

# SUSTAINABILITY REPORT

Part of the DFM (PJSC) Annual Report 2017



عام زايد  
YEAR OF ZAYED

# Our Sustainability

Capital markets play an essential 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 informed investment decisions based on non-financial information are becoming increasingly important in today's investment landscape.

In line with the UAE Green Agenda 2015-2030, the country's commitment to the Paris Agreement, the global Sustainable Development Goals (SDGs), and Dubai's Vision 2021 to create a smart and sustainable city; we have implemented several initiatives to drive our sustainability strategy. In 2016, we became a Partner Exchange member of the United Nation's Sustainable Stock Exchanges (SSE) initiative, taking part in a global effort to promote sustainability of performance and transparency across capital markets.

DFM's sustainability strategy endeavors to create long-term shared value for its stakeholders. Capital markets incorporate a multi-stakeholder business model. In much the same way, our business model encompasses a broad spectrum of relationships with our stakeholders - including shareholders, brokers, investors (both existing and potential), listed companies, regulators, strategic partners, suppliers, subsidiaries, employees and the society in which we operate. Creating long-term value across each stakeholder group requires a diligent approach and the cultivation of relationships.

Although the following pages are not a fully-fledged sustainability report, we sought to provide readers a deeper insight into DFM's sustainability approach and its progress to date, highlighting the Environmental, Social and Governance (ESG) core topics:

- Protecting the Environment
- Engaging with with our Society
- Promoting Governance
- Going Forward

# Protecting the Environment

The Dubai Financial Market is keen to protect the environment and minimize its environmental footprint, both as a market influencer and as a publicly listed company, and has undertaken a number of initiatives to promote these aims.

Whilst not a comprehensive environmental impact report, DFM has sought to share data on its environmental footprint across several simple metrics.

## Going digital: Smart Borse and paperless environment

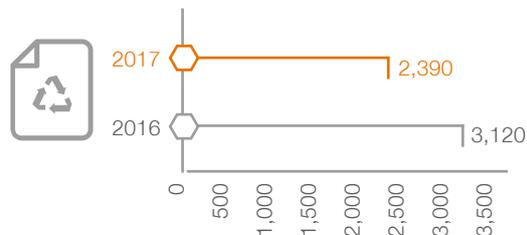
DFM's strategy of becoming a Smart Borse is paying dividends - one noteworthy aspect of which is the positive impact made by reducing its paper consumption, which consequently led to the reduction of the organization's overall environmental footprint during 2017. This is supported by DFM's transformation to a Smart Trading Floor, deploying eServices and eForms that enable investors to view portfolio information and submit requests directly to DFM through our mobile apps and website platforms. These digital initiatives also provide seamless operations to brokers. 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. To automate dividend distribution, DFM managed to provide an electronic alternative to checks through iVESTOR Card and

bank transfers, successfully distributing dividends on behalf of 39 companies, compared with 26 in 2016.

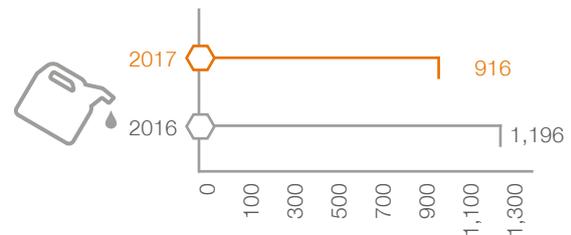
With these initiatives in mind, and in line with the drive towards a paperless and sustainable workplace, DFM has subscribed to the GreenBox service since 2015. Aimed at contributing towards a sustainable ecosystem through paper recycling, the GreenBox service raises awareness about paper waste and its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

According to the GreenBox report, the Dubai Financial Market's results show a 23% reduction in environmental footprints in 2017 compared to 2016, as depicted below:

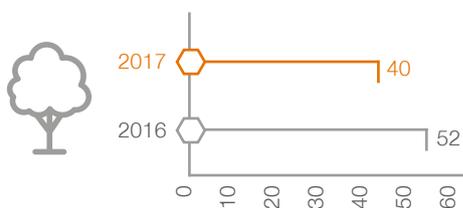
Recycled Paper (in kgs)



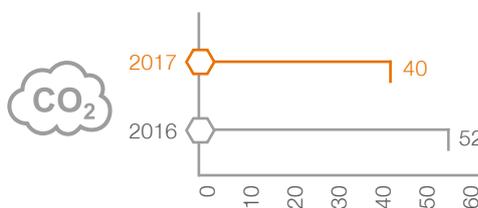
Saved Oil (in gallons)



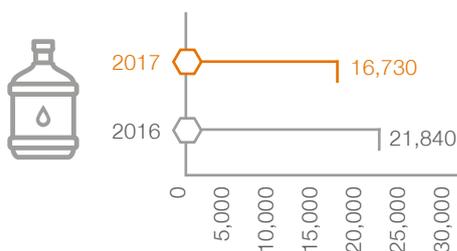
Saved Trees (in numbers)



Carbon Dioxide Offset (tCo2)



Saved Water (in gallons)



## Power consumption and data center

DFM has taken a number of steps towards greener IT operations. Operating Vblock technology in our data center has allowed for lower power consumption and higher utilization of space and network resources. DFM has also carried out several other initiatives to lower power consumption, including using power-saving LED lights, and implementing lights-off rules after office hours.

## New headquarters; environmentally friendly

The new Dubai Financial Market headquarters will be located in the Business Bay area. Planning for the new headquarters commenced back in 2016 and the project is currently at the design phase. For this new building, DFM seeks to develop a smart, sustainable headquarters with state-of-the-art technology. As we have significantly enhanced our energy efficiency in this location, the building complies with world-class standards in Smart, Health, Safety & Environment building codes employed by local licensing authorities.

# Engaging with our Society

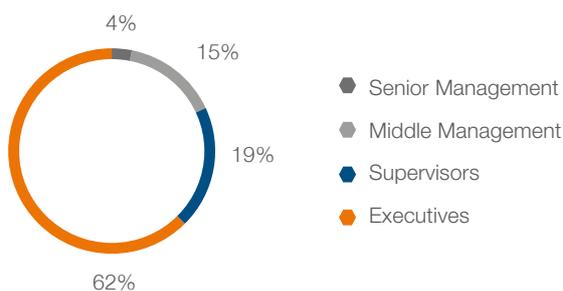
## 1. Developing our people

Our people are our greatest asset; the Dubai Financial Market is proud to hire 160 employees as of the end of 2017.

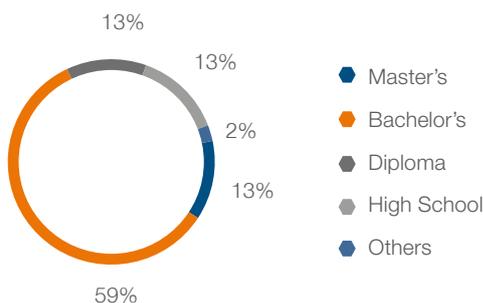
### Recruiting talents

Recognizing that DFM's employees are fundamental to its operations and that the strength of the organization is directly linked to its ability to attract and retain the most capable people, DFM focuses on recruiting and retaining top talent. By the end of 2017, those who hold Bachelor's degrees and higher represent 71% of our employees, with a diverse range of age groups.

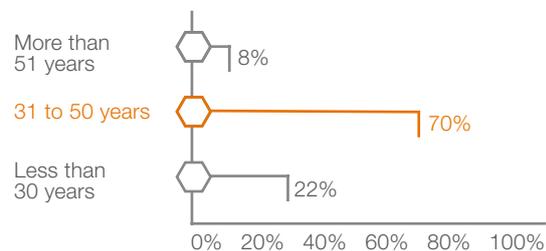
#### Professional Level



#### Educational Level



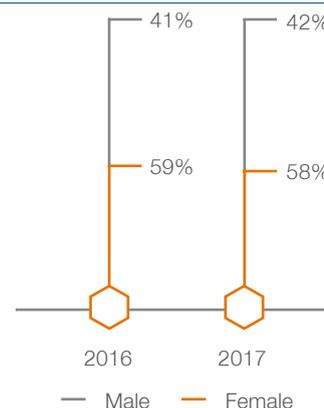
#### Age Breakdown in 2017



### Gender diversity

DFM is a great believer in the pioneering role women play at the workplace. With a 58% female workforce by the end of 2017, we are a proud standard-bearer for gender diversity. In 2017, we commenced the DFM Women Council initiative, which is aimed towards enhancing the professional and managerial proficiency of DFM female employees within the work environment. Furthermore, this initiative enhances communication with different women's groups, both inside and outside of the workplace, in line with DFM's vision.

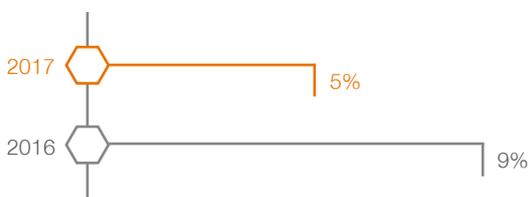
#### Gender Diversity



## Retention program

We offer a wide spectrum of incentives to our employees, from a well-honed career path, to promotions and bonuses, and performance-based pay. In addition to these incentives, we provide a challenging environment in order to stimulate growth. Besides a hierarchy that features a management span of control of 1:5 (Manager: Direct Report), that encourages personal development, growth, and advancement opportunities, DFM incorporates a performance-based incentive system. This structure sees incentives directly linked to employees' performance and in line with the 'management by objectives' scheme. Our successful retention policy led to a lower employee turnover ratio of 5% by the end of 2017.

### Employee Turnover Ratio



## Emiratization Program

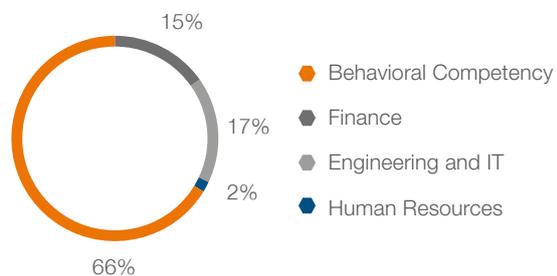
As part of its endeavors to support the UAE Government's plans to attract local Emirati talent in the financial sector, DFM pursues initiatives aimed at attracting Emiratis, who now constitute 60% of the work force as of the end of 2017. Within this context, 2017 saw DFM issue its internal DFM Emiratization Program Guide.

## Ongoing learning and training supports identifying emerging talents

As one of its strategic goals, DFM has long subscribed to the policy of continuous learning, to encourage employees to further their potential. The organization achieves this by equipping its employees with skills and knowledge that go beyond the required expertise of their current roles. To

achieve this, we provide employees with a variety of training, educational scholarships, continuing education schemes, and internal job rotation opportunities. With these holistic initiatives in mind, in 2017, we trained 145 employees (91% of total employees), with a total of 5,754 hours; an increase of 14% compared to 2016. Below is a breakdown of the main categories that training has focused on:

### Training Focus



## 2. Engaging with our community

In line with our corporate social responsibility policy and as part of the sustainability strategy, DFM continued to organize society-oriented activities, with the understanding that creating value for society will inevitably benefit the organization.

The following are some of the key activities that DFM has undertaken during 2017:

### Further engagement with our stakeholders; an ongoing priority

We successfully carried out several awareness workshops aimed at educating brokers and issuers about new services or technologies, in addition to our fourth DFM IPO Forum which included a session for non-listed companies on Corporate Governance and ESG best practices. Through stakeholder satisfaction surveys, employee surveys, as well as investor workshops with SCA, we managed to enhance engagement with both external and internal stakeholders throughout 2017.

In line with the Dubai Happiness Index, DFM is driving forward happiness levels amongst its market participants and has initiated happiness surveys through our client affairs service desks, with further initiatives planned during 2018.

### **Supporting students; shaping their future**

With the objective of developing students' skill sets and putting capital markets theory into practice, DFM carried out the 2017 Summer Training Program and the DFM 15th Annual Stock Game, in addition to hosting several internships. These activities provided educational and practical experience to over 2,000 students from several schools and universities across the UAE.

### **Empowering women**

DFM signed a Memorandum of Understanding (MoU) with the Dubai Women's Establishment, empowering women in the business and financial sector through encouraging female participation on the Boards of UAE listed companies under the Women on Board initiative. Moreover, 2017 saw DFM's Chief Operations Officer, Executive Vice President and Division Head of CSD, Mrs. Maryam Fikri recognized by Forbes Middle East as one of their top 100 Most Powerful Arab Businesswomen, further highlighting DFM's role in empowering women.

### **Donations for good causes**

Donations have always been part of the Dubai Financial Market's community engagement activities. During 2017, DFM continued to donate office furniture, computers and air conditioners to the Mohammed bin Rashid Humanitarian and Charity Establishment and Tarahum charity foundation.

### **Participation at several national and international events; good corporate citizenship**

Participating at several national and international celebratory days, Dubai Financial Market sought to be an engaged corporate citizen, celebrating the UAE Flag Day, National Day and Martyrs' Day.

Within the framework of the Smart Borse strategy, and in support of the Dubai Government's vision, DFM participated in the Day without Service Centers initiative. This event, launched by Dubai Government's Department of Finance, encourages greater usage of smart channels when accessing services and completing transactions. Furthermore, DFM participated in the GITEX Technology Week in the Economy Zone at the Dubai Smart Government pavilion. DFM's participation in the exhibition showcased a diverse and integrated range of smart applications, that has strengthened its regional market position in terms of initiatives and innovation.

# Promoting Governance

Cultivating trust and confidence through good Corporate Governance (CG) has been an ongoing focus of our strategy. DFM's CG framework is supported by 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. During 2017, our Board approved a new risk management framework, where we defined DFM's risk appetite across the business, and explained the approach to mitigate risk exposure of strategic, operational, compliance and financial risks.

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, which all demonstrate the transparency of the market. During 2017, as part of its ongoing efforts to enhance the Islamic finance and capital markets framework, the Fatwa & Shari'a Supervisory Board launched the Shari'a Standard on Hedging against Investment and Finance Risks.

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 Security Management

Moreover, as a key milestone during 2017, DFM shareholders appointed one female Board member to its seven members Board, an enhancement to our female Board member representation.

In this annual report, we have dedicated a fully-fledged governance report, showcasing our best practices in governance with additional information on our Shari'a-compliant practices, our internal audit achievements, and our Board of Directors.

To read further on our CG practices and framework please turn to pages 42-64 in this report.

# Going Forward

Throughout this section of the Annual Report, we aimed to highlight DFM's engagement with multiple stakeholders to develop a sustainable capital market. Going forward, we will continue to leverage stakeholders' relationships to create long-term shared value as a public listed company.

As an influencer, our sustainability strategy also seeks to develop an enhanced reporting

landscape, so that our listed companies embark on a journey of sustainability reporting. As such, DFM will continue to derive value from sustainability reporting in order to support the increasing trend towards ESG investing, and drive awareness of ESG best practices, as well as develop good corporate governance.





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