

# 2021

## SUSTAINABILITY REPORT

DUBAI FINANCIAL MARKET (PJSC)

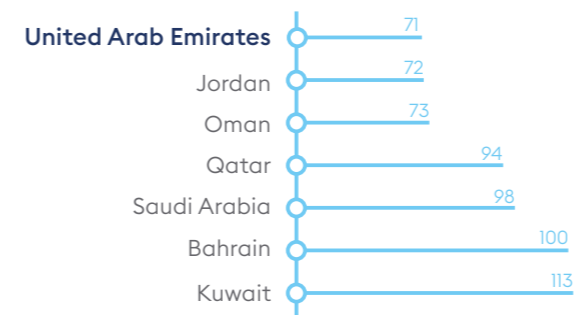


# Sustainability

The DFM is at the forefront of driving the sustainability agenda among the UAE's capital markets and wider financial services industry. We aim to act as a catalyst for positive environmental, social, and governance (ESG) contribution across the capital markets.

DFM realizes 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 responsible exchange plays an important role in supporting sustainable development in Dubai and the whole UAE. DFM's Sustainability Strategy 2025 is consistent with the UAE's objectives and plans, global Sustainable Development Goals (SDGs), the UAE Green Agenda 2015-2030, the country's commitment to the Paris Agreement, and Dubai's Vision 2021. According to the global SDGs Index Report for 2021, the UAE's overall SDGs performance rated 71 out of 175 nations worldwide. Based on this assessment, the UAE continues to rank first in the Gulf Cooperation Council (GCC) standings and outperforms the Arab region.

SDGs Global 2021 Ranking<sup>1</sup>



<sup>1</sup> Sustainable Development Report 2021.

While this section of the annual report includes the 2021 highlights in line with the DFM's ESG Reporting Guide, we aim to publish an in-depth standalone Sustainability Report covering more detailed ESG performance and initiatives related to 2021 over the coming months.

Sustainability



# 2021 Highlights



## FTSE4GOOD Constituent

After joining the FTSE4Good Emerging Market Index in June 2019, FTSE Russell's May 2021 review confirms that the DFM remains a constituent.



## 2 ESG Guides

As part of the Dubai Sustainable Finance Working Group, the DFM participated in launching two guides for sustainable issuance and investments and extended that to the market participants in a well-attended webinar.

**US\$ 12.15 bn**  
**+ 57% YOY**

Nasdaq Dubai continued to be the most prominent exchange for green bonds, sustainability and ESG issuances and listings in our region, with a total of US\$ 12.15 billion from nine Sukuk and four conventional bonds in 2021.



**83%**

The DFM's listed companies' disclosure of ESG data by 2021, in line with the latest Securities and Commodities Authority (SCA) regulations mandating sustainability reporting.



**60%**

The average Emirati participation in the DFM's workforce over the past five years; we commit to foster local employment.

**+7% YOY**

The DFM's S&P/Hawkamah UAE ESG Index achieved a 7% increase compared to 2020.



**57%**

Female participation in the DFM's workforce; we are a proud standard bearer of gender equality.

## A Stakeholder-oriented Sustainability Strategy

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, the DFM's Sustainability Strategy articulates our commitment to lead as the region's sustainable marketplace by creating long-term shared value for the 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. The DFM aims to prioritize sustainability in every aspect of its corporate strategy and organizational operations to create this value.

## Engaging with our Stakeholders

At the 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 the DFM remains relevant, responsive and creates long-term value for our stakeholders. We conduct annual surveys to measure satisfaction of our products and services among our stakeholders. 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.



## Focusing on ESG issues that matter

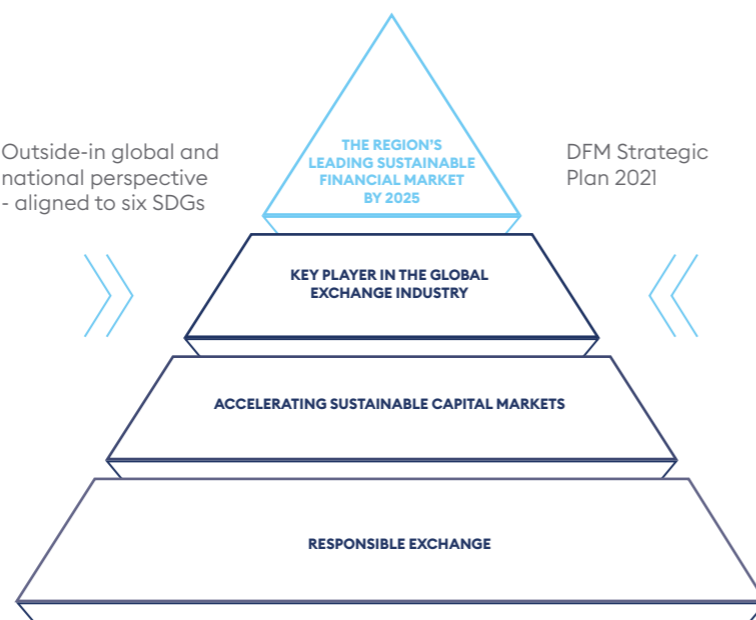
We continue to engage our stakeholders and maintain a consistent and strategic dialogue, ensuring that our operations and sustainability management approach remains relevant and inclusive. This seamless engagement allows us to effectively manage and mitigate any potential material ESG issues that could arise in an ever-changing operational environment. Currently, the DFM prioritizes 20 material ESG issues that matter most to our stakeholders and influence our strategy and operational activities. Naturally for our industry, governance areas such as anti-corruption, anti-bribery, financial stability, and data privacy remain high on our priority list, as indicated by the below matrix. The DFM will review its materiality assessment and, where required, will update our priorities in the 2021 stand-alone Sustainability Report.

## Sustainability Framework

The DFM's sustainability framework reflects our understanding of the sustainability developments of global trends and contexts, as well as our Strategic Plan. Through this framework, the DFM aims to achieve long-term shared value for its stakeholders, establish itself as the region's leading sustainable financial market by 2025, and contribute to national, sectoral, and worldwide sustainability agendas. DFM's sustainability framework builds on our strengths and targets three main areas – being a responsible exchange, accelerating sustainable capital markets and acting as a key player in the global exchange industry. Through this framework and the related sustainability approach we aim to contribute to the below six global SDGs.



Outside-in global and national perspective - aligned to six 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

In the following pages we provide the reader with a summary of our 2021 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.

## 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.

- **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

We continue to embed leading sustainability practices into our operations and identify opportunities to continuously improve. As a responsible exchange, we are committed to developing: good governance and transparency, financial performance, digital innovation, developing our people, protecting the environment and enriching our communities.

## 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 35-37 in this report.

DFM promotes good governance and transparency among its stakeholders encouraging greater transparency of disclosures including financial and non-financial information. In 2021, DFM-listed companies recorded 98% 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.

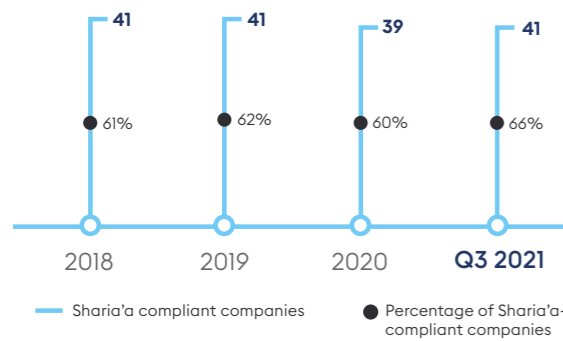
As a member of the United Nations Sustainable Stock Exchanges (SSE) Initiative, we are committed to supporting the work of exchanges across the world

in promoting ESG. The DFM ESG Reporting Guide, launched in 2019 and to be updated in 2022, 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, 83% of DFM listed companies (including those listed on Nasdaq Dubai) develop sustainability reports for the financial reporting year 2021 in line with the Securities and Commodities Authority (SCA) mandate for ESG disclosure. As such, DFM continues to lead in listed companies' sustainability reporting among regional exchanges.

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.

Beyond financial and non-financial compliance, the DFM is the world's first market to comply with Islamic Shari'a principles, which are well aligned with 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. As of Q3 2021, 66% of DFM's listed companies were Shari'a-compliant.

## 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 2021, DFM achieved 30% female board representation across its listed companies. This also includes DFM PJSC, which has two female Board Member on its nine-member Board.

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 continue the following ISO accreditations:

- ISO 27001:2013 Information Security Management System
- ISO 22301:2012 Business Continuity 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 56 - 86 in this report

## 2. Financial Stability

During 2021, our efforts to sustain a stable financial performance and to diversify our sources of income included several achievements mainly highlighting the increased diversification in asset classes, increased market accessibility with exciting options for companies in new economic sectors. For further details, please turn to the strategic priorities section on pages 26-27 of this report.

By the end of 2021, the Dubai Financial Market General Index (DFMGI) exhibited a 28.3% YOY growth. With regards to the financial performance during 2021, the DFM PJSC achieved a consolidated revenue for 2021 was AED 298.1 million and a consolidated net profit of AED 99.1 million for further details on the financial performance of DFM, please turn to pages 33 - 34 of this report.

## 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. Leveraging the migration to the Nasdaq Financial Framework (NFF) trading ecosystem, DFM introduced several platforms for new asset classes such as the ETFs, Equity Derivatives and REITs.

In June 2021, 3iQ Corp., Canada's largest digital asset investment fund manager with more than C\$2.5 billion in assets under management, listed The Bitcoin Fund, (Trading Symbol: QBTC), on Nasdaq Dubai. The regulated Bitcoin-based exchange traded product is the Middle East and North Africa's (MENA) first listed digital asset-based fund. The Fund offers investors an indirect exposure to Bitcoin by trading its units within a world-class regulated and transparent exchange environment as well as the opportunity for long-term capital appreciation through a convenient alternative to a direct investment in the crypto currency.

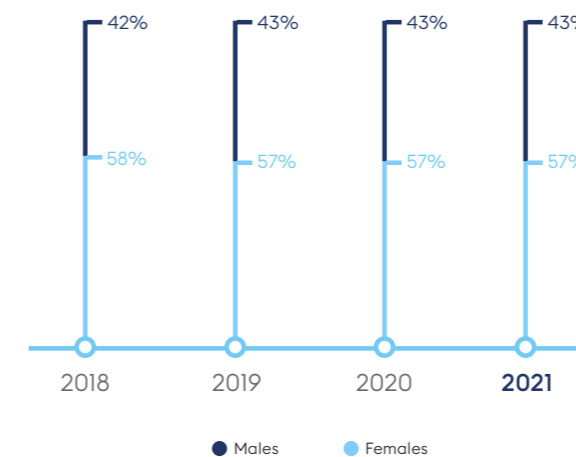
The DFM's strategy of becoming a Smart Borse continued to pay off through deploying advanced Fintech solutions to provide customers with smart and innovative solutions. The various digital initiatives also provide seamless operations to brokers and help provide digital services to their clients.

Furthermore, the newly upgraded IPO Platform provides investors, issuers and receiving banks with a digital advantage during the IPO process enabling swift IPO subscriptions. 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 8.3 billion of cash dividends on behalf of 32 listed companies through the DFM iVESTOR Card and bank transfers. As part of enhancing market accessibility, we have further enhanced the process of investors' digital onboarding by introducing seamless and facilitated registration process. Upon deployment of which, 44% of new investors joining during 2021, have come through this channel.

## 4. Our People

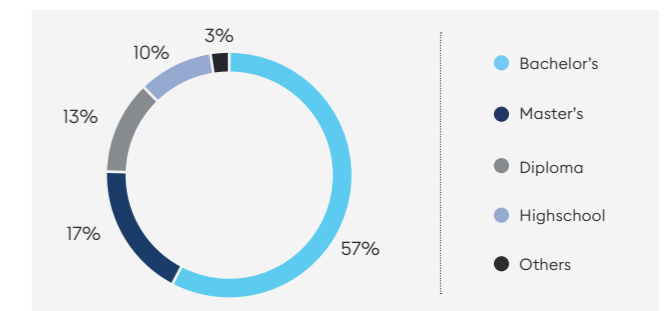
Our people are our greatest asset; the DFM is proud to have a total of 155 employees as of the end of 2021. With 57% of our current workforce being females, we are pioneers in gender equality in the financial sector and we maintain our focus on empowering people and providing an inclusive and healthy work environment that promotes equality.

### Gender Diversity



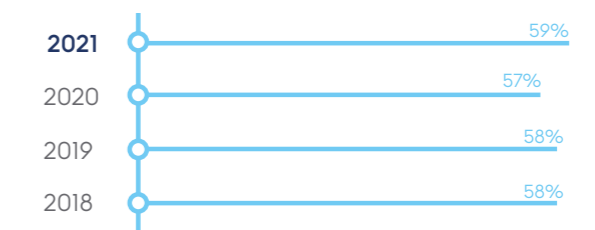
Recognizing that the strength of the organization is directly linked to its ability to attract and retain the most capable people, DFM focuses on recruiting and retaining top talent. By the end of 2021, those who hold Bachelor's degrees and higher represent 74% of our employees. We offer our employees a well-honed career path with abundant training opportunities, promotions, bonuses, and performance-based pay. During 2021, we have trained 80% of our employees.

### Professional Level Distribution in 2021



In addition, the DFM also supports the UAE Government's plans to attract Emirati talent in the financial sector and build strong connections with local universities and colleges to scout the most skilled UAE-based students. For example, in December 2021, the DFM hosted the second 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. Thanks to our ongoing efforts, we have achieved an Emiratization rate of 59%, thus providing job opportunities for the local community.

### Emiratization Percentage



## 5. Protecting the Environment

As 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 play a key role in helping DFM decrease paper consumption. For example, services available through our mobile applications and website platforms, automated dividend distributions to investors, providing an electronic alternative to cheques through iVESTOR Card and bank transfers.

In line with the drive towards a paperless and sustainable workplace, we implemented several initiatives to reduce our environmental footprint. Since 2015, we have been recycling up to over 12,208 kg of paper per year through the GreenBox program thanks to the introduction of greener practices (e.g. more responsible printing).

Furthermore, using Vblock technology in our data center, DFM's energy savings increased from 66% in 2015 to 82% in 2021. We also reduced electricity consumption by using power-saving LED lights and implementing lights-off rules after office hours.

## 6. Enriching our Communities

In line with our corporate social responsibility (CSR) policy and Sustainability Strategy, the DFM embraces good corporate citizenship to make a positive social impact on local communities. In 2021, we took part in several celebratory days, including the UAE Flag Day, 50th National Day and Martyrs' Day, looking forward in confidence that our country will build upon its successes reinforcing its globally acclaimed position as a key economic powerhouse. Both DFM and Nasdaq Dubai are well-positioned to maintain their dynamic role supporting economic development in Dubai and the UAE.

# Accelerating Sustainable Capital Markets

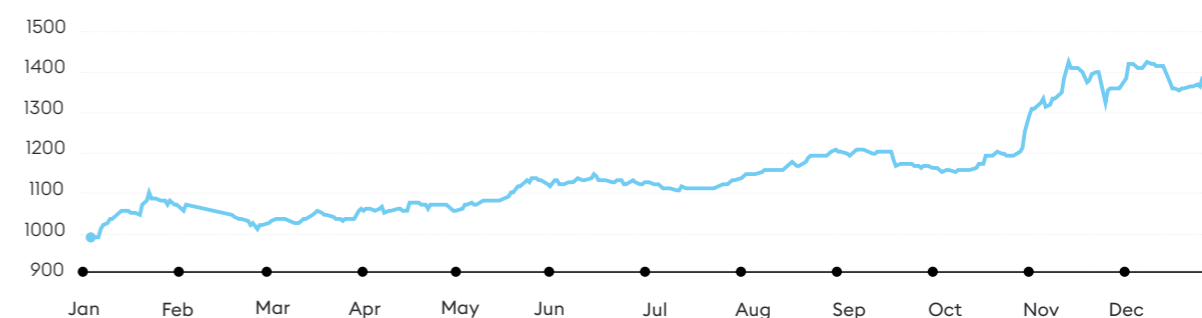
DFM is committed to accelerating sustainable capital markets regionally and globally, and delivering on its Sustainability Strategy 2025 by focusing on four key pillars: sustainability reporting and disclosures, sustainable investment education and awareness, green products and listings, and gender balance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

exchanges which are subject to an annual assessment incorporating ESG criteria against which the company's disclosure practices are evaluated by Hawkamah, the S&Ps screening partner in the Middle East. During 2021, the S&P/ Hawkamah UAE ESG index increased by 7%.

## 1. The UAE ESG Index

Since its launch back in 2020, the S&P/Hawkamah UAE ESG index consists of 20 listed companies on the UAE

S&P/Hawkamah UAE ESG Index (Price Index 2021)



Top 10 Constituents by Index Weight (as at 31st December 2021)

Company	Symbol
Dubai Financial Market PJSC	DFM
Emirates Telecommunications Group Company PJSC	ETISALAT
Aramex PJSC	ARAMEX
Abu Dhabi Commercial Bank PJSC	ADCB
Aldar Properties PJSC	ALDAR
First Abu Dhabi Bank PJSC	FAB
National Central Cooling Company PJSC	TABREED
Dubai Investments PJSC	DIC
Abu Dhabi Islamic Bank PJSC	ADIB
Emirates NBD PJSC	ENBD

During 2021, DFM continued its efforts to encourage listed companies to disclose on ESG factors by 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\$ 12.15 billion by 2021, a 57% increase compared to 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 1st December 2021)

	Asset Class	Listing Date	Value (US\$ bn)
Government of Indonesia	Sukuk	Mar-2018	1.25
Government of Indonesia	Sukuk	Feb-2019	0.75
Government of Indonesia	Sukuk	Jun-2020	0.75
Government of Indonesia	Sukuk	Jun-2021	0.75
MAF Sukuk	Sukuk	May-2019	0.6
MAF Sukuk	Sukuk	Oct-2019	0.6
Islamic Development Bank	Sukuk	Dec-2019	1.1
Islamic Development Bank	Sukuk	Jun-2020	1.5
Islamic Development Bank	Sukuk	Apr-2021	2.5
China Construction Bank	Bond	Aug-2020	0.5
China Construction Bank	Bond	Aug-2020	0.7
China Construction Bank	Bond	Apr-2021	0.6
China Construction Bank	Bond	Apr-2021	0.55
		<b>Total</b>	<b>12.15</b>

## 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 2021, participating in several 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 launch of two ESG guides that were introduced at the Dubai Sustainable Finance Webinar titled "the Dubai Sustainable Finance webinar on ESG Acceleration". Furthermore, liaising with the Industrial and Commercial Bank of China, we delivered an online forum on the role of technologies in empowering the ESG transformation. Finally, in collaboration with our brokers, we organized a series of educational webinars to introduce the derivatives market to our investors.

# A 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. The 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 2021, 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 to carry out the 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 15 members; DFM, DIFC, Nasdaq Dubai, Hawkamah Institute of Corporate Governance, Dubai Electricity & Water Authority (DEWA), 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 2021, the Group members launched two practical guides, a "Sustainable Issuance Guide", which details the steps involved in issuing ESG bonds, Sukuk, equities and other financial products, as well as outlining the need for companies to develop a sustainability strategy. This Guide was prepared by group members Standard Chartered, DFM and Nasdaq Dubai. The other guide titled "Sustainable Investing Guide" was prepared by Emirates NBD and HSBC, which highlights the increasing ESG opportunities for investors as companies and the financial markets pivot towards integrating sustainability into their mainstream activities.



# Going Forward

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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 100% 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.

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





Dubai Financial Market



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