

# SUSTAINABILITY REPORT 2018

Part of the DFM PJSC Annual Report



# 03. Sustainability

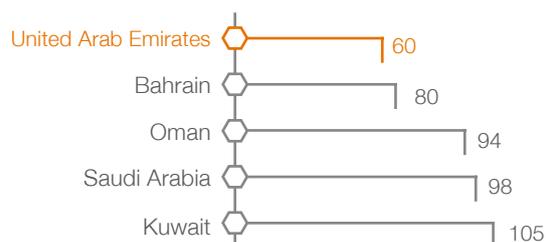


# Our Sustainability

Capital markets play a pivotal role in shaping the future of the global economy, and efforts to drive sustainability are at the heart of this. At DFM, we understand that informed investment decisions based on non-financial information are becoming increasingly important in today's investment landscape.

In the global Sustainable Development Goals (SDGs) Index report for 2018, the UAE overall SDG's performance ranked 60 out of 156 countries globally, and is the first in the GCC ranking. The rating indicates that the UAE outperformed towards achieving 50% of the SDG's indicators and is leading the Arab region in Goal 17, "Partnerships for the Goals"<sup>1</sup>. In line with the UAE Green Agenda 2015-2030, the country's commitment to the Paris Agreement, the SDGs, and Dubai's Vision 2021 to create a smart and sustainable city, we have implemented several initiatives to drive our sustainability strategy, where DFM is aligned to six of the UN SDGs (SDG 4, 5, 8, 12, 13 & 17). Furthermore, during 2018, and as a Partner Exchange member of the United Nation's Sustainable Stock Exchanges (SSE) initiative, DFM contributed to the production of the UN White Paper on "How securities regulators can support the Sustainable Development Goals" and will continue to take part in a global effort to promote sustainability of performance and transparency across capital markets.

## SDGs Global 2018 Ranking<sup>1</sup>



<sup>1</sup>Federal Competitiveness and Statistics Authority - SDG Index and Dashboards Report 2018.

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 aims to lead as the region's sustainable marketplace by creating long-term shared value for DFM stakeholders by 2025. DFM prioritizes sustainability in every aspect of its corporate strategy and organizational operations to create this value.

The following goals are the general blueprint of how DFM plans to implement its sustainability strategy:

- Encourage listed companies to adopt ESG reporting practices
- Raise awareness on the growing interest of ESG among global and local investors, and market participants
- Contribute to Dubai's and the UAE's sustainable development agenda

We are indeed in the process of reporting a fully-fledged sustainability report, meanwhile we continue to provide readers with 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 our Society
- Promoting Governance
- Going Forward



# 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.

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

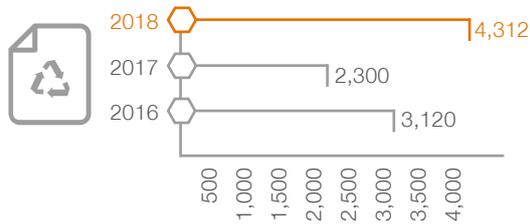
DFM's strategy of becoming a Smart Borse continues to pay dividends, this is obvious in DFM's transformation to a Smart Trading Floor, deploying eServices and eForms that enable investors to view portfolio information and submit requests directly to DFM through our mobile apps and website platforms. These digital initiatives also provide seamless operations to brokers and help provide digital services to their clients; during the year, DFM honored three of its licensed brokerage firms for providing their customers with trading via smart phone applications. 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 continued to provide an electronic alternative to checks through iVESTOR Card and bank transfers, successfully distributing dividends on behalf of 46 companies and utilizing a newly launched mobile feature offering customers control over transactions of the aforementioned card.

During the year, DFM also launched the E-signature and issuance of investor numbers by use of the Emirates ID as well as pilot launched the General Assembly service via Block Chain technology.

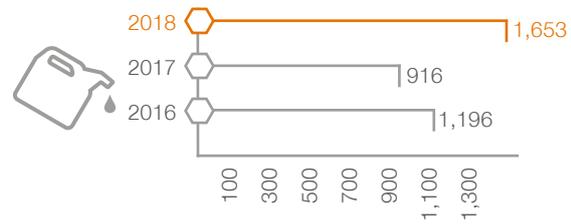
With these initiatives in mind, and in line with the drive towards a paperless and sustainable workplace, DFM has subscribed to the GreenBox service since 2015. Aimed at contributing towards a sustainable ecosystem through paper recycling, the GreenBox service raises awareness about paper waste and its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

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

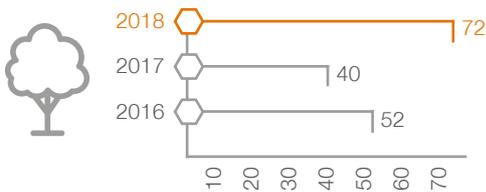
Recycled Paper (in kgs)



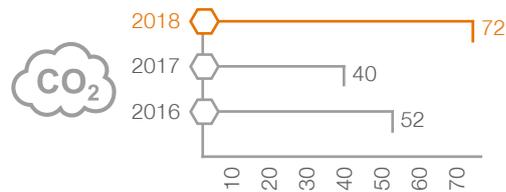
Saved Oil (in gallons)



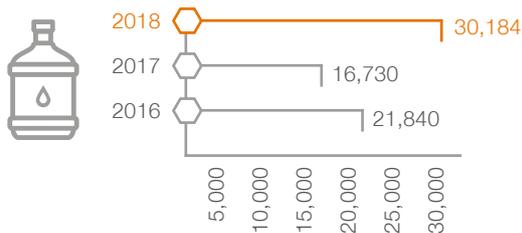
Saved Trees (in numbers)



Carbon Dioxide Offset (tCo2)



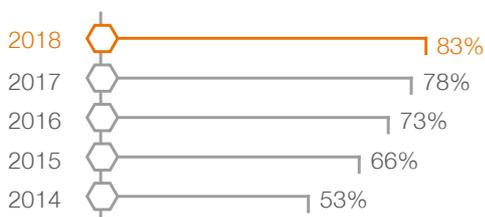
Saved Water (in gallons)



## 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.

Data Center Vblock Power Consumption Savings



## 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 schematic 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 the local licensing authorities.



# Engaging with our Society

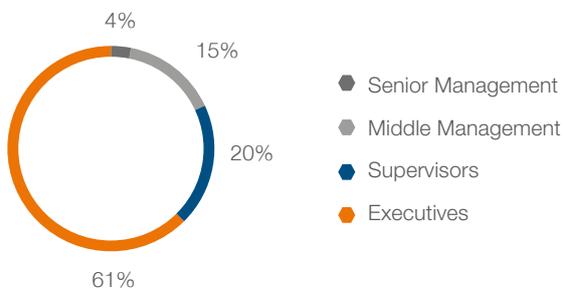
## 1. Developing our people

Our people are our greatest asset; the Dubai Financial Market is proud to have a total of 164 employees as of the end of 2018.

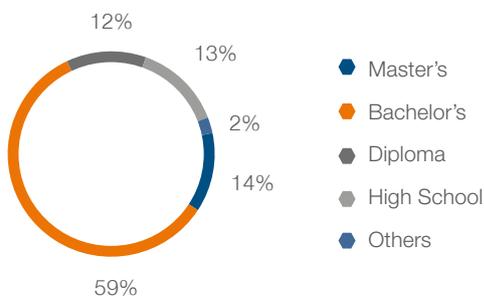
### Recruiting talents

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 2018, those who hold Bachelor's degrees and higher represent 73% of our employees, with a diverse range of age groups.

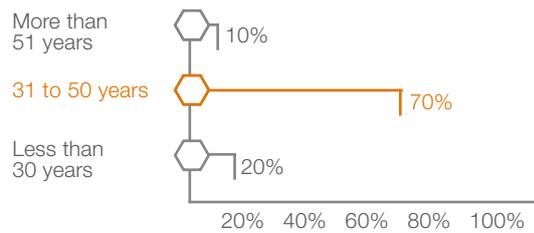
Professional Level Distribution in 2018



Educational Background in 2018



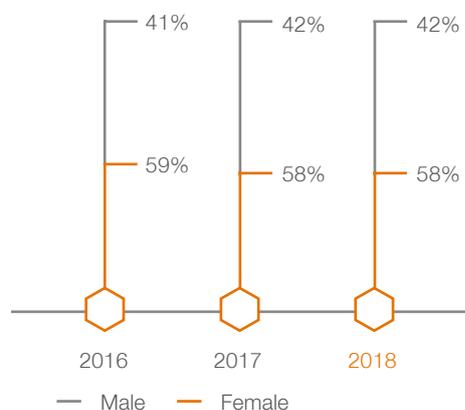
Age Breakdown in 2018



### 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 2018, we are a proud standard-bearer for gender diversity. In 2018, the DFM Women Council continued to carry out several initiatives aimed at enhancing the professional and managerial proficiency of DFM female employees where throughout the year it engaged employees in several workshops and gatherings tackling a wide range of subjects from health workshops, a blog to share real-life success stories, to encouraging employees to participate in Ramadan campaigns.

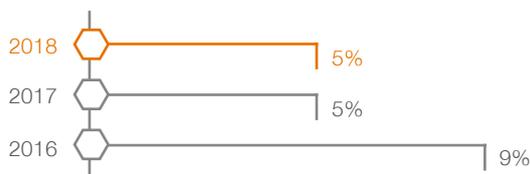
Gender Diversity



## 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 2018. Understanding that positive employee engagement drives up margins, DFM gains 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 endeavors to support the UAE Government's plans to attract local Emirati talent in the financial sector, DFM pursues initiatives aimed at attracting Emiratis such as utilizing relations with

universities and colleges to attract local talents, engaging in career fairs and posting job openings in government job portals. Proudly, DFM maintained an Emiratization rate above 50% over the past three years and 58% of the workforce were Emiratis as of the end of 2018. It is noticeable that the rate has slightly decreased over the past years, this is due to hiring specialized technical skills.

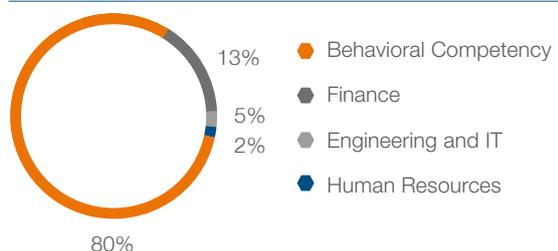
### Emiratization Percentage



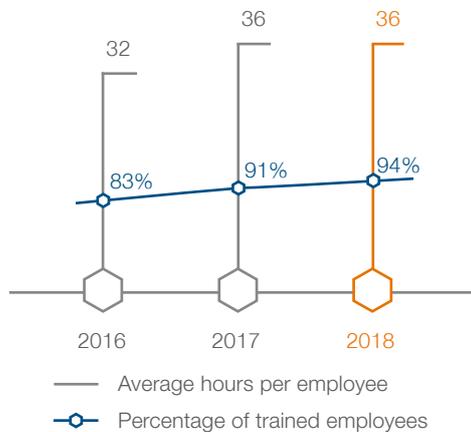
## Ongoing learning and training supports identifying emerging talents

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 2018, we trained 154 employees (94% of total employees), with a total of 5,839 hours; an increase of 2% compared to 2017. Below is a breakdown of the main categories that training has focused on:

### Training Focus in 2018



## Training Hours in 2018



## 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 2018:

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

As part of a global dialogue discussing regional ESG integration, in January 2018, and in collaboration with the UN-backed Principles for Responsible Investment (PRI) and the Chartered Financial Analyst (CFA), DFM hosted an investors workshop explaining the importance of ESG investing; issues, best practices and updates on latest surveys.

In addition to the several awareness workshops aimed at educating brokers and issuers about new services or technologies, DFM launched the Broker Excellence Rating program aimed at assessing the quality of services offered to investors. Furthermore,

DFM continued to educate and familiarize the wider spectrum of investors of the advantages of listing on DFM's second market through organizing a roundtable about the listing opportunity on its "Second Market" Platform. In cooperation with the Dubai Chamber of Commerce and Industry and the Dubai Entrepreneurs Council, the discussions focused on how private companies can unlock capital market opportunities through listing on the "Second Market" Platform.

During 2018, DFM has accelerated its efforts to promote the securities endowment culture as part of the "Year of Zayed" initiatives by signing a Memorandum of Understanding (MoU) with Awqaf and Minors Affairs Foundation (AMAF). The MoU aims to implement an innovative strategy that enables investors and donors to transfer their endowments directly to the Foundation's unified endowment securities account for the greater good of the UAE society.

DFM is keen to listen to its stakeholders as part of its engagement with both external and internal stakeholders, it carried out several satisfaction surveys that measure customer satisfaction and happiness in addition to employee surveys.

### Overall Customer Satisfaction



In line with the Dubai Happiness Index, DFM is driving forward happiness levels amongst its market participants and has initiated happiness surveys through the Client Services Affairs desks, the index enables walk-in customers to assess the service level offered.

## Happiness Meter



## Supporting students and People of Determination

With the objective of developing students' skill sets and putting capital markets theory into practice, during GITEX 2018, the DFM launched the pilot website of its renowned stock game promoting financial knowledge since 2003. The DFM Stock Game now enables students and the public alike to learn while virtually investing.

DFM also continued to host several student internships, and in partnership with the Canadian University Dubai, DFM has launched an Educational Trading Floor within the University's premises enabling students to learn, test and develop their skills in a real-time trading environment.

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

## Empowering women

DFM signed a Memorandum of Understanding (MoU) with the Dubai Women's Establishment during 2017, 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. Furthermore, 2018 saw the celebration of the International Women's Day, when DFM joined

61 global exchanges honoring this occasion over a week of bell-ringing for gender equality activities in partnership with the United Nations Sustainable Stock Exchanges (SSE) initiative, the World Federation of Exchanges, IFC, UN Global Compact, UN Women and Women in ETFs.

## 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 Centres". 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 "Business Services" area 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 DFM's Smart Borse initiatives and innovation.

In line with the leadership's vision and the national strategy for innovation aiming at transferring the UAE into one of the most innovative countries globally, the DFM actively participated in the "UAE Innovation Month 2018" through organizing a number of events to promote the culture of "innovation", a key value of DFM, amongst its employees and various market participants including listed companies and brokerage firms.



# 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. To enforce further transparency, this year the DFM's Board approved an updated insider trading policy as well as an updated whistle-blowing policy, both of which are means to increase transparency, eliminate suspected fraud, corruption and conflict of interest.

For further details on risk management framework please turn to pages 61-64 in the governance report.

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. During 2018, the third workshop for board secretaries was concluded, bringing the total number of those who attended the course since initiation to 76, while those who passed the accreditation were 49.

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. And as part of its ongoing efforts to enhance the Islamic finance and capital markets framework, DFM released a draft of its Standard on Investment Funds that explains Shari'a requirements as well as other procedural aspects of establishing and managing a Shari'a-compliant fund.

To cater to the growing interest in a green economy and sustainability, the DFM published updated versions of its Shari'a standards that thoroughly explain the Islamic investment instruments including; Sukuk, shares and green investment funds, highlighting the link between Shari'a principles and sustainability.

## DFM Shari'a-compliant Listed Companies



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



ISO 20000 IT Service Management Practices



ISO 22301: 2012 Business Continuity Management System

Moreover, DFM shareholders appointed one female Board Member to its seven-member 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 44-69 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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