

SUSTAINABILITY REPORT

Part of Dubai Financial Market (PJSC) Annual Report 2020



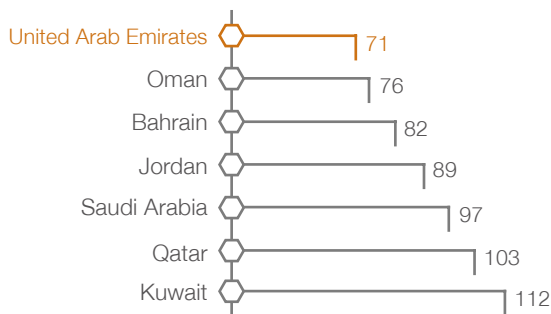


Our Sustainability

Dubai Financial Market (DFM) has remained at the forefront of driving the sustainability agenda among the region's capital markets and wider financial services industry. We aim to act as a catalyst for positive Environmental, Social and Governance (ESG) in the capital markets. The DFM recognized early that creating value for our stakeholders and conducting our business in line with sustainability principles are vital to our long-term growth. We also understand that our exchange has an important role to play in supporting sustainable development in Dubai and the UAE.

The DFM Sustainability Strategy 2025 is aligned with the UAE visions and plans, the global sustainable development goals (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. According to the global Sustainable Development Goals (SDGs) Index report for 2020, the UAE overall SDG's performance ranked 71 out of 175 countries globally, and continues to lead the GCC ranking. The rating indicates that the UAE outperformed the Arab region¹.

SDGs Global 2020 Ranking¹



¹ Sustainable Development Report 2020.

During 2020, the pandemic accelerated the momentum for environmental, social and governance (ESG) integration, and amplified our efforts in establishing a resilient and sustainable capital market. DFM witnessed increased interest and engagement with ESG in the capital market, as responsible investment and reporting of non-financial information continued to gain more attention. To ensure we maximize our contribution to sustainable development locally and globally, DFM's sustainability approach prioritizes the following six global SDGs for which DFM has been focusing its long-established corporate social responsibility (CSR) activities along with where we can have the most impact, and mapped these against our strategic corporate goals and sustainability framework:



ESG Highlights of 2020

In 2020, we continued to achieve significant milestones in our sustainability journey as a responsible exchange, accelerating our efforts to create a leading sustainable capital market in the region and through our advocacy work as a key player in the global exchange industry. The most important achievements are listed as follows:



After successfully joining the FTSE4Good Emerging Market Index in June 2019, DFM's **FTSE4Good** sustainability reporting and implementation of ESG best practices resulted in the DFM increasing its ESG rating based on an independent assessment during the June 2020 index review. DFM PJSC is one of only three UAE constituent companies on the index. Developed by FTSE Russell, a global index provider, the index measures the performance of companies in the Emerging Market space demonstrating strong Environmental, Social and Governance (ESG) practices.

In April 2020, DFM launched its ESG Index in cooperation with S&P Dow Jones Indices and the Middle East Institute for Corporate Governance Hawkamah. This significant milestone is the first-of-its-kind ESG index from the financial markets in the UAE and the region. The S&P/Hawkamah UAE ESG index consists of 20 constituent companies with the aim to encourage listed companies in the UAE to expand embracing ESG best practices. During 2020, the DFM and HSBC organized a webinar for global investors on the role of the UAE ESG Index in strengthening market competitiveness.



The DFM and Dubai International Financial Centre (DIFC) continued to lead the "Dubai Sustainable Finance Working Group" plans and activities during 2020. The Working Group, which aims to co-ordinate efforts to create the most sustainable financial hub in the region, includes 16 members from leading sustainable companies, global and regional banks as well as financial institutions. In 2020, the members developed two educational draft guides on "Sustainable Issuance" and "Sustainable Investing" to support two of the Group's key pillars; "Responsible Investing" to increase understanding of ESG investing among the region's institutional and retail investors and "Growing Sustainable Finance" to support corporates. The Working Group aims to launch the guides in early 2021 with a Dubai Sustainable Finance Webinar.



In January 2020, the DFM, together with a group of leading authorities in the UAE, published the UAE's first Guiding Principles on Sustainable Finance (the Guiding Principles), which will serve as a catalyst for the implementation of the UAE's sustainability priorities. Aligned with the United Nations Agenda for Sustainable Development, the Guiding Principles were the result of co-operative efforts among a number of authorities in the UAE, including Dubai Financial Market, Nasdaq Dubai, the Central Bank, the Securities and Commodities Authority (SCA), the Ministry of Climate Change and Environment, Dubai Financial Services Authority (DFSA), the Financial Services Authority of the Abu Dhabi Global Market, the Dubai Islamic Economy Development Centre, and the Abu Dhabi Securities Exchange.

AURORA50



During 2020, DFM accelerated its sustainability and governance efforts to strengthen companies' board diversity and inclusion in capital markets. The DFM initiatives such as the eBoard platform and Women On Board workshops significantly helped to boost female board representation to one third

of DFM-listed companies. Additionally, in August 2020, DFM joined forces as a "Founding Knowledge Partner" with Aurora50, "20 for 2020" initiative to support efforts to qualify proficient women for board directorship. The initiative aims to develop a talent pipeline of competent, board-ready women and match them with relevant board positions.





Sustainability Strategy 2025

As the capital markets' business model encompasses a broad spectrum of relationships with stakeholders, it requires implementing a diligent approach to cultivate those relationships to be able to create long-term value across each stakeholder group. With this end in mind, DFM's Sustainability Strategy articulates our commitment to lead as the region's sustainable

marketplace by creating long-term shared value for DFM stakeholders by 2025. The four pillars of the DFM's Sustainability Strategy are; Sustainability Reporting & Disclosures, Sustainable Investment Education, Green Products & Listings, and Gender Balance & Empowering People. DFM aims to prioritize sustainability in every aspect of its corporate strategy and organizational operations to create this value.

Engaging with 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. We conduct annual surveys to measure satisfaction of our products and services among our stakeholders. For further details, please refer to page 52 in this section.



Focusing on ESG Materiality

To ensure that DFM operations and sustainability management approach remain relevant and inclusive to allow us to manage and mitigate any potential material Environmental, Social and Governance (ESG) issues identified in a changing operational environment, we continue to engage our stakeholders and maintain a consistent and strategic dialogue with them.

Based on our ESG materiality mapping, we prioritize 20 material ESG issues that matter most to our stakeholders and influence DFM's strategy and operational activities; where governance areas such as anti-corruption, anti-bribery, financial stability and data privacy remain high in priority among stakeholders. For further insight on the materiality matrix, please refer to page 25 of the DFM PJSC Sustainability Report 2018.

Identifying the ESG factors most material to the DFM helped steer our approach to sustainability with the DFM PJSC Sustainability Framework to ensure we

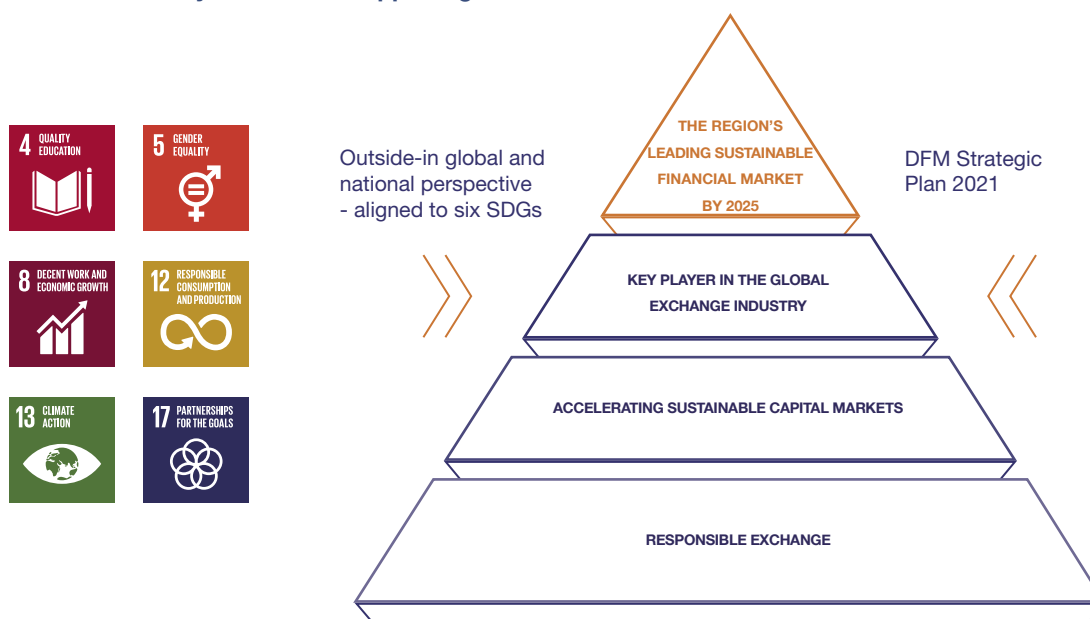
integrate ESG into our strategy, operations and risk management framework.

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 six global sustainable development goals (SDGs) and DFM's Strategic Plan 2021 covering 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:

DFM Sustainability Framework supports global SDGs



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

In the following pages we provide the reader with a summary of our 2020 sustainability achievements in line with our framework and Sustainability Strategy 2025:

- **Responsible exchange;** we highlight the importance of our governance role and how we develop our people and impact our society.
- **Accelerating sustainable capital markets;** shifting focus towards sustainability we will be highlighting sustainability and report disclosures along with our continuing efforts in gender balance and empowering people.
- **Key player in the global exchange industry;** we highlight our effective partnerships and initiatives to advocate for the growth of responsible investing.
- **Going forward;** we discuss our general direction, plans and aspirations within the ESG sphere.

Responsible Exchange

1. Promoting Good Governance & Transparency

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 UAE 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. Building upon our 2017 Board-approved risk management framework, the DFM continued to update its risk appetite across the business to mitigate risk exposure of strategic, operational, compliance and financial risks and integrated ESG issues into the framework. For further details on DFM's risk management framework please turn to pages 78-80 in the governance report.

DFM promotes good governance and transparency among its stakeholders encouraging greater transparency of disclosures including financial and non-financial information. In 2020, DFM-listed companies recorded 97% compliance when disclosing quarter three results within the deadline of 45 days from the end of the period. Through its Listing and Disclosure department, DFM ensures that 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.

As a member of the United Nations Sustainable Stock Exchanges (SSE) Initiative and Chair of the World Federation of Exchanges Sustainability Working Group, we are committed to supporting the work of exchanges across the world in promoting ESG. The DFM ESG Reporting Guide, launched in 2019, supports and encourages listed companies to increase disclosure of ESG information and adopt ESG reporting practices, which reinforces their ability to attract investments, access finance and enter new markets through good governance practices. Currently, 12% of DFM listed companies (including those listed on Nasdaq Dubai) develop sustainability reports for the financial reporting year 2019. As such, DFM continues to lead in listed companies' sustainability reporting among regional exchanges.

During 2020, DFM continued to encourage the advancement of ESG disclosures to support the promotion of good governance and transparency in line with international ESG best practices and the increased momentum for sustainable investment and sustainability disclosures. In January 2021, the Securities and Commodities Authority (SCA) announced general clarifications



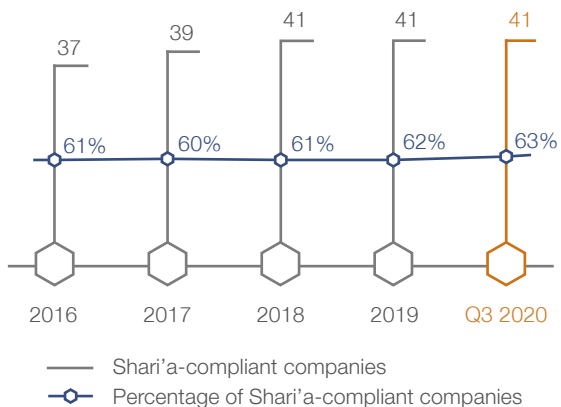
regarding procedures for general assemblies and the requirements of the Commercial Companies Law No. (2) for the year 2015 according to the amendments under Decree by Federal Law No. (26) for the year 2020, and the SCA Chairman's Decision No. (3/R.M.) for the year 2020 concerning the Corporate Governance Guidelines for Public Joint Stock Companies. The notification to all companies listed on UAE exchanges stipulates that the company must disclose sustainability reporting for the financial year 2020 no later than six months after the end of the fiscal year. The company's must also adhere to the Global Reporting Initiative (GRI) standards for sustainability reporting and requirements issued by the market. This significant step in the region is in line with DFM's Sustainability Strategy launched in 2019 which is keen to support companies to achieve 70% ESG disclosure reporting by 2025.

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. DFM continued to collaborate with Hawkamah Institute for Corporate Governance (Hawkamah) in offering a Board Secretary Accreditation Program which is mandatory for all DFM-listed companies and is strongly recommended for non-listed companies. By end of 2020, the total number of those who attended the course since initiation reached 86.

Since inception, DFM has 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. 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.

DFM Shari'a-compliant Listed Companies



DFM continued its efforts to support board diversity and inclusion in line with its Sustainability Strategy 2025 on gender balance and empowering people. During 2020, DFM achieved 30% female board representation across its listed companies. This also includes DFM PJSC, which has one female Board Member on its seven-member Board. DFM's female Board Member representation efforts have been supported by the solid stakeholder partnerships developed with the Dubai Women's Establishment (DWE), Hawkamah Institute for Corporate Governance (Hawkamah) and Aurora50. To further read on "Empowering Women", please turn to page 52 of this section.

During 2020, we successfully renewed our ISO 27001:2013 certificate, which is the internationally recognized best practice framework for an Information Security Management System (ISMS), to support the implementation of good information security and data protection governance.

We maintain the highest business continuity practices with ISO 22301:2012, the internationally recognized standard for Business Continuity Management System (BCMS), demonstrating the ability to consistently provide products and services that meet customer and regulatory requirements and the ability for continuous improvement.

This achievement underlines DFM's commitment to adopt international business excellence and quality standards as well as its constant endeavor to further enhance its services in line with international best practices. Furthermore, initiatives from the Audit Committee and subsequent Internal Control procedures allowed us to gain the following ISO accreditations:



ISO 27001:2013 Information Security Management System



ISO 22301:2012 Business Continuity Management System



ISO 20000-1:2011 IT Service Management System



ISO 9001:2015 Quality Management System

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 corporate governance practices and framework, please turn to pages 60-85 in this report.

See page 73 for the **Audit Committee**

See page 74 for the **Nomination and Remuneration Committee**

2. Financial Stability

As part of our strategy to “sustain a stable financial performance and diversify our 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 favorable 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 and market infrastructure.

During 2020, our efforts to sustain a stable financial performance and to diversify our sources of income included several achievements mainly highlighting increased listings in various asset classes, launching of new trading platforms with exciting options for companies in new economic sectors, as well as introducing a new ESG Index. For further details please turn to the strategic achievements on pages 26-31 of this report.

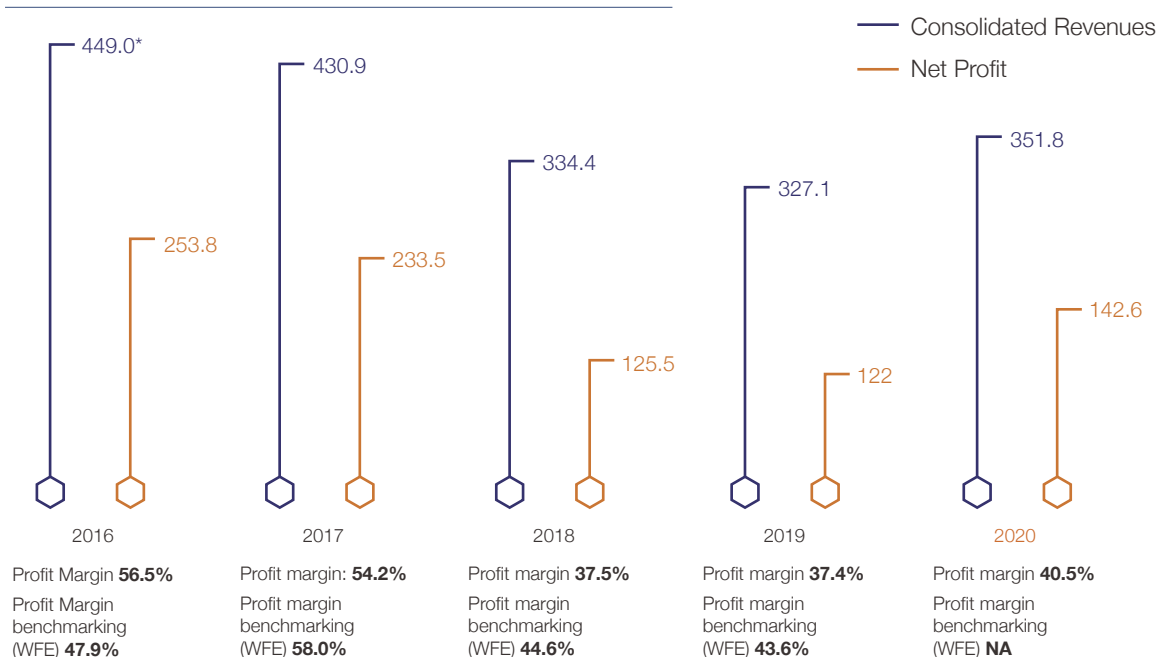
Attributed to the uncertainties about the economic outlook across the world, triggered by the pandemic global financial markets have been indifferent. During 2020, the main index of 38 exchanges out of the 75 exchanges with available information from the World Federation of Exchanges showed an increase, while the indexes of 37 exchanges showed a decrease¹.

¹ Source: The World Federation of Exchanges (WFE).



Like markets across the world, the UAE financial markets were impacted. By the end of 2020, the Dubai Financial Market General Index (DFMGI) exhibited a 9.9% y-o-y decline. With regards to the financial performance during 2020, the DFM PJSC consolidated net profit reached AED 142.6 million compared with AED 122 million in 2019. Total consolidated revenue for 2020 was AED 351.8 million compared with AED 327.1 million in 2019.

Direct Economic Value Generated and Distributed (AED million)



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

The World Federation of Exchanges (WFE) profit margin figures have been adjusted according to the WFE 2019 Survey.

3. Digital Innovation

DFM continues to further its leading position as the main driver of capital market development in the UAE and region through its strategy to develop and sustain a solid market infrastructure and technological systems in line with international best practices. In early March 2020, DFM successfully implemented the largest technology upgrade in its history by migrating

to the Nasdaq Financial Framework (NFF). Developed by Nasdaq, the leading market technology provider globally, the cutting-edge ecosystem for trading, surveillance, clearing and market data dissemination is designed to provide resilient multi-asset platforms. The significant technological upgrade set an efficient and solid foundation for DFM to accelerate its product diversification strategy during 2020 with the launch of the ETF, Equity Derivatives and REIT platforms.

The DFM's strategy of becoming a Smart Bourse continued to pay off through the 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. In 2020, and despite the repercussion of the Covid-19 pandemic and the following temporary closure of Customer Counter Services due to health and safety precautionary measures, transactions accomplished through the eServices platform and Smart Services app increased significantly by 137% during the second half of March compared to the first half of the month. This step followed DFM successfully completing the testing of remote working which included various market operations' activities as part of its business continuity plan to support the exchange operations running seamlessly to overcome any situation.

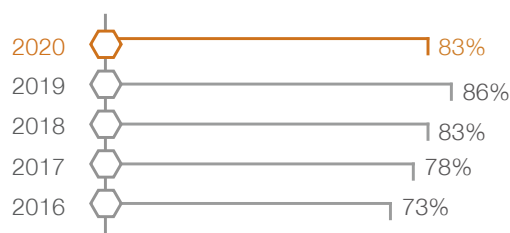
To the same end, DFM's digital strategy focuses on employing advanced FinTech solutions to provide customers with smart and innovative solutions. The various digital initiatives also provide seamless operations to brokers and help provide digital services to their clients; during the year, DFM honored eight of its licensed brokerage firms for achieving the Five Star Brokers Excellence Rating in recognition of their continuous commitment to further enhance their services and strengthen the competitiveness of this sector through the development of service provision platforms in general, and smart services in particular. Furthermore, the eIPO platform provides investors, issuers and receiving banks with a digital advantage during the IPO process enabling swift IPO subscriptions, and our Customer Relationship Management (CRM) system manages relationships online with the supply chain. Moreover, the Electronic Dividend Distribution System (DDS) which provides

swift and seamless electronic dividend payments enabled Dubai CSD, a subsidiary of Dubai Financial Market, to successfully distribute AED 20.6 billion of cash dividends for listed companies through the DFM iVESTOR Card and bank transfers; investors are able to ultimately utilize the "myACCOUNT" service; an electronic account that enables them to seamlessly transfer dividends to their iVESTOR Card accounts, bank accounts as well as to pay for IPOs and Right Issues subscription.

Power consumption and data center

DFM has continued to adopt a number of steps towards greener Information Technology 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.

Data Center Vblock Power Consumption Savings



4. Developing our People

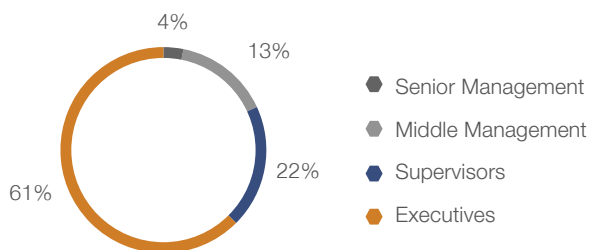
Our people are our greatest asset; the Dubai Financial Market is proud to have a total of 163 employees as of the end of 2020.



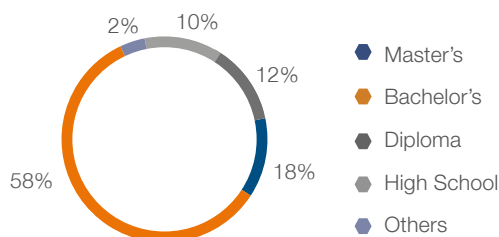
Recruiting talents

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 2020, those who hold Bachelor's degrees and higher represent 75% of our employees, with a diverse range of age groups.

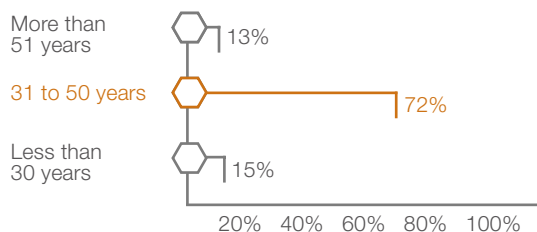
Professional Level in 2020



Educational Background in 2020



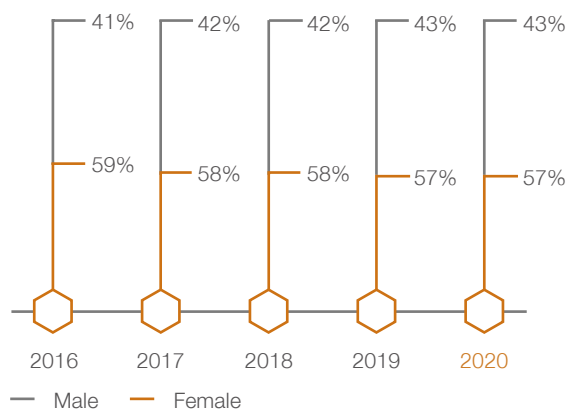
Age Breakdown in 2020



Gender diversity

DFM is a great believer in the pioneering role women play at the workplace. With a solid 57% female workforce by the end of 2020, we are a proud standard-bearer for gender diversity and inclusion. Over the past few years, we have achieved positive progress in this area, and our DFM Women's Council has continued to further women empowerment principles and activities across the business aimed at enhancing the professional and managerial efficiency of DFM female employees.

Gender Diversity

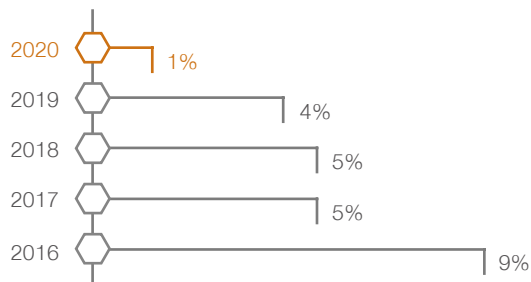


Retention program

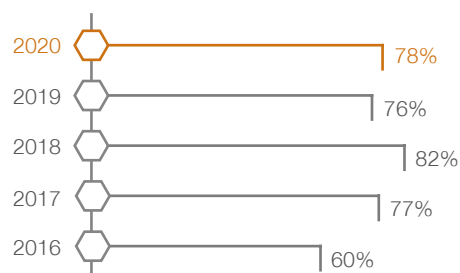
We offer a variety of incentives to our employees, from a well-honed career path, to promotions and bonuses, and performance-based pay. In addition to these incentives, we provide a challenging and innovative environment in order to stimulate growth. Besides a hierarchy that features a management span 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 1% by the end of 2020. Understanding that positive employee

engagement drives up margins, DFM gathers insight into employees' feedback, motivation, and satisfaction by running annual satisfaction surveys.

Employee Turnover Ratio



Overall Employee Satisfaction Survey

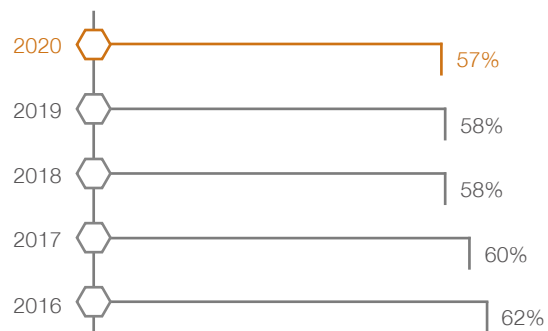


Emiratization Program

As part of its ongoing efforts to support the UAE Government's plans to attract local Emirati talent in the financial services sector, during 2020, DFM continued to pursue initiatives aimed at attracting Emiratis within the organization by utilizing relations with universities and colleges to attract local talents, posting job openings in government job portals and organizing student workshops. For example, in October 2020, DFM hosted the inaugural cohort of Emirati students from the Federal Youth Authority's Young Economist Program, under the patronage of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of Dubai Executive Council. The program is a first-of-its-kind in the region and aims to build the capabilities of youth to become future leaders in business and economics. DFM provided multi-faceted discussion sessions on various aspects of capital markets by its senior representatives covering trading policies, clearing and

settlement best practices, asset classes and digital services, as well as sustainable development in capital markets. At DFM, we have proudly maintained an Emiratization rate of above 50% over the past five years and 57% of the workforce were Emiratis as of the end of 2020. Despite the slight decrease in the percentage over the past couple of years due to hiring specialized technical talents, the Emiratization percentage at DFM is still considered one of the highest in the financial services industry.

Emiratization Percentage



Protecting the health and safety of employees and market participants

During March 2020, the DFM Trading Floor and DFM Customer Service Counters were temporarily closed as a precautionary measure to protect the health and safety of market participants and employees in line with the measures taken in the UAE to contain the coronavirus Covid-19. Despite the temporary closure, investor trading activity continued as usual through the DFM online and smart platforms as well as with licensed brokerage firms.

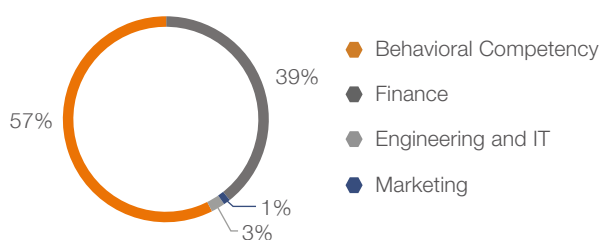
DFM acted swiftly to put in place a number of safety measures including weekly sterilization of all DFM premises and offices, distribution of gloves, face masks, sanitizers and heat tests at the DFM entrances and receptions, and employee desks, isolation barriers were installed for open office areas and more. During 2020, DFM effectively operated a stringent remote working policy in line with the government guidelines, which continued into 2021.



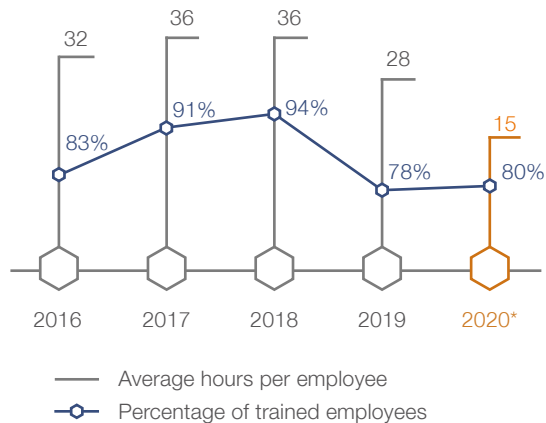
Ongoing learning and training supports identifying emerging talents

As part of its strategic objectives to develop, maintain and motivate talent as well as promote excellence, creativity and innovation, 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, workshops, conferences, benchmarking and field visits, educational scholarships, continuing education schemes, and internal job rotation opportunities. During 2020, with the health and safety measures in place for social distancing, we increased utilizing our online platforms for training with one-hour webinar sessions instead of one to two-day training programs. Therefore, the results show a total of 1,935 training hours and a greater number of employees trained (80%), with an average of 15 training hours per employee. Below is a breakdown of the main categories that training has focused on:

Training Focus in 2020



Training Hours in 2020



* Mainly virtual

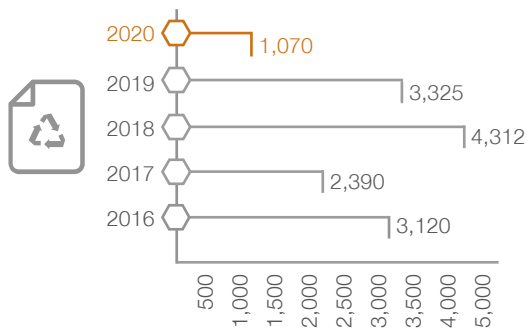
5. Protecting the Environment

The Dubai Financial Market (DFM) is keen to protect the environment and minimize its environmental footprint, both as a market influencer and as a publicly-listed company, and has continued to undertake a number of initiatives to promote these aims. Our digital innovation initiatives are playing a key role in helping DFM decrease paper consumption. For example, through our eServices and eForms available through our mobile applications and website platforms, and by automating dividend distributions to investors, providing an electronic alternative to checks through iVESTOR Card and bank transfers. Despite that energy and water consumption of our offices and our data center represent our primary environmental impacts, the DFM has sought to share data on its environmental footprint across several metrics in this report. 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.

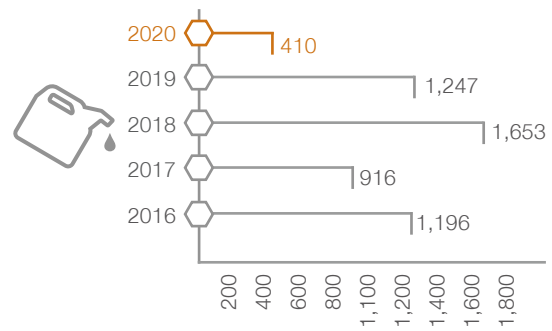
According to the GreenBox report, DFM's results show a decrease across the board given the temporary closure of offices, remote working of employees and general encouragement across the business to avoid physical meetings, presentations and printing paper, instead online platforms were

utilized. These behaviors reduced significantly our environmental impact. As such, the amount of recycled paper dropped significantly by 68% in 2020 compared to the previous year. In doing so, our carbon footprint and offset were significantly lower also.

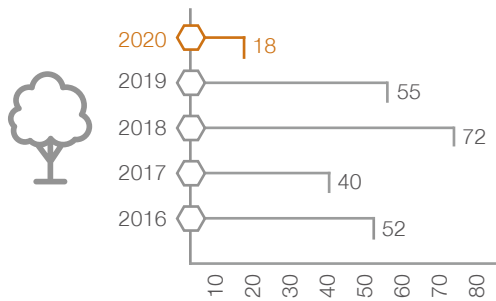
Recycled Paper (in kgs)



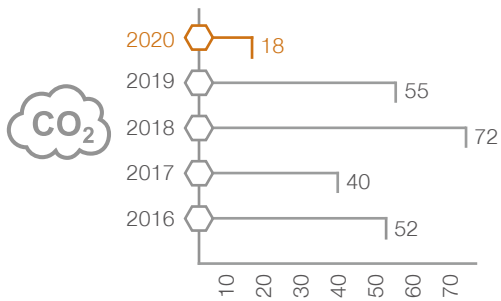
Saved Oil (in gallons)



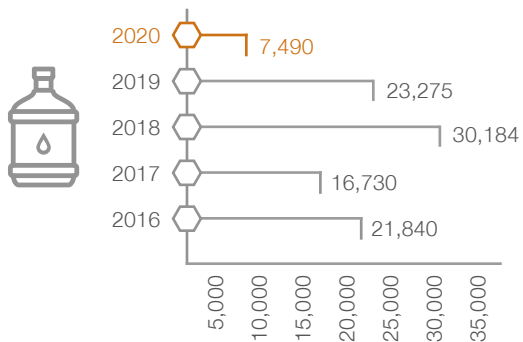
Saved Trees (in numbers)¹



Carbon Dioxide Offset (tCo2)



Saved Water (in gallons)



¹ Through recycling paper.



6. Enriching our Communities

In line with our corporate social responsibility policy and as part of the Sustainability Strategy, and while considering precautionary measures, 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 2020:

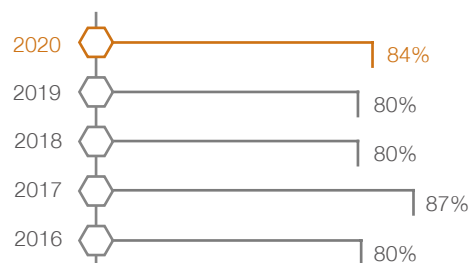
Further engagement with our stakeholders; an ongoing priority

As part of a global dialogue discussing regional ESG integration, in collaboration with HSBC, DFM co-hosted a global investors webinar explaining the S&P and Hawkamah UAE ESG Index launched by DFM in April 2020. The webinar attracted a diversified audience of investors to gain knowledge about the new index and its role in strengthening the UAE market competitiveness. The index was developed in cooperation with the S&P and Hawkamah, as a first-of-its-kind index from financial markets in the UAE and the region. Additionally, DFM hosted a session entitled “ESG in a Post-Pandemic World” which emphasized the major turning point for ESG investing and for corporates improving ESG performance alongside traditional financial metrics. The dedicated session on ESG was part of the 2020 MEIRA Virtual Annual Conference and involved international and regional ESG experts. These significant initiatives in collaboration with our stakeholders, underline DFM’s leading role in promoting best practices of ESG as we witness increased momentum of international institutions factoring ESG into their investment decisions.

In addition to the webinars for investors, companies and educational sessions for brokers and issuers about new services or technologies, DFM and Nasdaq Dubai launched their first in a series of “In Focus” Sector webinars on the evolving landscape of the Healthcare and Education sectors, attracting brokerage firms and investors.

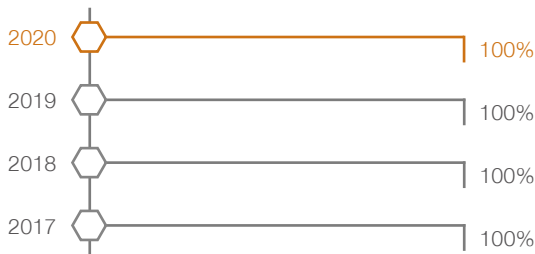
DFM is always keen to listen to its stakeholders as part of its engagement with both external and internal stakeholders and carries out several satisfaction surveys that measure customer satisfaction and happiness in addition to employee surveys on an annual basis with the aim to continuously improve its products and services. These overall interactions resulted in an increase in the overall customer satisfaction to 84% during 2020 versus 80% last year.

Overall Employee Satisfaction Survey



In line with the Dubai Happiness Index, DFM continues to champion happiness levels amongst its market participants and has initiated happiness surveys through the Dubai CSD Customer Service desks, the index enables walk-in customers to assess the service level offered.

Happiness Meter



Promoting Financial Literacy and Inclusion

DFM is committed to advancing the development of financial literacy through financial education and developing financial capability. As part of its efforts to promote investor awareness and protection of their rights, DFM hosted a bell-ringing ceremony to mark the occasion of World Investor Week 2020, which included similar bell-ringing activities from exchanges around the world. During the week of activities, DFM organized two educational webinars for investors and brokers about the equity futures platform.

With the objective of developing students' financial skill sets and putting capital markets theory into practice DFM is actively engaged in educating younger generations of school and university students through numerous initiatives including the DFM Stock Game and educational virtual trading floors at UAE universities. In 2020, DFM participated in the Federal Youth Authority's Young Economist Program organizing a week-long educational program of interactive workshops and presentations by senior representatives. Over 50 young talented economists participated in a blended approach of online and in-person sessions on various aspects of trading, clearing and settlement best practices and sustainable development in capital markets, achieving an overall 94% satisfaction.

Stakeholder health and safety awareness

In light of the Covid-19 situation and social distancing measures in place, during 2020, the corporate social responsibility (CSR) activities focused on the health and wellness of the employees and stakeholders. As part of an increased effort to support the well-being of employees and their families, DFM organized various initiatives including Covid-19 and health awareness webinars presented by health professionals. Additionally, "Your Gym Club at Home" online sessions were launched encouraging regular exercise and fitness while working remotely from home. DFM also amplified its notifications and communications to employees and market participants on health and safety precautions throughout the year to ensure stakeholders were updated at all times.

Empowering women

DFM accelerated its sustainability and governance efforts to strengthen board diversity and inclusion in capital markets in collaboration with various institutions in the UAE and beyond, as part of its Sustainability Strategy 2025. In line with the UAE's women empowerment and gender balance strategy as well as the corporate governance requirements issued by the Securities and Commodities Authority (SCA), DFM achieved one third of DFM-listed companies having women representation on boards during 2020 following numerous initiatives to further women's presence.

In collaboration with the Dubai Women Establishment (DWE), DFM participated in the DWE Global Women's Forum Dubai, under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai. The dedicated DFM



session addressed women's growing presence and positive impact on boards which has increased momentum due to the global efforts to empower women and achieve gender equality. In line with the numerous global and UAE initiatives, DFM has continued to reinforce the powerful role women can play on companies' boards including the eBoard in cooperation with the DWE, an online seamless linkage between listed companies and UAE nationals looking to assume board memberships.

In August 2020, DFM joined forces with the Aurora50, "20 for 2020" initiative under the leadership of Sheikha Shamma bint Sultan bin Khalifa Al Nahyan. As one of the Founding Knowledge Partners, DFM aims to support the initiative focused on qualifying proficient women for board directorship through board-specific workshops and our eBoard to support greater board diversity and inclusion.

As part of its active role in empowering women in capital markets and in supporting the United Nations Sustainable Development Goals (SDGs) on Gender Equality (Goal 5), DFM joined around 75 global exchanges in a week of bell-ringing activities in partnership with the UN Sustainable Stock Exchanges Initiative, the World Federation of Exchanges, IFC, UN Global Compact, UN Women and Women in ETFs for the third consecutive year to mark the International Women's Day. Additionally, the DFM Women Council organized various webinars in 2020 as part of its women

empowerment initiatives, including a DFM Emirati Women's Day webinar on "Preparing for the next 50 years", as well as financial independence and wealth webinars. DFM also supported "Women's Shuttle Time", an initiative by the Dubai Sports Council with the objective to increase female participation in sport.

Participation at several national and international events; good corporate citizenship

DFM continued to participate in several national and international celebratory days during 2020 utilizing online platforms, as it sought to be an engaged corporate citizen, celebrating the UAE Flag Day, National Day, and Martyrs' Day. In July 2020, DFM also supported the "Hope Probe Emirates Mars Mission", the United Arab Emirates launch of its historic first interplanetary mission to Mars which aims to provide the global scientific community with novel data and accelerate UAE development.

In line with the leadership's vision and the national strategy for innovation aimed at transferring the UAE into one of the most innovative countries globally, the DFM actively participated in the "UAE Innovation Month 2020" through organizing a series of events themed as "Artificial Intelligence; Future of Everything" with the participation of senior experts. The events promoted the culture of "innovation", a key value of DFM, amongst its employees and various market participants, and further strengthened DFM's leading position at the forefront of the most innovative exchanges.

Accelerating Sustainable Capital Markets

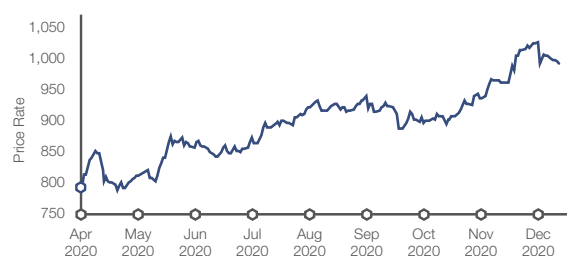
DFM is committed to accelerating sustainable capital markets regionally and globally, and delivering on its Sustainability Strategy 2025 by focusing on four key pillars: sustainability reporting and disclosures, sustainable investment education and awareness, green products and listings, and gender balance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

1. Launching the UAE ESG Index

As part of its leading position among regional exchanges in developing sustainable capital markets, DFM achieved significant milestones during 2020 in line with its Sustainability Strategy 2025. In cooperation with the S&P Dow Jones Indices and Hawkamah Middle East Institute for Corporate Governance, DFM launched the first-of-its-kind index from the financial markets in the UAE and the region, aimed to measure listed companies embracing ESG best practices. The S&P/Hawkamah UAE ESG index consists of 20 listed companies on the UAE exchanges which are subject to an annual assessment incorporating ESG criteria against which the company's disclosure practices are evaluated by Hawkamah, the S&P's screening partner in the Middle East. Since the launch of the index in April 2020, we have witnessed a growth of 25% in the S&P/Hawkamah UAE ESG index performance. Additionally, DFM PJSC as a listed company on the

index successfully reached the top 5 constituents ranking during 2020, achieving first position as the top-performing sustainable listed company in the UAE (as at 20th January 2021).

S&P/Hawkamah UAE ESG Index¹ (22nd April to 31st December 2020)



Top 5 Constituents by Index Weight¹ (as at 20th January 2021)

Company	Symbol
Dubai Financial Market PJSC	DFM
Emirates Telecommunications Group Company PJSC	ETISALAT
Dubai Investments PJSC	DIC
Aldar Properties PJSC	ALDAR
First Abu Dhabi Bank PJSC	FAB

¹ Source: www.dfm.ae

During 2020, DFM continued its efforts to encourage listed companies to disclose on ESG factors providing ESG reporting guidance.



2. Increasing Sustainable Issuances on Dubai's Capital Markets

To meet the increased investor interest in sustainable finance across Dubai's capital markets and the wider financial services sector, DFM recognizes

the importance of sustainable issuances. Notably, Nasdaq Dubai, DFM's subsidiary, has become the leading exchange in the region in ESG listings with a total value of US\$ 7.75 billion by 2020, encouraging all issuers to introduce or strengthen compliance with ESG principles to promote beneficial practices and meet the rapidly growing investor demand.

Nasdaq Dubai Sustainable Issuances (as of 13th January 2021)

Issuer	Asset Class	Value US\$	Listing Date
Indonesian Government	Sukuk	1.25 billion	Mar-18
Indonesian Government	Sukuk	750 million	Feb-19
Indonesian Government	Sukuk	750 million	Jun-20
Majid Al Futtaim	Sukuk	600 million	May-19
Majid Al Futtaim	Sukuk	600 million	Oct-19
Islamic Development Bank	Sukuk	1.1 billion	Dec-19
Islamic Development Bank	Covid-19 Bond	1.5 billion	Jun-20
China Construction Bank	Bond	500 million	Aug-20
China Construction Bank	Bond	700 million	Aug-20
	Total	7.75 billion	

3. Continued Sustainable Investment Education

As part of its efforts to increase understanding of the global Sustainable Development Goals, the UAE SDGs, the DFM Sustainability Strategy 2025 and policy, DFM continued to play an active advocacy role during 2020, participating in numerous virtual ESG industry events and panel sessions highlighting the increasing importance of developing sustainable capital markets, growing sustainable finance, and encouraging sustainability reporting. These efforts included participating in the MEIRA Virtual Annual Conference & Awards session on "ESG In A Post-Pandemic World", and the University of Cambridge Institute for Sustainability Leadership (CISL) Executive Leadership Programme in collaboration with the Majid Al Futtaim Leadership Institute.

Key Player in the 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 including UAE and MENA region companies, as well as global investors throughout the investment life cycle.

During 2020, and in line with the UAE Sustainable Development Goals 2030 and Dubai's Strategic Plan 2021, the DFM and the Dubai International Financial Centre (DIFC) continued the work plans of the "Dubai Sustainable Finance Working Group" launched in 2019. The initiative underlines our commitment to collaborate with key stakeholders to reinforce Dubai's position as a leading financial hub and a global capital of Islamic economy.

Bringing together strong support from leading banks, financial institutions, as well as public and private companies in Dubai in order to orchestrate efforts to embed ESG into the financial services sector, the group encompasses 16 members; DFM, DIFC, Nasdaq Dubai, Hawkamah Institute of Corporate Governance, Dubai Electricity & Water Authority (DEWA), the Dubai Islamic Economy

Development Centre, Aramex, DP World, Majid Al Futtaim, Emirates National Oil Company (ENOC), HSBC, Emirates NBD, Dubai Islamic Bank, Société Générale, Standard Chartered and Zurich Insurance. In 2020, the Group members collaborated on the drafting of two practical guides, a "Sustainable Issuance Guide" prepared by group members Standard Chartered, DFM and Nasdaq Dubai, and a "Sustainable Investing Guide" prepared by Emirates NBD and HSBC, both of which are planned to be launched in early 2021.

Leading the region's sustainable capital markets, the DFM also contributed to the United Nations Sustainable Stock Exchanges (SSE) advisory group on the development of a practical guide for exchanges and issuers on aligning to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, which is aimed to be released in 2021. DFM is also an active member of the World Federation of Exchanges (WFE) Sustainability Working Group (SWG). In September 2020, DFM was successfully appointed Chair of the WFE SWG and will continue to play a leading role representing regional exchanges in global dialogue with the aim to further the development of sustainable capital markets.



Going Forward

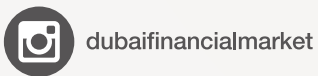
Throughout this section of the Annual Report, we aimed to summarize DFM's engagement with multiple stakeholders to develop a sustainable capital market. Going forward, we will continue to leverage stakeholders' relationships to create long-term shared value as a public-listed company.

As an influencer, our Sustainability Strategy 2025 seeks to continue our efforts in the following focus areas:

- Develop an enhanced reporting landscape, so that our listed companies embark on a journey of sustainability reporting. The latest Securities and Commodities Authority (SCA) regulations mandating sustainability reporting referenced in section "Promoting Good Governance and Transparency", helps to accelerate the efforts of listed companies to achieve 70% ESG Disclosures by 2025.
- Support the increasing trend towards ESG investing, DFM will continue to drive awareness of ESG best practices and sustainable investing through its efforts as an exchange and among its stakeholder partnerships to develop good Corporate Governance and transparent markets.

- Continue to showcase the sustainable companies listed on UAE Exchanges which are leading in ESG best practices through the S&P/Hawkamah UAE ESG Index and attract investment.
- Encourage the issuance of green listings through Dubai's capital markets and grow our leading position in the region.
- Launch of the Dubai Sustainable Finance Working Group practical guides on Sustainable Issuance and Sustainable Investing with webinars involving ESG experts.

DFM believes that it is well underway to become the region's leading sustainable financial market by 2025.



www.dfm.ae