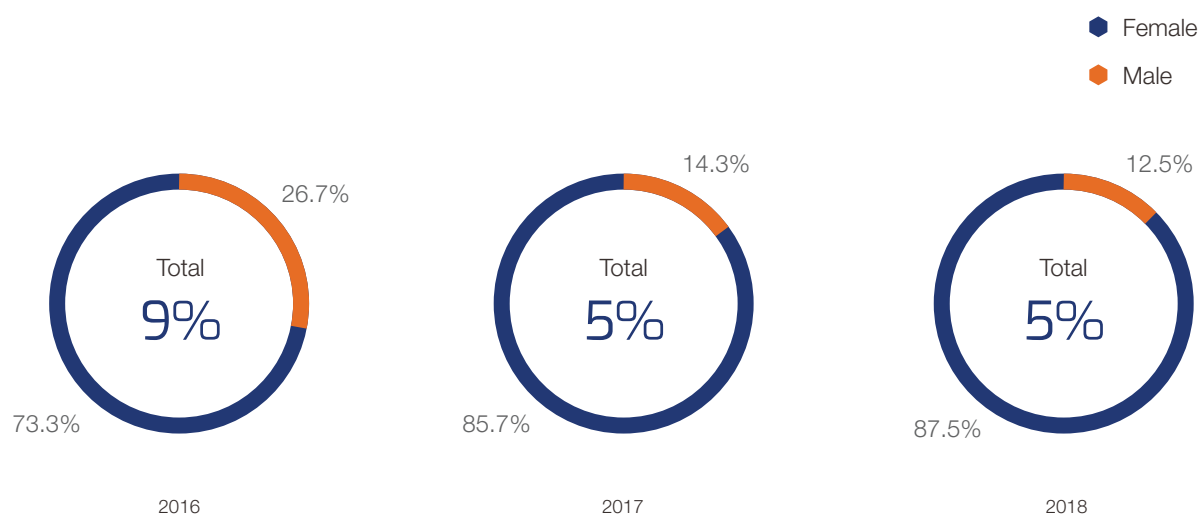


are embedding sustainability in their business unit's operations



Our human resources policies and procedures, including DFM's retention policy, supported by the programs aimed at nurturing an equal and diversified work environment where employees are continuously being developed, have led to a 4% reduction in employee turnover, from 9% in 2016 to 5% in 2018.

Employee Turnover Ratio (voluntary and involuntary)



PERFORMANCE RECOGNITION

To motivate and reward top talent, DFM operates a performance-based incentive program. We offer a wide spectrum of incentives to our employees – from a well-honed career path, to promotions and bonuses, and along with their base salary, pay directly linked to employees' performance and our "Management by Objectives" scheme.

MANAGEMENT BY OBJECTIVES

In order to achieve its strategic objectives, the DFM involves its employees in the process of strategy implementation through linking strategic goals to individual objectives. This practice ensures participation and contributions by all teams towards the fulfilment of these goals.

During 2018, the DFM introduced a new performance management system, Cubes, which enables us to monitor employees' performance and the automation of initiatives and projects.

Each year, all (100%) of our employees receive a performance and career development review. Appraisals are based on a combination of KPIs, competencies exhibited during the year, employees' involvement in DFM's strategy and reflecting core values including innovation.

As part of our total employee value package, we offer competitive benefits to help employees and their families plan for the future and moderate the impacts of life's misfortunes.

THE CHAIRMAN'S AWARD OF EXCELLENCE

We acknowledge and celebrate employee achievements through The Chairman's Award of Excellence recognition program. The program includes awards for both individual performance and team accomplishments. There were 17 Chairman's Award of Excellence winners in 2018 (40% were female) who were honoured for their contributions to DFM's success.

We also implemented a work point system (Neqati) in which employees can earn rewards and prizes, such as computers, vacations and cash, for going the extra mile, year-long service and continuing education.

In 2018, DFM paid more than AED 91.7 million in payroll, performance-based compensation and other benefits.

EMPLOYEE HEALTH AND WELL-BEING

WELLNESS PRACTICES

Healthy employees are happier employees who are better able to reach their full potential. Promoting good health and providing a safe working environment are priorities for DFM. To achieve this, DFM complies all with local health and safety regulations and continually monitors and mitigates safety risks in our workplace. In addition to providing mandatory health and safety training to all employees, we require staff in certain positions to complete a Certified First Aid course. We also communicate regularly about the importance of health and safety and organize health-related activities, such as diabetes screening and blood donations, to engage employees.

Employee well-being is further emphasized through different work-life balance activities including facilitating flexible work arrangements, offering outdoor sports activities throughout the year to encourage physical fitness and team-building, and providing time off for personal reasons, such as educational leave, mourning a loved one, maternity/paternity leave and Hajj leave.

Over the past three years, including in 2018, DFM has recorded a perfect health and safety record. Not one employee was injured on the job last year, nor did any person experience an occupational-related illness.

LISTENING AND RESPONDING TO EMPLOYEE NEEDS

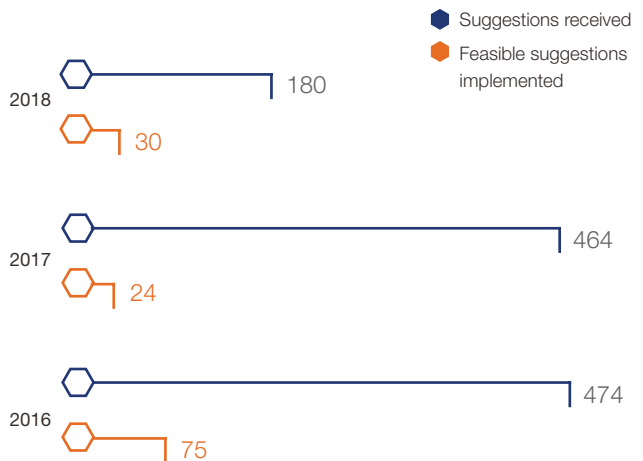
To foster an open, fair and collaborative environment, which we believe are essential for a healthy work culture, we have channels and processes in place to listen and respond to employee needs. For example:

- Our formal grievance mechanism enables any employee to file a concern or complaint and feel confident that DFM will hear and address it. We ensure staff are aware of the procedures involved and the steps we take to reach a fair solution.
- To make our people feel like they have a greater stake in DFM's plans, operations and offerings, we encourage employees to come up with creative ideas and suggestions that can have a positive impact on the company. Employees can submit their ideas through our eSuggest system, and for those initiatives that are adopted, employees are given rewards to recognize their good suggestions. Since introducing the eSuggest system in 2014, a number of strategic initiatives, advanced technology solutions, and process and service enhancements were implemented.
- We revised the guidelines for our employee suggestion system, in an effort to make it more effective and improve the overall quality of input received. This change was followed by several training workshops to educate employees on the new criteria. As a result, there was a significant drop in suggestions put forward last year; however, there was an increase in the number of suggestions deemed valid and feasible for implementation. Additionally, we also enhanced our processes so that we can better monitor the cycle of employee suggestions from receipt to implementation.

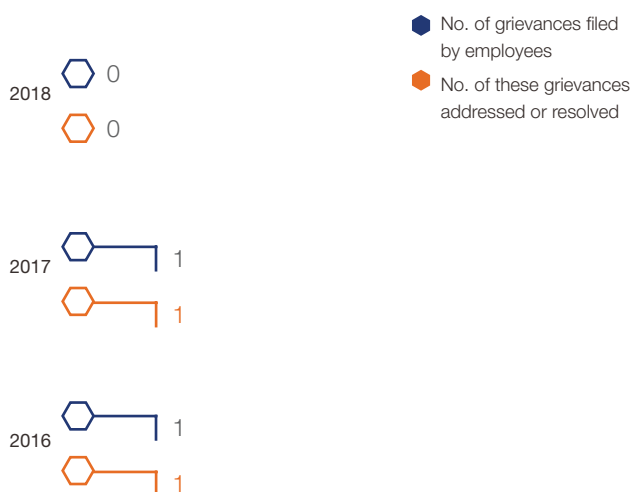


DFM organized a Wellness Day for its employees in collaboration with Snowdonia Medical Center and Aman Insurance.

Suggestions



Grievances



We continued to implement a range of fun and healthy activities that increase workplace wellness and encourage healthier lifestyles. As one example, our annual Wellness Day invited employees to talk with external experts on topics like health insurance and to take part in medical assessments such as blood sugar screening for diabetes.

Enriching our Communities

Since our founding, we have been dedicated to enriching our communities through corporate giving and employee volunteerism. This commitment is defined in our Corporate Social Responsibility Policy and captured in our sustainability strategy. During 2018, we continued to organize and invest in activities that create value for society. Healthier communities ultimately benefit our employees, our clients and our business.

FINANCIAL LITERACY

As an active and central participant in Dubai's capital markets, we know that financial know-how is more important than ever to navigating a complex financial system. Our goal is to help educate and empower citizens with the knowledge, skills and confidence they need to effectively manage their personal finances and investments, so they can build a better financial future.

We have developed innovative financial literacy approaches, with a focus on students and young people. Our two signature initiatives are the DFM Stock Game and Educational Trading Floors in different universities.



DFM STOCK GAME

Launched in 2003, the DFM Stock Game is the most popular educational initiative among school and university students in the UAE and beyond. The friendly competition aims to nurture the skills of a new generation of investors and boost awareness of financial services and investing. During the last few years, the Stock Game received a phenomenal response, attracting some 15,000 participants from across 40 educational institutions.

During the game, participants can trade in securities listed on the Dubai Financial Market, following the live prices during trading hours. Each participant receives a virtual amount of AED 1,000,000 to buy and sell securities, and the top investment earners win cash prizes from DFM, in addition to certificates of appreciation and trophies. During GITEX in late 2018, we launched the pilot mobile application of the DFM Stock Game, enabling the broader public to take part in the competition for the first time (up until now, the game was only available to students). Mohammad Wasim, a junior BBA in Marketing and Retail Management at Skyline University College won the competition and received an iPad and a certificate.

EDUCATIONAL TRADING FLOORS

DFM has created educational trading floors in some of the leading colleges and universities across the UAE to train students and deepen their knowledge of financial markets. These micro-versions of the DFM's main trading floor are designed to reflect the precise look and feel of our trading floor, and include two screens and a ticker directly linked with DFM's trading engine to display trading activity and real-time market data. The program links theoretical studies with practical experience and offers students an opportunity to learn interactively.

In 2018, and in partnership with the Canadian University Dubai, DFM launched an Educational Trading Floor within the school's premises enabling students to learn, test and develop their skills in a real-time trading environment.

We have also enhanced DFM's Trading Floor facilities and services to accommodate the needs of People of Determination, to provide direct access to the DFM Client Services Affairs desk providing a complementary wheelchair service with assistance and clear signage at the Trading Floor.

VOLUNTEERISM

Many non-profit organizations and less fortunate people in our society need support, not just financial resources but hands-on help. At DFM, we believe we can play a role by promoting volunteering for community causes.

Volunteerism is an important pillar of DFM's community investment strategy. We work to encourage volunteerism and community spirit among our workforce as well as in the broader investment sector. We support the engagement efforts of our employees by providing time-off for community service and by organizing meaningful volunteer opportunities.

Our annual blood donation campaign is one of our signature volunteer programs. Blood donation is a priority considering the crucial role it plays in saving the lives of many. Each year we organize an industry-wide blood donation campaign in cooperation with the Dubai Health Authority. DFM staff, investors and employees of brokerage firms participate to support Thalassemia patients and accident casualties. The event is usually hosted at DFM's Public Gallery with a team of doctors and nurses, and participants are provided with materials on the importance and benefits of donating blood.

To measure the effectiveness of our social engagement efforts, we reach out to community stakeholders through our annual CSR Satisfaction Survey to obtain their feedback on the performance and value-for-money of specific initiatives. In 2018, our community stakeholders were pleased with DFM's community contributions and impacts achieving 76% satisfaction.

We signed a Memorandum of Understanding (MoU) with Awqaf and Minors Affairs Foundation (AMAF) to enhance cooperation and streamline joint procedures pertaining to securities endowment. AMAF is a public agency that cares for minors, invests money (endowments) to support their development and provides rehabilitation services. Through this MoU, we aim to implement an innovative strategy that enables investors and donors to transfer their endowments directly to the Foundation's unified endowment securities account for the greater good of the UAE society.

"DFM has always collaborated with various institutions in the UAE to achieve common goals and benefit our society. This partnership with AMAF creates an efficient framework to promote securities endowment in line with the UAE leadership's vision, enhancing the country's notable contributions to all humanitarian sectors."

His Excellency Essa Kazim, Chairman of DFM



Our employees during the DFM blood donation campaign.



DFM employees during Flag Day celebrations.



His Excellency Essa Kazim, Chairman of DFM, and His Excellency Ali Al Mutawa, Secretary General of AMAF, announced a partnership between the two organizations to facilitate donations from investors to support less fortunate children in the UAE.

Protecting the Environment

Even though we are a small organization that does not have significant environmental footprint, climate change and related environmental challenges are a major concern for DFM and its stakeholders. We continue working to manage and improve the environmental performance of DFM's operations.

ENERGY AND WATER CONSERVATION

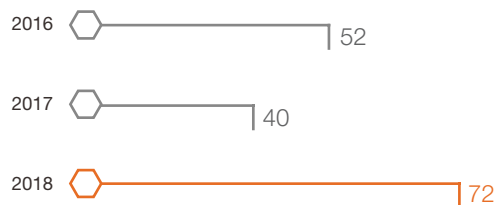
As a Shari'a-compliant financial market, environmental stewardship is embedded in our decision-making. Islam has explicit rules for environment protection. Such rules envisage protecting natural resources from waste, contributing to sustainability through planting trees and growing crops, caring for animals and conserving water and other resources.

Energy and water consumption of our offices and our data center in particular represent our primary environmental impacts. To reduce our carbon footprint and conserve energy, we have carried out several initiatives to lower power consumption of our infrastructure, including using power-saving LED lights, and implementing lights-off rules after office hours. We have also taken steps towards greener IT operations. For example, operating Vblock technology in our data center has allowed for lower power consumption and better use of space and network resources.

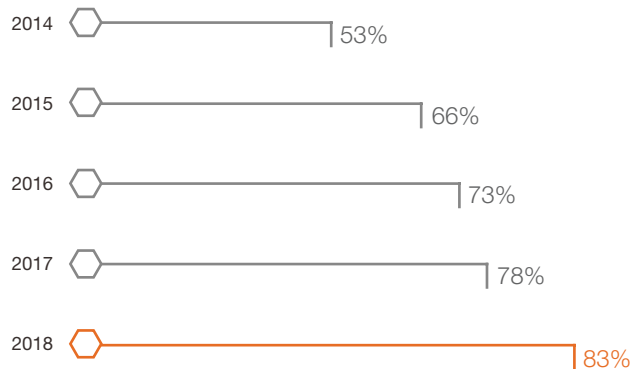
As a result, in 2018, we achieved 80% increase in the carbon dioxide offset, up to 72 tCO₂, up from 40 tCO₂ in 2017. Through the implementation of Vblock technology for our data center, we continued to dramatically reduce power consumption, with savings of 83%, up from 78% in 2017.

We also saved 30,184 gallons of water last year, a considerable improvement over the previous year.

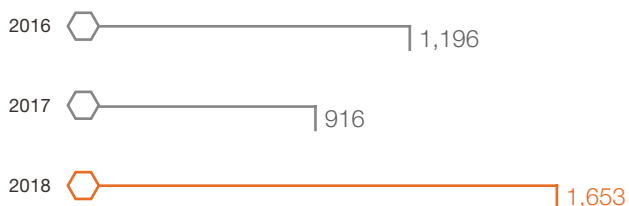
Carbon Dioxide Offset (tCO₂)



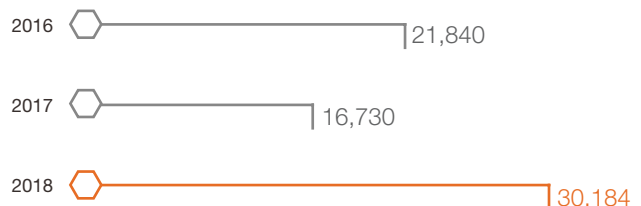
Data Center Vblock Power Consumption Savings



Saved Oil (in gallons)



Saved Water (in gallons)



DESIGNING A NEW, ENVIRONMENTALLY FRIENDLY HQ

Since 2016, we have been working with external experts to plan and design DFM's new headquarters. The building, which will be located in Dubai's Business Bay area, will be a smart, sustainable facility with state-of-the-art technology and energy-efficient features aligned with the Dubai Municipality 'Green Building Regulations & Specifications for Buildings' in the Emirate of Dubai, which will ultimately help DFM enhance its environmental performance. Our goal is to meet world-class standards in health, safety and environmental building codes.

WASTE RECYCLING

Paper consumption represents another main environmental impact. That's why we have set an ambitious goal to achieve 100% paperless transaction processing by 2025. To help us meet this goal, we continue to find ways to reduce paper consumption, and we encourage employees to reconsider their need for using and printing paper.

In line with the drive towards a paperless and sustainable workplace, DFM has subscribed to the GreenBox service since 2015. Aimed at contributing towards a sustainable ecosystem through paper recycling, the GreenBox service raises awareness about paper waste and its negative impact, changes paper consumption habits, and reduces DFM's carbon footprint.

Our digital innovation initiatives are playing a key role in helping DFM decrease paper consumption. For example, our eServices and eForms enable investors to view portfolio information and submit requests directly to DFM through our mobile applications and website platforms. We have automated dividend distributions to investors, providing an electronic alternative to checks through iVESTOR Card and bank transfers.

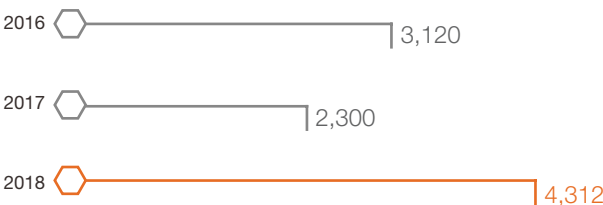
According to the GreenBox report, DFM's results show an increase in the amount of recycled paper in 2018. While this appears to be contrary to DFM's objectives of becoming a Smart Borse, the increase in recycled paper is due to the disposal of previously archived documents over the past years (where archiving in previous years was paper based) and due to the increase in the number of free newspapers received by the market during the year. However, the market was able to ensure recycling of these papers for the benefit of the environment.

100% 

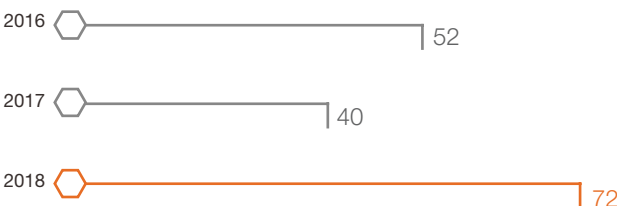
Paperless transaction processing by 2025



Recycled Paper (in kgs)

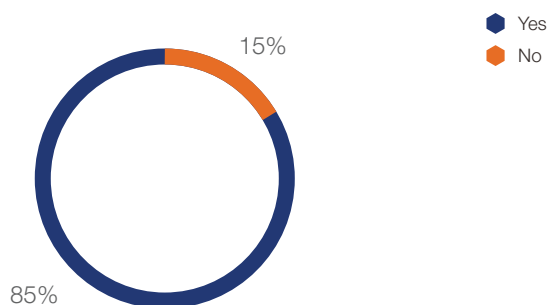


Saved Trees (in numbers)

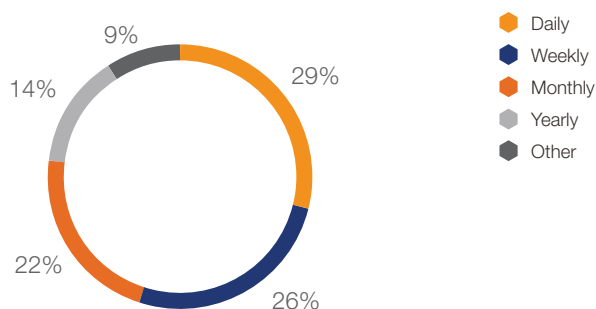


Our employees also play a key part in ensuring we mitigate our environmental footprint, in our latest employee Sustainability Survey, we asked our employees about the recycling efforts at DFM. Over 85% of the employees were aware of the recycling of paper initiative at DFM, and 85% of the employees are willing to stop paper and plastic usage. DFM seeks to ensure that all our employees are recycling paper frequently to supporting achieving 100% paperless transaction processing by 2025.

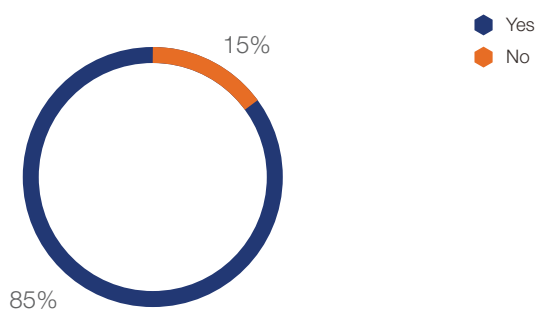
Do you know there is a recycle of paper at DFM?



How often do you throw paper in the recycle boxes?



Are you willing to stop paper and plastic usage?



DFM is committed to further reduce its environmental impact across its supply chain. Our preliminary efforts towards achieving this was to include our suppliers into our Sustainability Survey and we were pleased about the findings as explained below:

87%

of suppliers consider Environmental, Social and Governance risks and opportunities when sourcing suppliers/material/technology

No suppliers said they use any hazardous chemicals or materials in their production

73%

of suppliers are embedding sustainability in their business units' operations

53%

of suppliers review a company's sustainability information when sourcing suppliers/material/technology

DFM is committed to integrate ESG criteria into the selection and evaluation of its suppliers.



04

Accelerating Sustainable Capital Markets

As part of our sustainability framework, DFM is committed to accelerating sustainable capital markets regionally and globally, and delivering on its Sustainability Strategy 2025 by focusing on the four key pillars of its strategy: sustainability reporting and disclosures, sustainable investment education and awareness, green products and listings, and gender balance and empowerment.

PILLAR 1:

Sustainability Reporting and Disclosures

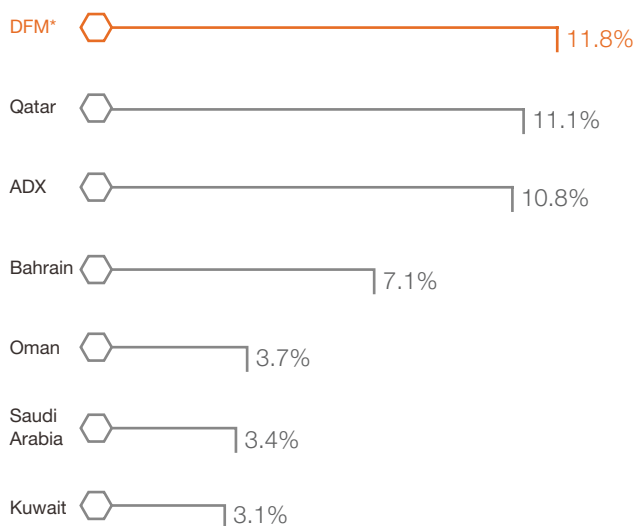
As environmental and social concerns have grown in recent years, so too has the appetite for environmental, social and governance (ESG) investing. ESG considerations continue to gain significance among investors globally, who are increasingly looking to evaluate the sustainable and ethical performance of the companies and assets in which they invest. Many institutional investors now have mandates to support socially and environmentally responsible investments.

With investors integrating ESG factors in their selection and management of investments, DFM is focused on encouraging listed companies to adopt ESG reporting practices and raising awareness of ESG trends among investors and market participants. As a member of the United Nations Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges Sustainability Working Group, we are committed to supporting the work of exchanges across the world in promoting ESG performance and disclosures in capital markets.

In 2018, there were 67 companies listed on the DFM, including two new listings that further strengthened our position as the most favoured listing venue for leading local and regional companies. DFM provides potential issuers with flexible listing alternatives, including: Main Market Listing, Dual Listing and Second Market listing for private companies.

We are committed to accelerating the uptake of sustainability reporting by listed companies. Currently, DFM has the highest number of sustainability reports among the region's capital markets, with 11.8%* in 2018. DFM is keen to support companies to achieve 70% ESG disclosure reporting by 2025.

Percentage of listed companies that published 2018 sustainability reporting in the Gulf



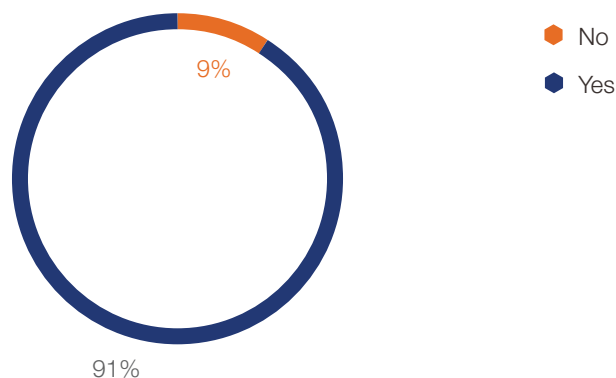
Source: ESG Invest

*DFM-listed companies including Nasdaq Dubai

During the past twelve months, we carried out Sustainability Surveys focused on identifying the current state of sustainability management and reporting among different stakeholders including individual investors, DFM-listed companies, brokerage firms and institutional investors. The survey also identified the main drivers for these stakeholders to implement sustainability management and reporting and their approach to such implementation. We will use the results to drive our action plan towards promoting sustainability reporting and disclosures.

91%

of DFM-listed companies consider Environmental, Social and Governance factors in operational, business and investment decisions



KEY HIGHLIGHTS FROM DFM'S SUSTAINABILITY SURVEY

78% of participants consider ESG factors in their business operations and investment decisions

68% of participants who said they do not consider ESG factors in their business and investment decisions, are likely to do so in the next 12 months

26% of participants have a sustainability strategy in place

63% of participants confirmed their risk management framework includes ESG factors

10% of participants have a sustainability policy

12% of listed companies who participated confirmed that their customers/shareholders seek company ESG information

30% of participants reported their awareness of the SDGs

The following were the top five factors motivating participants' involvement in sustainability:

- Enhance performance
- Maintaining or improving corporate reputation
- New growth opportunities
- Meeting clients' expectations
- Strengthening competitive position

We encourage listed companies to manage, track and publish their sustainability performance through ESG roundtables and workshops, roadshows and awareness raising workshops. Most importantly, we are developing our first ESG Reporting Guide to support and encourage listed companies to increase disclosure of ESG information.

The following section explains DFM's efforts in promoting sustainability management and reporting among the different stakeholders.

PILLAR 2:

Sustainable Investment Education

DFM aims to promote sustainability management, reporting and sustainable investment practices through hosting and participating in relevant events. We also facilitate specialized education and training sessions within the exchange industry and the wider business and investment communities.

In addition to hosting the Principles of Responsible Investment's (PRI) global roundtable on behalf of MENA region in 2017, and hosting the investors workshop in collaboration with the UN PRI and CFA Institute, DFM also participated in:

- The 2017 and 2018 Sustainability Workshops by the University of Cambridge Institute for Sustainability Leadership (CISL) in Dubai
- The Sustainability Leadership Conference CEO Summit on the Future Drivers of Stability, Security and Prosperity, by Dubai Electricity and Water Authority (DEWA) in 2018

DFM frequently participates in the Middle East Investor Relations Association (MEIRA) Annual Investor Relations Conferences, including the 2018 conference, to promote ESG investment and reporting.

Governance is one of the three pillars that drives the ESG agenda among companies and the exchange industry. DFM collaborates with Hawkamah Institute for Corporate Governance (Hawkamah) to promote good governance and leading practices. DFM and Hawkamah offered the Board Secretary Accreditation Program for listed companies three times in 2018. The third workshop brought the total number of participants since inception to 76; of those, 49 have achieved accreditation.

INTERNATIONAL INVESTOR ROADSHOWS

To strengthen ties between listed companies on our exchange and international investors, since 2007 we have been organizing an International Investor Roadshow. Last year's event, which was held in London, attracted 47 institutional investors managing over US\$2.6 trillion in assets.



Our educational efforts in previous years included:

- Awareness workshops for brokers and issuers about DFM's new services and technologies. Our fourth DFM IPO Forum in 2017 included a session for companies on Corporate Governance and ESG best practices
- A DFM corporate governance workshop for listed companies with Hawkamah in 2016
- A special bell-ringing ceremony to celebrate Dubai's hosting of the United Nations Environment Programme Finance Initiative Global Roundtable in 2016 for the first time





PAVING THE PATH TO SHARI'A COMPLIANCE ↑

Since 2007, we have been the first Shari'a-compliant exchange globally. We continually work to strengthen the regulatory framework supporting the growth of Islamic capital markets.

We provide investors with the information necessary to make investments that comply with Shari'a, fulfill ethical standards and are environment-friendly. In 2018, we published updated versions of DFM's Shari'a Standards that comprehensively explain Islamic investment instruments. The new additions take into consideration investors' growing interest in green economy and sustainability. The Standards include reference to green Sukuk, Shares and green Investment Funds that are issued by companies for projects supporting the preservation and protection of the environment from materialized or expected risk or harm, and this is in accordance with the almighty Allah stating:

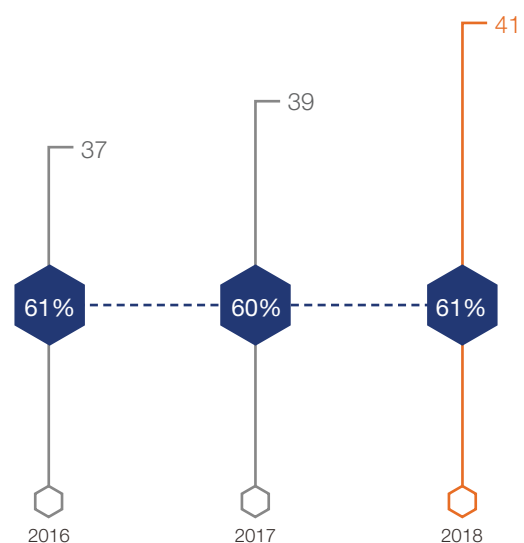
"...and do not spoil the land [environment] after Allah has made it suitable [for the life of mankind]".

The Qur'an, Surat Al-A'raf [7:56]

The Shari'a rules state that Islam protects and mandates the safeguarding of the environment in terms of existence and non-existence, and this is protected in all religions*.

DFM Shari'a-compliant Listed Companies

- ◆ Shari'a-compliant companies
- ◆ Percentage of Shari'a-compliant companies



*View the full DFM Shari'a Standards at www.dfm.ae

PILLAR 3:

Green Products and Listings

Green bonds and financing are increasingly becoming popular around the world. And now Islamic finance is one of the latest sectors to explore green bonds in order to promote and develop Shari'a-compliant financial products to invest in more sustainable and environmentally friendly solutions.

As part of our steadfast efforts to strengthen Dubai's position as the Capital of Islamic Economy globally, we issued updated versions of three of our Shari'a standards in 2018: Standard on Shares; Standard on Sukuk; and Standard on Investment Funds, which was circulated for consultation during 2018. The main changes address the green economy that focuses on sustainability and environment protection – both are among key objectives of the Islamic Shari'a. The updates cover in detail green instruments such as Sukuk and shares as well as green investment funds, which are growing in appeal to international investors.

The DFM is planning to launch the first-of-its-kind UAE ESG Index in cooperation with the Securities and Commodities Authority (SCA) and Hawkamah Institute for Corporate Governance, providing investors with a vibrant measurement on listed companies' implementation of ESG practices.

PILLAR 4:

Gender Balance and Empowering People

"We are grateful to DFM for taking the lead and aligning with the Ring the Bell on Gender Equality initiative. By doing this they are recognizing that gender equality is a key driver to growing the global economy."

Mahmoud Al Burai, Chairman of UN Global Compact UAE Local Network

At DFM, we recognize that gender balance in the professional context underpinned by sound corporate governance is a critical policy area that supports economic growth and competitiveness. As a progressive exchange, DFM can make a significant impact in this area, given that 58% of our employees are women.

We signed a Memorandum of Understanding (MoU) with the Dubai Women's Establishment (DWE) in 2017, empowering women in the business and financial sector. Women on Board is a DFM-supported initiative that encourages female participation on the Boards of UAE listed companies under the Women on Board initiative. DFM is working closely with the DWE and the Hawkamah Institute for Corporate Governance to develop initiatives to support increasing female representation on Boards, in line with the UAE Gender Balance Council agenda and the Securities Commodities Authority target of 20% female representation on UAE listed companies Boards.

To celebrate the 2018 International Women's Day, DFM joined 61 global exchanges in a week of bell-ringing for gender equality to support the global Sustainable Development Goal 5. Partner exchanges included: the United Nations Sustainable Stock Exchanges (SSE) initiative, the World Federation of Exchanges, International Finance Corporation (IFC), UN Global Compact, UN Women and Women in ETFs. As part of the event, we launched our newly formed Women's Council to strengthen the role and participation of women in our organisation. For more details, refer to the **Developing our People** section.



An aerial photograph of a multi-level highway interchange. In the foreground, a train travels along an elevated track. Below the tracks, a multi-lane highway with a white van is visible. The background shows landscaped greenery and a tall, white, cylindrical structure. The image is overlaid with a dark blue diagonal band on the left and an orange diagonal band on the right.

05

Key Player in Global Exchange Industry

Through partnerships, memberships, awareness and advocacy, we aspire to play a key role in the global exchange industry. We support and contribute to leading international ESG practices, and are working to drive these practices at the regional and local levels. DFM is well positioned to make a positive difference, as we connect a diverse community of market participants, United Arab Emirates and MENA-region companies, and global investors throughout the investment life cycle.

Sustainability Advocacy through Partnerships and Collaboration

To demonstrate sustainable leadership in the global exchange industry, we advocate for ESG integration and contribute to dialogue on important sustainability matters. We want to also lead the regional and local shift towards sustainable financial markets.

DFM is involved in a number of international organizations. For example, we have been a member of the United Nations Sustainable Stock Exchanges (SSE) initiative since 2016. As a member, we proactively contribute to the SSE's advisory group on sustainability and responsible investing matters. In 2018, we provided expertise in developing the SSE white paper, "How securities regulators can support the Sustainable Development Goals". The report was launched at the Global Dialogue and outlines examples to help securities regulators identify how they can promote investment in sustainable development.

We also collaborate with the United Nations-backed Principles for Responsible Investment (PRI) to deepen global dialogue on ESG issues and to advance regional ESG integration. Following the PRI's global roundtable, hosted by DFM on behalf of the MENA region, we collaborated with PRI and the Chartered Financial Analyst (CFA) Institute to deliver an ESG workshop for investors and analysts. The session allowed them to better understand the current state of ESG integration in the Arabian Gulf region, and included an expert panel discussion, "A Practitioner's View: ESG, Islamic Bonds, Green Bonds — What Investors Need to Know."

Through active collaboration and advocacy, we also contributed to a global ESG report developed by PRI and the CFA Institute focusing on the state of ESG integration and best practices in Europe, the Middle East and Africa. Our input focused on reflecting the current status of regional ESG integration in the investment industry, the links between ESG investing and Shari'a-based investing, and highlighted the central role of regulators and stock exchanges in driving sustainable financial markets.



Partnerships for SDG17

Collaboration is an integral part of DFM's approach towards our ambition of being the region's leading sustainable financial market by 2025. It is also vital to the achievement of broader global sustainability.

In recognition of our collaborative approach with our stakeholder partners to create long-term value, the DFM endorses Goal 17 ("Partnerships for the Goals") of the United Nations' Sustainable Development Goals. This goal emphasizes the importance of partnerships between governments, the private sector and civil society to support sustainable development.

We are committed to expand and strengthen our partnerships at all levels to significantly increase DFM's contributions in cultivating a sustainable future. Overall, we have identified the following six SDGs where DFM can make the most impact.



THE POWER OF PARTNERSHIPS

We have signed numerous partnership agreements and memorandums. Here are highlights:



DFM and the Dubai Women Establishment signed an MOU to foster bilateral collaboration and further women's economic empowerment by encouraging their participation on the boards of listed companies.



DFM has a Memorandum of Understanding (MOU) with the Awqaf & Minors Affairs Foundation to collaborate and coordinate efforts for the greater good of the UAE society.



DFM has an MOU with the UAE Accountants & Auditors Association to collaborate, share expertise in various areas and encourage the adoption of best practices.



DFM and Thomson Reuters are collaborating to provide market data to the financial sector and end users, to support research-based investment decisions.



DFM and the Hawkamah Institute for Corporate Governance (Hawkamah) work together to increase public awareness about corporate governance and its implementation in the UAE.



DFM has an alliance with the American University in Dubai (AUD) to support financial learning. We have installed an educational trading floor at the university.



DFM has an MOU with CBL International Education outlining key areas of cooperation. DFM is the gold partner of all academic programs at CBL International in Dubai.



Emirates Identity Authority and DFM have a strategic partnership agreement to develop customer services and provide innovative services with a positive economic and social impact.



DFM works with Dubai eGovernment to enable market participants to pay the exchange's fees electronically through the Dubai eGovernment Portal.



DFM PJSC has an MOU with the Middle East Investor Relations Association (MEIRA) to enhance investor relations practices in the UAE and encourage DFM-listed public companies to follow suit.



DFM and the Republic of Yemen have an MOU with the Ministry of Finance to support the establishment of the capital market in Yemen.



DFM has an MOU with the General Authority of Islamic Affairs and Endowments (GAIAE) to create the appropriate framework for securities endowments.

SUSTAINABILITY EXCELLENCE

DFM has an MOU with Sustainability Excellence consultants to promote market education and sustainability disclosure, promote collaboration and dialogue between companies, investors, and regulators.

MEMBERSHIPS

DFM is also a member of several organizations and groups focused on driving the sustainability agenda at the exchange industry globally and regionally, including among DFM-listed companies. These memberships include:

- UN Sustainable Stock Exchanges (SSE) Initiative Advisory Group
- World Federation of Exchanges (WFE) Working Group
- Dubai Islamic Economy Development Centre, Green Sukuk Working Group
- UAE Sustainable Investment Working Group and Core Regulatory Group

Looking to the future, we are committed to strengthening our position as a key player in global exchange industry through partnerships and collaboration, with a focus on sustainability advocacy while leading the regional and local transition into sustainable marketplace. We aim to initiate a Sustainable Finance Working Group to lead the creation of a sustainable financial hub in the region, particularly in the areas of ESG risk mitigation, cultivating sustainable companies and green financial instruments, and encouraging responsible investing, with the ultimate aim to increase Dubai's global competitiveness and attract foreign investment in the city.





Sustainability is at the heart of our strategy. We continue to seize new opportunities to become the region's leading sustainable capital market by creating long-term shared value for DFM stakeholders. Our unique position as an exchange allows us to lead the capital markets by example in the region. In 2019 we will continue our sustainability journey with the ongoing development of initiatives such as the DFM ESG Reporting Guide, gender balance initiatives to support female board representation, continued commitment in the working groups and contributions to global papers, all in order to drive a sustainable financial hub for the region.

We are well underway to become the region's leading sustainable financial market by 2025.

An aerial photograph of the Dubai skyline, featuring the Burj Khalifa as the central focus. The image is divided into three color zones: a light grey sky at the top, a dark blue cityscape in the middle, and an orange-tinted foreground at the bottom. The text '06 Appendices' is overlaid on the blue section.

06 Appendices

GRI Standards Content Index

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

The service was performed on the English version of the report.

GRI Standard	Disclosure	Page number(s) and/or direct answers
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational profile	
	102-1 Name of the organization	5
	102-2 Activities, brands, products, and services	12, 52, 53
	102-3 Location of headquarters	5
	102-4 Location of operations	11
	102-5 Ownership and legal form	11-12
	102-6 Markets served	11-12
	102-7 Scale of the organization	11-12, 20-21, 31, 33
	102-8 Information on employees and other workers	33-38
	102-9 Supply chain	45-47
	102-10 Significant changes to the organization and its supply chain	45-47
	102-11 Precautionary Principle or approach	29-30
	102-12 External initiatives	8, 17, 56, 57-58
	102-13 Membership of associations	58
	Strategy	
	102-14 Statement from senior decision-maker	8
	102-15 Key impacts, risks, and opportunities	15-25, 29-30
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	11
	Governance	
	102-18 Governance structure	27-28
	102-21 Consulting stakeholders on economic, environmental, and social topics	20-21-22
	102-29 Identifying and managing economic, environmental, and social impacts	8,15,18,19,25,41-47
	102-30 Effectiveness of risk management processes	29
	102-31 Review of economic, environmental, and social topics	15,19,25,35
	Stakeholder engagement	
	102-40 List of stakeholder groups	20-22
	102-41 Collective bargaining agreements	Collective bargaining is illegal in the UAE
	102-42 Identifying and selecting stakeholders	20-22
	102-43 Approach to stakeholder engagement	20-22
	102-44 Key topics and concerns raised	6,23, 38-39,50-51,54
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	12, 31
	102-46 Defining report content and topic Boundaries	25
	102-47 List of material topics	25
	102-48 Restatements of information	No restatements
	102-49 Changes in reporting	No significant changes


	102-50 Reporting period	January 1, 2018 – December 31, 2018
	102-51 Date of most recent report	2018
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	5
	102-54 Claims of reporting in accordance with the GRI Standards	5
	102-55 GRI content index	61-64
	102-56 External assurance	This report has not been externally assured.
GRI Standard	Disclosure	Page number(s) and/or direct answers
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41, 44
	103-2 The management approach and its components	41, 44
	103-3 Evaluation of the management approach	41, 44
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	44
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	46-47
	103-2 The management approach and its components	46-47
	103-3 Evaluation of management approach	46-47
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not available at this time, work in progress.
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30
	103-2 The management approach and its components	30
	103-3 Evaluation of the management approach	30
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	30
	205-2 Communication and training about anti-corruption policies and procedures	30
	205-3 Confirmed incidents of corruption and actions taken	30
GRI 300 Environmental Standards Series		
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45
	103-2 The management approach and its components	45
	103-3 Evaluation of the management approach	45
GRI 302: Energy 2016	302-1 Energy consumption within the organization	45
	302-4 Reduction of energy consumption	45
Supplier Environmental Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	47
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not available at this time, work in progress.


GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33-42
	103-2 The management approach and its components	33-42
	103-3 Evaluation of the management approach	33-42
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	36, 40
	401-3 Parental leave	34
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	41
	103-3 Evaluation of the management approach	41
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	41
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	37-38
	103-2 The management approach and its components	37-38
	103-3 Evaluation of the management approach	37-38
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	37-38
	404-2 Programs for upgrading employee skills and transition assistance programs	37-38, 41
	404-3 Percentage of employees receiving regular performance and career development reviews	41
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33-35
	103-2 The management approach and its components	33-35
	103-3 Evaluation of the management approach	33-35
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28, 35, 54
Security Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36
	103-2 The management approach and its components	36
	103-3 Evaluation of the management approach	36
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	36
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,42
	103-2 The management approach and its components	36,42
	103-3 Evaluation of the management approach	36,42
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	36
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43-44
	103-2 The management approach and its components	43-44

	103-3 Evaluation of the management approach	43-44
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	43-44
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	47
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not available at this time, work in progress.
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30
	103-2 The management approach and its components	30
	103-3 Evaluation of the management approach	30
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	30



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