1 - Disclaimer:
ADX has made every attempt to ensure the accuracy and reliability of the information provided in this document or any other written or oral communication in connection with it “The Information”. However, the Information is provided “as is” without warranty of any kind. ADX does not accept any responsibility or liability for the accuracy, content, completeness, legality, or reliability of the Information. The Information does not constitute professional advice or provision of any kind of services and should not be relied upon as such. The Information, including forecast financial information and examples should not be considered as a recommendation in relation to holding, purchasing, or selling securities or other instruments. The Information does not take into account any investor’s individual investment objectives, financial position and particular investment needs. No warranties, promises and/or representations of any kind, expressed or implied, are given as to the nature, standard, accuracy or otherwise of the information provided in this documents nor to the suitability or otherwise of the information to your particular circumstances. We shall not be liable for any loss or damage of whatever nature (direct, indirect, consequential, or other) whether arising in contract, tort or otherwise, which may arise as a result of your use of (or inability to use) this Information, or from your use of (or failure to use) the Information.

2 - Intellectual Property Rights:
All rights reserved. No part of this material may be copied, reengineered, reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of ADX. The contents of this material including, but not limited to, the ideas, innovations, designs, text, graphics, images, files, links, videos, and sounds are the property of ADX and are protected by copyright. ADX reserves all copyright, trademark, patent, intellectual and other property rights of the material. Any unauthorized use, reproduction or printing of the information, materials and proprietary rights contained in this document is strictly prohibited.
Contents

About this Report 04
A Letter from Our Chief Executive 05
Overview of ADX 06
   ADX Key Achievements 08
   Our Charter 10
   Our Memberships 10
   Our Strategy 11
Our Impact for Year 2019 13
Sustainability at ADX 14
   Sustainability Framework 15
   Assessment of Material Matters 16
   Stakeholder Engagement 17
Market Education 18
   Enabling ESG/Sustainability Reporting and Sustainable Investment Practices 19
   Educating to Increase Financial Literacy 24
Technology and Innovation 26
   Cyber Security 27
   Technology Excellence 31
Resilient Organization 34
   Employee Learning and Development 35
   Responsible Resource Management 38
   Occupational Safety, Health and Well-Being 41
   Anti-Fraud, Bribery and Corruption 47
Responsible Marketplace 56
   Building Market of Quality 57
   Facilitating Ease of Doing Business 60
   Ensuring Market Governance and Transparency 62
   Ensuring Orderly Trading, Resiliency and Reliability of Our Market Infrastructure 64
About this Report

ADX has prepared its 2019 Sustainability Report, to report formally on how it has been delivering on its future sustainability initiatives. This is the first such report in ADX’s history, demonstrating its commitment to deliver on the goals and initiatives for Abu Dhabi’s capital markets, in line with the ESG Reporting Guidelines issued in June 2019. ADX’s 2019 Sustainability Report clearly sets out its sustainability strategy and provides comprehensive information on how its various initiatives and practices are engraining sustainability within its corporate DNA.
Dear Stakeholders,

In light of concerns over the increasingly pressing social and environmental issues across the world, we at ADX have not only confirmed our commitment towards sustainability but also actively engaged in preparing the market to be better equipped in addressing major issues. In fact, this year, ADX made significant progress in its sustainability efforts, not only for our business, but also within the market and among our stakeholders. At ADX, we are committed to being a leader across the wider market when it comes to sustainability and we are also determined to continue to integrate sustainable practices into our business which will directly support our vision of being Your Market of Choice.

Throughout our sustainability journey, we strive to fulfill our role of fostering the right market conditions in order to achieve UAE Vision 2021 as well as the Abu Dhabi Economic Vision 2030 and we were also meeting the international Sustainable Development Goals (SDGs). We play a central role in in the development of the country’s capital markets, providing us with a unique platform for promoting sustainability. We continue to lead the market by supporting the sustainable growth of companies for long-term economic prosperity. This is achieved by requiring / encouraging listed companies to adopt ESG reporting practices and by raising awareness on the growing interest of ESG among global and local investors as well as market participants. Our ability to promote good practices through awareness workshop initiatives continues to be highly relevant especially when considering corporate ethics and sustainability are being subjected to increasingly stringent levels of scrutiny. Details about our approach to sustainability, our achievements in recent months and our goals for the future are highlighted in this report. In particular, I would emphasize:

- ADX’s Guide To Economic Development, which help investors make decisions based on ESG criteria;
- our continued work to develop digital platforms for user empowerment, through a range of initiatives, including E-services and SAHMI
- our continued support and involvement with our communities, through charitable donations and other opportunities.

This report is a continuation of our sustainability journey and a benchmark for the market. Thank you for your interest.

Sincerely

Khaleefa Salem Al Mansouri
Overview of ADX

Abu Dhabi Securities Exchange (ADX) was established in the year 2000 to create a marketplace to trade shares of UAE companies. It was awarded autonomous status by Local Law No. (3) and is independently financed and managed since the date of establishment. Since then ADX acquired the necessary supervisory executive powers to exercise its functions. ADX also established centers and branches outside the Emirate of Abu Dhabi in Al Ain, Sharjah and Fujairah, among others.

Today ADX is corporatized licensed company.
AS OF 2019 ADX WAS COMPRISED OF

- **Board of directors** is comprised of 5 members nominated by Amiri decree
- A team of 154 employees
- 69 listed companies; public, private and dual listed
- **Market Capitalization** 531,112,446,758 AED
- **Trading value** 56,817,787,060 AED
- **Total Trades** 387,693
- **Total volume** 15,525,897,358 shares
ADX KEY ACHIEVEMENTS

- ADX Upgraded to Emerging market status - MSCI and S & P Dow Jones
- ADX Upgraded to Emerging market status FTSE
- ADX Upgraded to Emerging market status Russell Investments and S&P
- Listing of Shares of Private Joint Stock Companies on Second Market
- Become a member in World Federation of Exchanges (WFE)
- Listing of Exchange Traded Funds (ETF)
- Achieve ISO 27001 Certification for Information Security
- Adopt eXtensible Business Reporting Language (XBRL)
- Become a member in World Federation of Exchanges (WFE)

Years:
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
Overview of ADX

Our Impact for Year 2019

Sustainability at ADX

Market Education

Technology and Innovation

Resilient Organization

Responsible Marketplace

- Launch Blockchain for e-Voting services
- Sign Agreement with SWIFT On Uses of blockchain and DLT in Post-Trade Scenarios
- Launch Futures on ADX Index in Collaboration with NASDAQ
- Listing of Maldives Government Bonds
- 4th Middle East Financial Markets Excellence Award 2016
- 4th Middle East Financial Markets Excellence Award 2016
- Joining UN Sustainable Stock Exchanges Initiative to promote sustainability and transparency in capital markets
- Issue ESG Guidelines for Listed Companies
- Launch Smart Kiosk (SAHMI)
- Listing of ADNOC Distribution Company
- Launch Technical Short Selling
- The Best Government-To-Customer (G2C) Service Of 2017
- Most Innovative Exchange GCC 2015 Award
- The Best Government-To-Customer (G2C) Service Of 2017
- The Best Government-To-Customer (G2C) Service Of 2017
OUR CHARTER

OUR VISION
Your Market of Choice

OUR MISSION
Be an innovative, attractive and transparent marketplace empowering UAE’s economy

OUR VALUES
- Transparency
- Integrity
- Customer Centric
- Efficiency

OUR MEMBERSHIPS

- South Asian Federation of Exchanges (SAFE)
- Federation of Euro Asian Stock Exchanges (FEAS)
- World Federation of Exchanges (WFE)
- Arab Federation of Exchanges (AFE)
- Institute of International Finance (IIF) (ADX is the first stock market in MENA region to join IIF membership)
- Africa & Middle East Depositories Association (AMEDA)
- Association of National Numbering Agencies (ANNA)
OUR STRATEGY

ADX has developed a mature portfolio of corporate assets through years of experience, process integration, systems improvement, data gathering and analysis and the expertise of its people. The corporate assets of ADX can be summarized as:

- Trusted partner in the market with strong network of stakeholders and track record in UAE
- Established platform with strong trading and post-trading knowledge (e.g. processes, infrastructure)
- Recognized as a stable market with a good reputation
- Strong cash position allows considerations in global initiatives and FinTechs (e.g. ESG, blockchain etc.)

ADX has formulated a new strategy built on its corporate assets to expand on its current success and increase national and worldwide penetration. The new strategy is composed of 5 steps based on “funnel logic” and “transformation framework” while clearly identifying blockages.

The strategy has four pillars and represents the future of ADX. The first pillar highlights the clear vision of ADX as “Your Market of Choice” while maintaining the mission objectives of being an innovative, attractive and transparent market empowering UAE’s economy. The second pillar is a set of “Win Now” initiatives with defined objectives. The third pillar is a strategy to shape the 20’s by enabling a platform for domestic and regional growth, leveraging the UAE’s flagship assets and driving world class performance internationally.
Enabling sustained performance defines the fourth pillar of the strategy and can be realized by becoming a customer-centric organization, enhancing internal and external communications, and developing a targeted Fintech & digital investment program.

ADX understands that high standards must be applied to create and maintain an advanced and technologically capable staff and market offering. ADX has made sure over the years to build a resilient organization that not only withstand change, but also drive it. To support this, a regulatory framework was developed to create a responsible and fair marketplace that organizations and individuals can trust and rely on.

Looking ahead, ADX will drive the following market traits:
# Our Impact for Year 2019

<table>
<thead>
<tr>
<th>MARKET EDUCATION</th>
<th>TECHNOLOGY AND INNOVATION</th>
<th>RESILIENT INFRASTRUCTURE</th>
<th>RESPONSIBLE MARKETPLACE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ESG) disclosure guidance for our listed companies contains 31 KPI’s for economic growth through sustainable trading and business practices.</td>
<td>100% of our Listed Companies got users on the E-service portal</td>
<td>86% UAE National permanent employees</td>
<td>To enhance public perception, we released almost 100 press releases during 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In 2019 Total Value traded is more than 56.8 Billion AED</th>
<th>In 2019, 3,949 profiles have been registered and linked with SAHMI</th>
<th>In 2019, more than 1.8 Million AED spent for Employee Training</th>
<th>The satisfaction rate of our Listed Companies has reached 85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADX became a member in the first-of-its-kind Working Group on sustainable finance</td>
<td>7,829 Requests received through our E-Service</td>
<td>Almost 83% increase in the total amount spent on community development</td>
<td>We implemented Off Market Transfer for Financing (Islamic Murabaha)</td>
</tr>
</tbody>
</table>
As capital markets increasingly play a vital role in driving sustainability, ADX takes responsibility as a leading promoter of the structural reform of traditional businesses from carbon-intensive to ESG compliant future. Sustainability is therefore an essential concept for the exchange to grasp. Accordingly, ADX has developed a set of sustainable market standards and practices that are in line both with Abu Dhabi Economic Vision 2030 and the United Nations Sustainable Development Goals (UN SDGs).
SUSTAINABILITY FRAMEWORK

ADX’s Sustainability Framework consists of 4 main areas that are most crucial for creating shared value for ADX and for the society.

The Framework was developed through the combined consideration of the best interests for our key stakeholders and our investors. Furthermore, the Framework aligned with and that supports national and regional strategic visions (such as UAE 2021 Vision) and the United Nations Sustainable Development Goals (UN SDGs).
ASSESSMENT OF MATERIAL MATTERS

The culmination of immediate stakeholders’ priorities, national vision pillars and global sustainability goals have formed our “materiality framework”.

To identify material issues, in 2019 took the following three key steps:

1. Identify
   We identified a list of potential material issues. These issues were identified through desk research by reviewing industry standards, peer companies and internal employee interviews.

2. Prioritize
   We prioritized both internal and external stakeholders material issues and prioritized them in terms of their perceived importance from the perspectives of both the business and stakeholders.

3. Review
   The results were reviewed internally by ADX -Sustainability report-project manager and ADX management to ensure that the list of material issues was complete and inclusive of all stakeholders’ perspectives.

The priority issues in our materiality matrix represent those most crucial to our business, the nation and the world. The findings of our materiality analysis are presented on the matrix below. It reflects our understanding of the significance of each topic in terms of stakeholder interest and potential business impact.
STAKEHOLDER ENGAGEMENT

ADX leads the stock market towards sustainability by understanding the views and concerns of its diverse stakeholders to continuously inform the business practices and corporate priorities. ADX regularly engages key stakeholder groups, represented in the diagram below, to shape the sustainability strategy at ADX.
Market Education

By empowering stakeholders and the community through educating and enabling the right environment, ADX aims to become national driver for financial empowerment. In this section, focus is on ADX’s leading role in the financial market as an advocate for sustainable financial investments, providing a sustainable trading environment and the efforts put into spreading financial literacy.

<table>
<thead>
<tr>
<th>UAE’S VISION FOR 2021</th>
<th>THE ABU DHABI ECONOMIC VISION 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Rate Education System</td>
<td>A sustainable knowledge-based economy</td>
</tr>
<tr>
<td>Competitive Knowledge Economy</td>
<td>Premium education, healthcare and infrastructure assets</td>
</tr>
<tr>
<td></td>
<td>Economic development though economic diversification</td>
</tr>
</tbody>
</table>

Contribution to the Sustainable Development Goals (SGDs)
ENABLING ESG / SUSTAINABILITY REPORTING AND SUSTAINABLE INVESTMENT PRACTICES

At ADX, we are dedicated to directly supporting potential positive economic, social and environmental impacts on the long-term growth of UAE’s economy. ADX believes this can be achieved by advocating for long term financial investment and providing a sustainable trading environment. Raising the standard of governance by incorporating sustainable standards and integrating them into the strategy of ADX and listed companies will also help achieve long term growth. ADX is determined to align its sustainability goals with the vision of UAE by collaborating with other major players in the country through joint ventures.

// Sustainable Financial Investments

ADX is determined to achieve its short- and long-term goals guided by an ambitious vision. Among these goals is to work with UAE authorities and other exchanges to establish a first- of-its-kind Working Group on sustainable finance. This provides a direct positive impact on UAE’s sustainable growth agenda by advocating sustainable financial investments. It also leads to positive economic, social and environmental impacts by creating a sustainable trading environment while encouraging businesses to adopt societal sustainability practices.

The pioneering work group consists of UAE government agencies, financial regulatory authorities and stock exchanges. Our team of experts currently are working as part of the pioneering group to create a framework that will achieve its predetermined objectives and drive success.
The main goals of the pioneering group are:

- To establish a financial sustainability framework to facilitate sustainable investments.
- To collaborate with UAE’s National Committee on Sustainable Development Goals (SDG’s) to ensure alignment with UAE’s 2021 agenda.
- To develop a set of guiding principles on sustainable finance that aim to support a successful sustainable financial industry.

- The guiding principles will build on existing sustainable finance principles such as ADX’s ESG Disclosure Guidelines.
- The guiding principles are set to launch at the second edition of Abu Dhabi’s Sustainable Finance Forum in year 2020.
In 2019, Abu Dhabi Securities Exchange (ADX) organized four workshops on sustainability for listed companies to

- Accelerating sustainability in Listed Companies
- Meeting Investor needs on Environmental, Social, and Governance (ESG) information

Representatives from 61 companies attended to review practical ways to incorporate sustainable practices in business operations. Events also encompassed a step-by-step guide to ESG reporting procedures. Another crucial part of the workshop discussed the importance of incorporating environmental and social standards within the company strategy and the positive impact on returns as a result of this. Companies that release sustainability reports should adhere to our organizational index indicators, each indicator covers an aspect of the ESG and calculates equations accordingly. This way companies may track and monitor these indicators to discover the resulting positive trends from deeper investments. ADX continues to offer these events in the coming years.

The workshops also took into consideration world standards such as the United Nations-supported Principles for Responsible Investment (PRI) that were launched in 2006. As of mid-2018 the number of institutional investors that signed on the initiative reached 1961. In addition, US$80 trillion is now invested worldwide in companies that proactively apply environmental, social and corporate governance standards. ADX recently joined the United Nations Sustainable Stock Exchanges (SSE) Initiative which aims to ensure that financial markets are more sustainable and transparent. ADX understands the importance of world standards regarding sustainability and use these standards as a benchmark to improve on its own environmental, social and corporate governance standards.
ESG Disclosure Guidance

ADX created an environmental, social and governance (ESG) disclosure guidance for its listed companies. The ESG disclosure guidance contains 31 guiding principles or Key Performance Indicators (KPI’s) that are aligned with ADX’ strategy for economic growth through sustainable trading and business practices. The model raises the standard of governance by providing a model guidance on reporting ESG information to investors. The newly released standards are more comprehensive than standards released by many other exchanges making ADX competitive market and attracting more responsible investments in line with the recommendations of the United Nations Sustainable Stock Exchanges Initiative (SSE), the World Federation of Exchanges (WFE), the Global Reporting Initiative (GRI) and the International Integrated Reporting Framework. The ESG guided principles will also allow us to promote sustainability in financial markets in line with Abu Dhabi’s 2030 vision. Through integrating sustainability standards into its organizational strategy and listed companies, ADX aims to improve its market position in the region. By encouraging listed companies to be transparent and provide reports that show their alignment with ESG guiding principles, companies will prove to be more attractive to investors and eventually make a positive impact on the economy of UAE.
Our organization carried out two sustainability reporting workshops titled ‘Enhancing the efforts of listed companies to disclose sustainability reports’. The aim of the workshops is to encourage companies to disclose sustainability reports to investors thereby increasing transparency and investor trust.

The workshop is in line with our initiative to advance international best practices for sustainability across the Emirate, it is also compliant with the issuance of the environmental, social and governance disclosure guidance for listed companies. Representatives from our organization and representatives from 61 companies attended in order to review practical ways to incorporate sustainable practices in business operations. It also encompassed a step-by-step guide to ESG reporting procedures. Another crucial part of the workshop discussed the importance of incorporating environmental and social standards within the company strategy and the positive impact on returns as a result of this incorporation. Companies that release sustainability reports should adhere to our organizational index indicators, each indicator covers an aspect of the ESG and calculates equations accordingly. This way companies may track and monitor these indicators to discover the resulting positive trends from deeper investments.
EDUCATING TO INCREASE FINANCIAL LITERACY

Education is essential to societies; it is how information is passed on to improve the workforce and increase financial progress and success. UAE’s vision is directly invested in improving education as one of its main goals. In 2017, the Ministry of education in UAE launched the National Strategy for Higher Education 2030. ADX believes it can provide education with regards to financial literacy based on its extensive experience in the financial markets. By launching events, sponsoring financial research and educating university students on the importance of investing, we can provide financial literacy in multiple ways to many parties.
Below is a brief of the events, workshops and initiatives we provided in 2019.

<table>
<thead>
<tr>
<th>Workshop/ Activity</th>
<th>Purpose for the Workshop/ Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerating sustainability in listed companies. Meeting Investor needs on Environmental, Social, and Governance (ESG) information.</td>
<td>The purpose of the workshop is to review practical applications that explain the strategic importance of including sustainable practices in business operations.</td>
</tr>
<tr>
<td>Enhancing the efforts of listed companies to disclose sustainability reports</td>
<td>The purpose of these workshops was to provide guidelines for enhancing the efforts of listed companies in disclosing sustainability reports</td>
</tr>
<tr>
<td>ADX opened Zayed Center of Excellence for Financial Research</td>
<td>• Collaboration with the Higher Colleges of Technology (HCT) on research related to finance</td>
</tr>
<tr>
<td></td>
<td>• Introducing students to research in finance and prepare them for employment in the financial sector in the UAE.</td>
</tr>
<tr>
<td>Event with French Business Council</td>
<td>Highlight operational framework, vision, mission, and investment opportunities at ADX</td>
</tr>
<tr>
<td>Neighbourhood Councils</td>
<td>Carried out a series of workshops for spreading awareness around Capital Markets and Returns and investment opportunities at ADX</td>
</tr>
<tr>
<td>Educational lectures to students on financial literacy</td>
<td>Raising financial awareness among children and young people and motivate them to acquire the skills of money management and sound financial planning.</td>
</tr>
<tr>
<td>Workshops with users of E-service to explain the services we provide</td>
<td>The purpose is to spread awareness to educate external parties on how to use ADX provided e-services.</td>
</tr>
<tr>
<td>Internal workshops on different topics to educate our employees</td>
<td>The purpose is to spread awareness to educate external parties on how to use ADX provided e-services.</td>
</tr>
<tr>
<td>Workshops on strengthening relations between companies and investors and the role of the investor relations manager</td>
<td>The purpose is to enhance relations between the company and investors, strengthen the role of investor relations manager and enhancing this role in line with international best practice</td>
</tr>
<tr>
<td>World Investor Week and Global Money Week</td>
<td>ADX participates on an annual basis in World Investor Week and Global Money Week by giving lectures to students.</td>
</tr>
</tbody>
</table>
Innovating and adopting cutting edge technologies is a strategy that ADX has embraced to empower its investors. Through this, we can not only offer the highest standards of cyber-security but also the most advanced financial products. This means that investors can enjoy the benefits of investing in the very latest instruments in a completely secure environment.

UAE’S VISION FOR 2021

- Competitive Knowledge Economy

THE ABU DHABI ECONOMIC VISION 2030

- An optimal, transparent regulatory environment
- A continuation of strong and diverse international relationships
- A large empowered private sector

Contribution to the Sustainable Development Goals (SGDs)
For organizations working within multiple industries, cyber security is an essential defence mechanism to protect against the risk of cyber-attacks. Cyber security is increasingly identified by investors as a key non-financial sustainability risk in the financial sector with broad impacts on several stakeholders. ADX reputation and stakeholder relations are strengthened by ADX’s ability to secure management of data and financial assets. In order to have confidence in our data and assurance of financial assets, we have internal controls that protect the confidentiality, integrity and availability of our assets by preventing unauthorized use or modification.

ADX’s role as a market infrastructure provider is a critical one, giving us exposure to technology risks such as cyber threats, systems resilience and technological innovation. In response, our information security office maintains controls over cyber security and takes measures to prevent breaches. The Information Security Office (ISO) was established in 2015 to operate two management systems for information security and business continuity. The purpose of the ISO is to ensure a secure and resilient cyber environment that complies with national and international standards as well as regulatory requirements.

ADX believes in its values and takes its responsibilities very seriously; ADX stands in the market with pride while upholding values in investing to strengthen cyber defense capability and protect all business assets from cyber risks. ADX covers a wide range of services that are essential in enabling business to be self-protected against cyber-attacks and to be able to respond to a rapidly evolving threat landscape.
Our Cyber Security Operation Center is capable of:

- **Security Monitoring & Threat Intelligence** - Collect, analyze security logs across ADX and threat intelligence feeds to identify indicators of potential security threats, then triaging these threats for appropriate action.

- **Incident Analysis & Response** - Handle security incidents, breaches and cyber threats.

- **Vulnerability Management** - Practice designed to proactively mitigate or prevent the exploitation of IT vulnerabilities which exist in the IT infrastructure landscape of ADX.

- **Data Protection** - Critical business data identification across ADX, data definition, setting data boundaries and designing data protection controls.

- **Security Operations** - Daily security operations including change management, technical assessments, periodic security reviews, new initiatives, user access review, dispatch priority list incident monitoring and response.

ADX is currently implementing PAS99 (Publicly Available Specification for Common Management Systems) to enable departments to align their processes and procedures into one holistic structure in order to operate more effectively. PAS99 is being adopted based on internationally recognized frameworks and standards including ISO27001 (information security Management System), ISO22301 (Business continuity management systems), ISO20000 (Service Management System) under a single framework. This allows ADX to improve performance and optimize resources which support its digital transformation journey.
ADX uses security policies as lines of defence against possible threats, IT employees understand and can handle these processes to be able to safely and correctly protect internal information and communications. All employees must have some knowledge of data protection relating to their work function. Data classification. Leakage prevention is responsible for classifying the type of information to decide the level of protection required to prevent leaks. Endpoint protection is used for viruses transferred through the internet or through files. ADX also uses secure gateways for internal information transfers. Two factor authentication protects account theft within internal systems, this includes emails and organizational accounts. These processes and others are used to prevent cyber security threats at all times.

ADX has implemented and leveraged state-of-art technologies for data protection and cyber defence, consequently to assure ADX customers and stakeholders’ data security through:

Next Generation Firewalls

The two-part approach to managing data:

- Setting up the policy (how IT department classifies and protects data)
- Enforcing of policy
Processes, policies and initiatives to align with ADX information Security policies and procedures include:

- ADX is implementing DLP solution for Data leakage prevention
- ADX is implementing Data Classification to classify the information
- APT (Advanced Persistent Threat)
- Endpoint protection (Antivirus)
- Proxy for web filtering
- WAF (Web application firewall)
- Web secure gateway
- Email secure gateway
- PAM (privilege access management)
- Two Factor Authentication
- Secure Public File sharing
- Media encryption (USB, CD)
- Security Information and Event Management (SIEM) solution
- Vulnerability Management solution
TECHNOLOGY EXCELLENCE

At ADX, we excel in our technology and empower our customers by providing an array of E-services including E-service portal for brokers, custodians and listed companies can place their information and data requests using ADX online website. The purpose for activating the E-services is to replace the manual work and increase efficiency.

In 2019 we received:

1. **Broker E-Service:**
   - 5,685 requests processed
   - 100% of brokers use the E-service portal.

2. **Listed Companies E-Service:**
   - We received 2,144 requests through listed companies E-service portal.
   - 100% of our Listed Companies got users on the E-service portal.

3. **Custodians E-Service:**
   - 709 requests processed
   - 100% of custodians use the E-service portal.

SAHMI Digital Platform is a Platform integrated with both government issued smartpass giving access also to all governments services. SAHMI provides a set of digital services for investors and their family members. The investor can access SAHMI digital platform using their smart login account through ADX website or SAHMI smartphone application. SAHMI digital platform was one of the finalists at IDC Smart City “Middle East Awards”.

In 2019, 3,949 investor profiles have been registered and linked with SAHMI. Also 576 clearance and settlement requests were processed. ADX also leveraged GITEX industry fair and Abu Dhabi Fintech Festival to have the community familiar with our SAHMI service.

In 2020 we are looking forward to leverage SAHMI technology to empower investors remote attendance and voting in annual general meetings (AGM).
Striving Innovation in ADX

ADX constantly strives to be an innovative marketplace nationally and in the region by looking towards achieving a set of important objectives such as:

- Increasing volatility and equity issuance with additional depth to attract new investors
- Define a concrete set of revenue initiatives to bring ADX’s top line growth back on track
- Define a targeted cost reduction program with tangible size to close the income gap
- Present a clear set of strategic choices that ADX can make a decision on
Serving investors with state-of-the-art innovative tools and platforms, ADX achieved major milestones and received awards, some of which are listed below:

ADX has won the Most Innovative Exchange GCC 2015 Award. The award, given by Capital Finance International, celebrates achievement and innovation from an international perspective, recognizing organizations with innovative technology products backed by strong management, excellent service standards and sound business models.

Blockchain e-voting was launched by ADX on 2016. Blockchain technology enables investors to use e-voting in AGMs and access statistical records of each company through smart devices. ADX is the first stock market in the Mena region and third globally to adopt blockchain technology.

First in the MENA to launch of Smart Kiosk (SAHMI). The Kiosk offers an array of electronic services that include the issuance of a new investor number, modification of existing investors’ details, obtaining financial reports and investment statements.

First in the GCC to implement automatic monitoring system (Smart System) which can monitor and record automatically transactions and other trading activities on the Exchange.

First in the GCC to have Listing of Shares of Private Joint Stock Companies.
Resilient Organization

The community and the environment are at the center of our focus at ADX. We believe in strengthening our organizational built by developing and empowering our people, implementing responsible resource management and integrating systems and regulations to prevent fraud, bribery and corruption. In this section, the focus is on ADX’s leading role internally within people and how that reflects on ADX and the environment. In parallel we explicitly mention laws and regulations ADX abides to and explain how at ADX we identify, monitor and control risks within all levels of the organization.

<table>
<thead>
<tr>
<th>UAE’S VISION FOR 2021</th>
<th>THE ABU DHABI ECONOMIC VISION 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohesive Society and Preserved Identity</td>
<td>The optimisation of the Emirate’s resources</td>
</tr>
<tr>
<td>Sustainable Environment and Infrastructure</td>
<td>Premium education, healthcare and infrastructure assets</td>
</tr>
<tr>
<td>World-Class Healthcare</td>
<td>Social and human resources development</td>
</tr>
<tr>
<td></td>
<td>Infrastructure development and environmental sustainability</td>
</tr>
<tr>
<td></td>
<td>An optimal, transparent regulatory environment</td>
</tr>
</tbody>
</table>
EMPLOYEE LEARNING AND DEVELOPMENT

At ADX, we value our employees. Consequently employee learning and development is essential to the organization as it improves work quality, increases employee loyalty and reduces staff turnover. Therefore we have developed a detailed human resources plan that encompasses all areas of human resources within an organization. A solid human resources plan establishes the criteria for positions within ADX, adheres to UAE laws and regulations concerning employment and provides a safe and supportive working environment within the organization.

// Nationalization

ADX emphasizes on employing and training UAE nationals as part of UAE’s strategy of nationalization. By training nationals to become highly skilled professionals, UAE can build a bright future through an experienced professional workforce.

At ADX, our encouragement of nationalization is reflected by the employment of 86% Emiratis as permanent employees compared to 14% total (permanent contracts) expatriates of 8 different nationalities which also forms a diverse environment at the office. ADX aligns its vision with the overall vision of UAE and is committed to achieving it on a human resources level.

// Diversity and Inclusion

ADX also stresses on the importance of employing and training women in the workplace. Organizations that employ women become more productive and are more likely to progress and succeed. Currently, 42% of the total permanent by contract workforce at ADX are females. This is considered an achievement when taking into perspective that ADX always looks for talented women to join its team. Almost 26.5% of the total permanent by contract workforce are in managerial positions out of which 20% are female managers. ADX is proud to have working women employees and managers in its organization.
// Employee Training and Personal Skills Growth

ADX constantly organizes internal and external workshops on different topics to educate employees and increase their knowledge on matters related to their job function. Every year there is an allocated budget and a solid structures development plan for training.

External training programs are conducted where such programs are not available in-house. ADX has conducted many training programs for employees and focused on improving their skills.

The table below shows the total and average training days for employees depending on their job level. Also shown is the commitment to provide training for all employee levels including middle and senior management and employees of both genders. Finally, the benefit of each workshop is evaluated through feedback and documentation from managers and employees.

<table>
<thead>
<tr>
<th>Employee Training</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total training delivered (days)</td>
<td>476</td>
<td>548</td>
<td>679</td>
</tr>
<tr>
<td>Total training delivered (hours)</td>
<td>3.455</td>
<td>4.130</td>
<td>5.446</td>
</tr>
<tr>
<td>Senior management employees</td>
<td>88</td>
<td>245</td>
<td>272</td>
</tr>
<tr>
<td>Middle management employees</td>
<td>380</td>
<td>644</td>
<td>762</td>
</tr>
<tr>
<td>Non-management employees</td>
<td>2.987</td>
<td>3.241</td>
<td>4.412</td>
</tr>
<tr>
<td>Average training per employee (hours)</td>
<td>36.75</td>
<td>43.47</td>
<td>53.92</td>
</tr>
<tr>
<td>Average cost of training per employee</td>
<td>7.282,58</td>
<td>10.770,83</td>
<td>18.097,78</td>
</tr>
</tbody>
</table>

At ADX, we are committed to improving the capabilities of our workforce. This commitment is outlined in the continuous increase in training budget over the years. In 2019, the budget spent on training purposes was 79% more compared with the previous year, as the training hours offered increased as well for both males and females.
Moreover, the increase in budget has allowed us to coordinate with Abu Dhabi School of Government to provide employees with a wide range of online courses and training sessions at top universities and organizations. ADX envisions a world where anyone, anywhere can transform their life by accessing the world’s best learning experience.

Furthermore, ADX recognizes the value of providing general staff members with opportunities for job enrichment and career development, which is why we underwent a job rotation strategy. This acts to broaden a staff member’s knowledge and understanding of the department/section work and its processes. It also allows employees to understand how the organization functions as a whole. In this regard, from time to time, we may provide general staff with the opportunity to participate in job rotation.
RESPONSIBLE RESOURCE MANAGEMENT

Our Environment, Health and Safety (EHS) policy outlines our internal and public commitment on matters relating to the management of environment, health and safety issues with respect to ADX operations, activities, and overall EHS performance.

As part of the EHS Policy, the Roles and Responsibilities Procedure has been developed to ensure appropriate and competent EHS resources are provided to implement & maintain the EHSMS. Moreover, these procedures undergo inspection, Performance Monitoring, internal and external audits to ensure full compliance with legal and regulatory requirements. ADX sets EHS targets and objectives in line with the requirements of the EHS policy, significant EHS aspects and hazards, legal and other requirements, financial/operational/corporate requirements, and the view of interested parties and ensures compliance to the relevant EHS policy.

The EHS policy has been developed in line with the requirements of the OSHAD SF Version 3.1, ISO14001 environmental management system (EMS) and OHSAS18001 Occupational Health and Safety Assessment Series to accompany this EHS Policy and in consultation with management representatives and employees whose roles and responsibilities are closely linked with EHS related issues and requirements.

Our departments are fully aware of all applicable relevant federal and local EHS legal requirements as well as other relevant requirements to which our organization subscribes to. This applies to internal environmental aspects, occupational health & safety hazards, and other aspects of our activities. The legal advisor in coordination with EHS Representative shall review and update the Legal Compliance Register with new or revised legal requirements issued by government and regulatory authorities. The EHS Representative is responsible for tracking and reviewing UAE Federal EHS legislation, Abu Dhabi Emirate EHS legislation, OSHAD SF and other legal requirements in order to evaluate their potential impact on our operations.
EHS team has contributed to the environment by spreading environmental and sustainability awareness and implementing initiatives to reduce impact on the environment.

**ADX contribution to environmental sustainability**

- Use of specific disposal bins for recyclable objects (since 2014)
- Utilization of recyclable paper (since 2016)

**ADX initiatives implemented to reduce the environmental impact of ADX’s operations**

- Print Management. In 2019, we consumed the equivalent of 4 Trees
- Since 2018, we are saving water after replacing old taps with sensory electronic taps.
- Since 2018, we are saving energy by replacing all light to LED, and configure light sensors in some areas
// Technology Role Towards Environmental Sustainability

ADX’s efforts in reducing the environmental impact of operations is exhibited in technologies such as FM2 and NOVEC that are used for the fire suppression system inside Data Centers. The technologies provide an extra margin of safety for our people with minimal environmental impact. In addition, we use CCU Cooling system R410A in our Data Center which has been developed to be environmentally friendly in terms of GHG emissions and energy efficiency.

Even the hardware of PCs has sustainability specifications taken into consideration, such as: ENERGY STAR® 6.1 Qualified, EPEAT Gold, Greengard, TUV Green mark, TCO & TCO Edge. Virtualization technology is also being implemented to reduce the usage of physical servers and save power consumption along with a print management system to control and monitor paper usage within our departments.

All the unused IT assets are recycled and managed through public auction by FMA department.

Our procurement and assets disposal processes follow the “IT Asset & Information Management” Policy.
ADX health and safety regulations are based on the UAE’s workplace laws which regulate the practices and procedures that must be adhered to. This allows employees and management to identify hazards in an efficient and timely manner. ADX aim is to prevent any and all health and safety incidents. However, in the case an incident does occur, we have created an Emergency Management procedure to correctly react to and resolve emergency situations.

- Assessing the risk from the hazard - finding out how significant the risk is
- Eliminating the hazard or if this is not possible, controlling the risk from the hazard - implementing strategies to eliminate or control the hazard
- Reviewing risk assessment – to monitor and improve control measures and find safer ways of doing things
- Updating a management of change process within the workplace.
The Emergency Management procedure is a comprehensive health and safety hazard detection and elimination procedure. The first and essential step is identification, training employees through the ADX knowledge database and health and safety awareness initiatives to identify health and safety risks. Identifying EHS Training Requirements and Competencies is done through a matrix to ensure that employees are trained in all aspects of EHS related to their duties, thereby minimizing health and safety risks.

Once risks are identified they can be assessed to better understand the level of threat. The risk is then eliminated by taking into consideration UAE law as well as internal organizational procedures. A review of the health and safety risk response is administered to ensure a correct resolution is provided. The organizational information is then updated to improve the process and provide a knowledge base to prevent future incidents. By preventing, mitigating and resolving health and safety incidents, we ensure that adverse environmental impact risks are prevented and mitigated.

<table>
<thead>
<tr>
<th>Participant</th>
<th>General</th>
<th>Specific</th>
</tr>
</thead>
<tbody>
<tr>
<td>EHS Inductions</td>
<td>Fire and Emergency Evaluation Drills</td>
<td>Fire Warden</td>
</tr>
<tr>
<td>All ADX Employees</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Short Term Visitors</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Top Management</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>EHS Management Committee Members</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Department Managers / Project Managers</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>EHS Team</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Nominated First Aiders</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Nominated Fire Wardens</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Contractors</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Drivers</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
It is crucial that ADX achieves a level of workplace emergency preparedness so that immediate and effective response strategies are applied in the event of an emergency. To ensure our readiness to tackle emergencies in an efficient and effective manner, the following response plans have been developed:

→ First Aid and Medical Emergency Response Plan
→ Fire Safety and Response Plan
→ Natural Disasters Response Plan
→ Emergency Evacuation Plan

Furthermore, ADX has developed a procedure for reporting and investigating incidents, near misses and hazards occurring on and away from our premises to ensure they are recorded, investigated and analysed. The incident report allows management and employees to determine deficiencies related to EHS practice in the organization and prevent their reoccurrence.

ADX will thoroughly investigate all incidents where an employee is seriously injured and/or where there is significant damage to property. Similarly, incidents which do not result in serious injury and/or significant property damage but has reasonable potential to do so will also be investigated to determine the root causes and implement corrective measures. ADX considers any health and safety incident or potential incident to be a high-level risk that must be dealt with immediately. ADX is committed to achieving excellence in providing a healthy and safe work environment in the conduct of activities and services.
To meet this standard of excellence, ADX policy includes the following:

- Statement of commitment to protect the environment as well as the prevention of injury and illness to its staff, contractors and visitors
- Be appropriate and take into account the current nature and scale of the activities & services of our Office Facilities
- Protect the overall health and wellbeing of our staff, contractors and visitors
- Commit to ongoing improvement in EHS performance
- Include a compliance commitment to all applicable local and federal OSH and Environment laws and regulations such as the Abu Dhabi Occupational Safety and Health System Standard Framework (V31, 2017), as well as other relevant requirements to which our organization subscribes.
- Establish, monitor and review EHS targets and objectives
- Provide appropriate EHS resources, support, tools, and mechanisms to ensure proper means of implementation and monitoring
- Document, implement and maintain health and safety related communications to all persons working for or on behalf of our organization
- Information be made available to the public/interested parties

// First Aid and Emergency Response

ADX ensures all employees working within its facilities (including contractors/consultants/etc.) have appropriate medical insurance. The insurance covers for medical care services within UAE. In the event of a medical emergency or work-related injury/illness, we will ensure that any persons who require medical attention receive it as quickly as possible from an appropriately trained and certified first aid officer, and if necessary, through the prompt attendance of the emergency services.

We will also ensure that immediate emergency support according to the internal procedures and in cooperation with health professionals. Our team shall ensure that a routine review of the effectiveness of the First Aid and Medical Emergency Response Plan is undertaken by the EHS Representative in coordination with the EHS Management Committee. The First Aid and Medical Emergency Response Team is to determine the first aid and medical emergency training, competency and first aid kit requirements of our organization. Annual training as previously mentioned is conducted to maintain this process and keep employees informed, trained and aware of first aid and emergency response procedures.
// Fire Safety and Emergency Response

For successful prevention and preparedness of potential emergency situations, ADX conducts and completes a comprehensive EHS risk assessment for internal undertakings, facilities and activities in accordance with the organization’s EHSMS Section 6.0 - Risk Management Procedure. ADX shall ensure that a fire risk assessment is conducted for all our facilities in coordination with Civil Defense and according to UAE laws, requirements and regulations.

Appropriate fire detection, alarm system and firefighting equipment are operational and in place at our facilities in accordance with the requirements of the General Directorate of Civil Defence and the International Building Codes of the Emirate of Abu Dhabi (Department of Municipal Affairs). Fire detection, alarm and fighting systems are regularly tested, inspected and maintained in effective working condition as per the manufacturer’s recommendations and as prescribed by the UAE Fire and Life Safety Code of 2011. Portable fire extinguishers are visible and easily accessible and distributed in a manner suitable to the risks presented. Break glass in case of emergency equipment shall be installed and visible at an elevation accessible to all employees, customers, and visitors.

All emergency escape routes are in accordance with the requirements of the General Directorate of Civil Defence and the International Building Codes of the Emirate of Abu Dhabi. They are clearly marked, arranged and maintained to provide unobstructed egress from all parts of the building. Signage is in line with the requirements of OSHAD-SF CoP 17.0 – Safety Signs and signals must be in both Arabic and English.

// Health and Safety National Regulations

ADX fully observes the rules and regulations of Abu Dhabi Occupational Safety and Health Center (OSHAD), as we have been accredited with OSHAD certification since (2017). Our health and safety procedures and organizational facilities and processes are subject to an OSHAD audit every year. This is needed to confirm ongoing OSHAD compliance and certification. We consider OSHAD an essential partner in maintaining the health, safety and wellbeing of our employees, customers and visitors.

For Year 2020, ADX is planning on applying for and becoming accredited with ISO14001 certification.
// Employees Health and well being

Developing awareness regarding health issues using different methods of communication, adhering to inspections and conducting audits are important factors in improving the physical and mental health and wellbeing of employees.

Process and procedures used by the HSE team carried in 2019 are:

- Awareness Programs – Awareness Emails, Orientation Programs, Awareness and warnings vis SMS, walk-in, workshops
- Inspection
- Audits – Internal Audits and OSHAD

Repetitive Strain Injuries (RSI) Program to enhance the employee health

ADX invested an amount of 20,000 in the RSI program.

The program benefits employees by encouraging them to perform physical exercises that are designed for individuals working in an office setting. The program is especially customized for each employee, it suggests tips and body movements that help reduce the risks of long-term health problems.

// Community Development & Engagement

ADX allocates an annual budget for investments in the community. These include sponsoring children of determination as well as building classrooms for them so they can more easily assimilate into society.

Our budget for community engagement and development was 5% higher than in 2018, and 83% higher than in 2017.
ANTI-FRAUD, BRIBERY AND CORRUPTION

At ADX, we are in fully compliant with all governmental laws and regulations in relation to, corporate reporting and disclosure, transparent accounting practices and controls, regular corporate auditing and constant internal process improvements.

Ethical misconduct is a high-level risk that we take seriously and have therefore developed a three-line of defence strategy to deal with such risks.

ADX three-line of defence:

The first line of defence is especially important, as it prevents ethical misconduct and other risks from arising at the source. The second line of defence is making sure the organization is compliant with government laws and regulations as well as industry standards. Finally, an internal audit conducted by an internal or external independent third party is essential to provide a different perspective on the organizational processes and risk factors that might not be directly visible. An audit can also help identify, improve and/or enhance risk mitigation techniques.
// Responsible Compliance

Internal Audit, Risk, Compliance and Statutory Auditor created an assurance map of risk areas within the organization to be monitored and covered during the year. The assurance map ensures that risk management processes are effectively addressing significant risks to an acceptable response level. The assurance map takes into consideration the risk area, threat or benefit level, risk tolerance, urgency and proximity. Using the assurance map an appropriate response can be optimized to handle risks correctly. It also allows better identification of secondary risks that may arise due to risk responses. Our organization is ISO certified which can greatly reduce risks in an organization by correctly managing processes and procedures.

ISO certification

ADX is certified in ISO 27001 (ISMS) and ISO 22301 (BCMS).

SCA performs regular inspections on ADX to ensure its compliance with relevant rules and regulations.

// Auditing Excellence

Internal Audit is an independent function in the form of assurance and consultation services designed to assist us in achieving our objectives by bringing a systematic, disciplined approach in evaluating and improving the effectiveness of risk management, internal controls, and governance processes. The function’s processes are conducted in compliance with the “International Standards for the Professional Practice of Internal Auditing”.

The internal Audits Function uses a risk-based approach to develop the internal audit plan. Internal audits can be used to realign the organization’s processes and procedures with its mission and vision. The audit allows for the identification of risks and provides advice on preventive or corrective actions. The audit is performed and updated based on predefined risk areas and criteria. Internal Audits coordinate with the Risk and Compliance functions to assess fraud risks.
The Internal Audit function is fundamental to ADX’s ability to function as a robust, transparent and competitive exchange. It plays an important role in achieving the balance between cost and value, while making meaningful contributions to our overall Governance, Risk Management, and Internal Controls. Internal Audit has completed its 2017-2019 strategy. The strategy outcome was the improvement of Internal Audit function maturity to “3-Managed”. The assessment was performed in line with The Institute of Internal Auditors maturity model.

Annual engagement with the audit committee and how this strengthens business processes

The Audit and Risk Committee (ARC) consists of 3 independent non-executive members. Both the Internal Audit Department and ARC have Charters which govern their authorities and duties. The ARC held 5 meetings on 2019 reviewing and discussing the following:

- Financial Statements and Internal Control over financial reporting
- Internal Audit reports and management action plans
- Enterprise Risk Management and Key Risk Indicators (KRIs)
- Compliance and Fraud frameworks

The Audit and Risk Committee meets to discuss the issues mentioned in order to gather information regarding internal issues; it also prioritizes risks and provides an action plan. The Internal Audit function issues an annual report to the Board of Directors, which highlights the overall effectiveness of internal controls within our organization. The annual report also follows the findings of the Committee of Sponsoring Organizations (COSO) arising from the Treadway Commission of 1985. The report allows the board of directors to provide expert judgment internally, it also assists senior management and the Board of Directors in governance and strategic process enhancements. The annual report provides an assessment of the overall risk within the organization as well as measures of compliance and control that ADX has achieved. It is also a critical component in our information repository and an addition to our extensive experience in risk management, internal control, and compliance frameworks.
// Ethics and Integrity

ADX’s compliance mission is to be a leader in providing a sound capital market within the UAE, adhering to UAE legislation and regulations applying the letter and the spirit of the law, and adopting industry best practices found in global exchanges. We have a compliance infrastructure and management reporting mechanism to identify, assess and resolve compliance risks. The compliance mechanism is supported by the design and implementation of appropriate policies, procedures, systems and controls. It also ensures the appropriate manuals and related documentation are up to date while carrying out compliance monitoring and surveillance. The compliance mechanism is essential to us as it can assess the degree to which policies and procedures are compliant with legal requirements. It also ensures compliance with industry standards and controls. Furthermore, providing a compliance report to the Board of Directors and senior management on the appropriateness and effectiveness of the exchange’s systems and controls allows them to oversee the required work progress for internal enhancements.

We continuously review our Compliance/Anti-Money Laundry (AML) Framework as it aims to enhance the process of monitoring compliance within the organization. Feedback from the compliance infrastructure and management reporting mechanism is essential in optimizing the compliance/AML framework. Reporting and documentation acquired through compliance measures and procedures is analyzed to establish measures that will improve compliance control. Monitoring and controlling the compliance/AML framework also ensures the establishment of a separate independent Compliance Officer role.

ADX is committed to maintaining the highest standards of business conduct and ethics. The commitment to ethics is accomplished through regular employee training and development. Our employees are encouraged to report illegal, unethical or inappropriate actions, behaviour or practices. ADX attains a strictly abided by code of conduct document signed by all employees that mandates “Ethical Business Practice”, “Disclosure of Inside Information”, and “Fraud Irregularities”. ADX regularly updates this document and, where necessary, enforces the measures it contains, as it protects the organization from unnecessary risks and liabilities. Fraud control and whistleblowing policies are also enforced to ensure ethical behaviour is upheld to reflect the integrity and values of our organization.
// Whistleblowing Policy

ADX’s whistleblowing policy sets out the mechanisms for reporting and investigating information provided by whistleblowers. The mechanism also provides and ensures protection for whistleblowers. The reporting process, handling policy and protection for whistleblowers set out in the policy is applied by our organization. The Money Laundering Reporting Officer acts as the whistleblowing Protection Officer to encourage whistleblowing within the organization in the case of illegal, unethical or inappropriate events. Employees are encouraged to raise any concerns and report instances of unethical conduct, where there are reasonable grounds to support this action, without fear of intimidation, disadvantage or reprisal. Reporting of illegal, unethical or inappropriate events, behaviour or practices will be held in confidence.

ADX also has a mechanism in place to report breaches of AML regulations or any other rules covering financial misconduct. Employees, board members or a third party outside to the organization may report concerns, complaints or breaches to the Money Laundering Reporting Officer and/or his designate, either in person, in writing, through the Integrity Hotline or via electronic mail.

ADX Integrity Hotline is a confidential resource available to employees to discuss ethics or compliance issues or concerns, seek clarification or advice on matters involving ADX’s Code of Business Conduct as well as report potential breaches or inappropriate conduct.

// Financial Crime Prevention

ADX takes a risk-based approach to managing, preventing and detecting financial crime, money laundering and terrorism related risks.

The AML policy within our organisation is a key part of the Financial Crime Framework which collectively makes up the financial crime prevention controls internal to our organization. This policy covers:

- Anti-Money Laundering (AML)
- Counter-Terrorist Financing
- Sanctions
- Anti-Bribery and Corruption
Internal Audit function ensures that all systems and controls are working effectively and efficiently and reviews processes and procedures for improvement purposes. The roles and responsibilities of the Internal Audit function are set out below:

**Internal Audit role on AML framework**

Internal Audit function independently reviews the AML program on an annual basis and provides an assurance on the effectiveness and efficiency. The output and findings of these reviews will be subject to BARC review.

**Role of Internal Audit on Fraud Framework**

Provide objective assurance to the Board Audit & Risk Committee (BARC) and Management that adequate fraud controls exist to identify fraud risk and ensure that the controls are functioning effectively.

ADX has a Compliance and Money Laundering Reporting Officer who oversees and is responsible for the implementation and maintenance of our internal Compliance, Financial Crime and Fraud Control frameworks. The Compliance Officer and Money Laundering Reporting Officers are also responsible for applying the appropriate policies and procedures for Anti-Money Laundering and for combating the funding of terrorism and ensuring ADX is not used as a vehicle by any sanctioned organizations or individuals. All policies and procedures are in accordance with the legislation enforced within UAE and international best practices.

**// Fraud Prevention Control**

The Fraud policy aims to prevent fraud and provide direction and guidance to staff on dealing with suspected cases of fraud. This is achieved through training and educating employees on fraud identification and prevention. It also provides details on the controls and systems we have put in place to counter the risk of fraud, such that the Board of Directors can be comfortable that we have adequate measures in place.

**Affirmation Process (Declaration)**

All employees, Board members and other relevant stakeholders are required to acknowledge that complied with the Fraud Control Policy to support our Fraud Risk Management plan.
Disclosure of Conflict of Interest

All employees, Board members and stakeholders must disclose potential or actual conflicts of interest. A discussion register is maintained and reviewed by the Audit and Risk Committee.

Employee Screening

Any person who is to be employed by ADX on a full time basis is required first to undergo a screening process. This is to eliminate the risk of employing anybody who has previously been engaged in wrongful or suspicious activities, or who make false claims about their qualifications.

Staff awareness and training are essential in the fight against fraud, bribery and corruption. Subjects covered in training include: General Compliance, AML, fraud prevention and detection. Training is not only upon joining but also on a regular ongoing bases. The compliance officer maintains an appropriate regime for new employee induction training with regards to fraud detection and prevention as well as providing a Fraud Risk Management training program for all staff. The compliance officer also provides appropriate internal training which includes both managers and more junior members of staff. The compliance officer reminds all staff of their responsibilities towards reporting fraud related activities and unethical behaviour within their departments and the organization.

Authority Limits and Internal Controls

All employees are required to follow authority approval levels established across the enterprise to serve as an entity-level control. Individuals working within a specific function must be assigned only limited IT access as a process-level control.

Fraud Risk Assessment

The Compliance Officer will coordinate the annual Fraud Risk Assessment that will involve appropriate personnel, typically Function Heads, to consider relevant fraud risks in their area of responsibility, and to apply mitigating controls to each. This process will provide the Fraud Risk Register with information on individual Fraud Risks. The Fraud Risk Register also includes an impact and probability assessment of each risk, prevention and mitigation strategies as well as inherent and residual risk scores.

To ensure the commitment of each function head to conduct an annual review of their respective risks, the Compliance Officer will conduct an annual fraud risk review meetings. The Compliance Officer will spread these meetings across the year and maintain a timetable of said meetings advised to all Function Heads.
Throughout the year if employees identify new fraud risks, they will advise their function head. The function head will assess the potential risk and implement the appropriate controls and mitigation techniques and update the departmental procedures accordingly. The risk and controls will be added to the Department Risk Register.

The Compliance Officer will review the register to assess completeness of risks and the level of implemented mitigation. For high rated residual risks that remain, the Compliance Officer will annotate the register with a detailed explanation of the risk and justify why it should be an accepted risk. All accepted residual high rated risks will require Board Audit & Risk Committee (BARC) approval.

**Fraud Detection Procedures**

Effective automated systems are used to identify potential red flags in relation to external fraud such as market abuse. Data analysis, auditing techniques, and other technology tools are effective means of detecting fraudulent activity.

The organization is continually monitored for fraud, thereby enabling management and the auditing department to identify and report fraudulent activity effectively. Employees are required to operate with the greatest possible levels of transparency to provide a strong initial line of defence against fraud. These systematic approaches assist in detection and prevention and involve both internal and external processes.

Any whistleblower has the option of remaining anonymous when reporting a case of suspected fraud. Unless the employee reporting the case expressly agrees otherwise, their name will not be used as a source in any report. Fraud, bribery and corruption are more likely to be uncovered if employees know that they can report their suspicions anonymously. We take care to mitigate against any possible retaliation. Employees are assured of job and physical security for reporting wrongdoings even if the conduct was performed by a superior, and even if the suspicions prove to be unfounded.

For the year 2020, ADX is planning to introduce ongoing screening as a new step for all members including vendors, business partners, and distribution channels. The screening is planned to be a new step forward in preventing fraud, bribery, corruption and mitigate against other unethical practices and behaviour. We continue to enhance our AML screening tools to mitigate significant regulatory and/or reputation risk related to AML, and sanction high profile predicate crimes, such as bribery and corruption, fraud and modern-day slavery. The screening will also create a transparent and therefore attractive market helping our exchange to achieve its long-term goals, mission and vision.
Responsive Marketplace

ADX was established with the mission of creating an attractive and transparent marketplace that would have a positive impact on the UAE's economy and community. In this section, we focus on how we create a market of quality and facilitate doing business. Within our market we ensure strong market infrastructure that is built on ADX's core values, namely transparency.

<table>
<thead>
<tr>
<th>UAE'S VISION FOR 2021</th>
<th>THE ABU DHABI ECONOMIC VISION 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Environment and Infrastructure</td>
<td>A significant and ongoing contribution to the federation of the UAE</td>
</tr>
<tr>
<td>Competitive Knowledge Economy</td>
<td>An optimal, transparent regulatory environment</td>
</tr>
<tr>
<td></td>
<td>A large empowered private sector</td>
</tr>
</tbody>
</table>

Contribution to the Sustainable Development Goals (SGDs)
BUILDING A MARKET OF QUALITY

Transforming Abu Dhabi Securities Exchange (ADX) into a PJSC provides a fertile ground to implement its ambitious future strategic opportunities. ADX aims to facilitate a platform for domestic and regional growth, leverage the UAE’s positional assets to capture the various opportunities, and drive internationally recognized world-class performance.

As ADX continues its journey, it will place great emphasis on fostering a performance driven culture and on developing and enhancing a targeted FinTech & digital investment program. By doing this, it will deliver sustainable growth in line with ADX’s vision to become Your Market of Choice, and Mission to be an innovative, attractive, transparent market empowering UAE’s economy.

Public Relations

Transparent and informative communications is of fundamental importance to ADX and its commercial objectives, given the wide range of stakeholders it needs to engage with. It provides a regular flow of news and information, both through issuing press releases, and via its website, Twitter and LinkedIn. ADX has always taken a proactive approach in managing its communications, originally through traditional media channels and now, increasingly, through digital channels. In 2019, ADX issued almost 100 press releases, and posted extensively on Twitter, LinkedIn and Instagram, which have all become firmly established as mainstream channels of stakeholder engagement. It has also been active in collaborating with its stakeholders on matters of mutual interest and benefit in order to develop its operations and enhance its public perception.

// Market Transformation

As world markets have become almost entirely digital, it is essential for ADX to be at the forefront of this revolution, and to innovate to expand its operations. Acknowledging the changing nature of how stock markets operate, ADX launched a new strategy in 2019 (ADX One). The aim of the strategy is to further drive the exchange into the coming decade by investing to digital transformation and becoming more customer centric. Though the changing nature of market operation methods may be seen as challenging constraint, ADX uses it as an opportunity to keep pace with the latest market developments. It is also an opportunity to move toward sustainable market practice, aligning ADX’s goals with those of the UAE.

ADX has developed an array of products that accommodate the needs of its clients and stay on top of our recent developments in stock markets. Among those products are Technical Short Selling (first in region), Short Term Trading, Stocks Lending and Borrowing, Market Making and Liquidity providing. We were also the first stock market in the MENA region to utilize blockchain technology in its services and the third globally.
This is considered a tremendous achievement for our exchange and proves our capability of adapting to changing market environments. To continue promoting our business cases, we partnered with SWIFT to develop a distributed ledger for use cases such as corporate actions processing, voting and proxy-voting. We will also be developing and maintaining a formal set of standards to support this ledger. We are also planning to create and maintain the standards to support this ledger.

In recognition of our clients’ industry needs, and as an active member of the International Securities Service Association (ISSA), we took the proactive step of issuing high level research papers. Our organization has recently published a paper titled ‘Crypto Assets: moving from theory to practice’. The paper was prepared in cooperation with global Central Securities Depositories, asset managers and custodians, and under the patronage of ISSA. The paper discusses best practices and provides recommendations for developing platforms in the crypto asset space. It also outlines recommendations and best practice considerations in relation to issuance, settlement, safekeeping, asset servicing and regulation of crypto assets. Our experience in this field allows us to gather and analyze data and information regarding crypto assets.

For any product launch or other business development initiatives, we create a marketing and communications plan which highlights all the key information, commercial benefits, expected timeline and milestones, target audiences and other important takeaways. The plan also considers which are the most appropriate channels, and develops other supporting collateral such as videos, social media posts, imagery, and opinion pieces.
// Responsible Customer Handling

Customer satisfaction is an integral measure of the success of an organization. ADX continuously measures the satisfaction rates of its customers and listed companies in order to provide better services, improve its processes and obtain information and insight as to how the market can be developed and improved. ADX has created an integrated digital smart platform and smart apps to ease interaction with the market thereby improving customer satisfaction. We have also created a chatbot on the ADX website to answer the questions and queries of customers. Finally, we are increasingly interacting directly with our customers on social media to better understand their issues, complaints, and queries therefore obtaining the information necessary to attend to their concerns.

Efforts taken by ADX to minimize and manage complaints:

- Offer integrated digital smart platforms and smart apps to ease the listed companies’ journey
- Offer Chatbot on ADX website to answer all related questions and queries addressed by customers and listed companies
- Chat directly with customers on ADX social media platforms to look into any “complaints” or issues they may have and address their concern as such

ADX also conduct an annual stakeholder survey.

Customer feedback / Listed company satisfaction (%)

- 2017: 83%
- 2018: 82%
- 2019: 85%
FACILITATING EASE OF DOING BUSINESS

As a securities exchange, ADX understands the importance of all our stakeholders, most notably our listed companies and their investors. ADX facilitates workshops between these stakeholder groups to create long lasting relationships that result in increased investment and greater liquidity. These workshops provide transparency for investors and therefore trust in the marketplace and among listed companies. As for listed companies, it provides an opportunity to meet with investors and provide information on new innovations or positive changes thereby leveraging better financial results. The workshops focus on the importance of transparency and the timely release by listed companies of price sensitive information.

ADX also hosts regular workshops that offer advice to listed companies on how to improve relations with their shareholders and meet the requirements of the Securities and Commodities Authority (SCA) regulations on investor relations. Advice given includes how companies can provide fuller information in a more digestible manner in a dedicated Investor Relations section on the company’s website, and having as a point of contact a qualified Investor Relations Officer with experience in communicating with investors and analysts and building long lasting and mutually beneficial relationships.
ADX has also created a new Business Reporting Language, XBRL, which has the capacity to accommodate changes and new terminology as it develops. ADX has also created a new Business Reporting Language, XBRL, which has the capacity to accommodate changes and new terminology as it develops. Those terms can then be used through which listed companies’ published financial and other information can be more easily accessed and more efficiently utilized. The ultimate aim of this is to improve transparency for stakeholders.
ENSURING MARKET GOVERNANCE AND TRANSPARENCY

One of ADX’s most important functions is to ensure the accuracy of transactions and manage the dynamics of supply and demand when setting prices. It provides protection to investors by ensuring fair and proper dealing principles are adhered to between various investors. ADX is also very strict in enforcing stringent controls over securities to ensure sound conduct and procedures. The ADX market conducts studies to determine the most productive sectors for investment purposes while using this information to develop awareness among investors. ADX supports financial and economic stability and provides opportunities for individuals and organizations to invest savings and funds therefore benefiting the national economy.

A favorable perception by investors is a fundamental pillar of the exchange’s liquidity. This in turn rests on our credibility, which consists of three elements:
ADX ensures ethical and fair trading by leveraging technology to oversee and eliminate market manipulation. ADX uses SMART online, a system provided by NASDAQ to analyse the behaviour of orders, trades, investors, and brokers to infer up normal behaviour or manipulation that might affect the market.

SMART can automatically monitor and record transactions and other trading activities on the exchange. Additionally, ADX has implemented a circuit breaker system, which suspends stocks that fall by 5% within a five minute period.

As Abu Dhabi is becoming an increasingly attractive market to investors, they are keen to know more about the companies trading here and use eXtensible Business Reporting Language (XBRL). XBRL provides a language in which reporting terms can be authoritatively defined. In 2005, ADX was the first exchange in the GCC to support the initiative of establishing a provisional XBRL jurisdiction for the UAE, which was the first step toward formal adoption of the global XBRL standard. Those terms can then be used to uniquely represent the contents of financial statements or other kinds of compliance, performance and business reports. The ultimate aim of this is to improve transparency for stakeholders.
ENSURING ORDERLY TRADING, RESILIENCY AND RELIABILITY OF OUR MARKET INFRASTRUCTURE

At ADX, not only do we provide a platform for trading, we also ensure clearing and settlement for funds of the trading members and carry out all transactions in all securities at ADX, including settlement, clearing, transfer of ownership and depositories. The Registry Services Department (CSD) is centric to ADX, and it operates as a central depository for the Exchange operations. Clearing and settlement is overseen and managed by qualified personnel and aims to provide the highest level of services across all type of stakeholders. The purpose of CSD is to perform and maintain the necessary transactions of all traded securities at ADX, from settlement, clearing, ownership transfers and depository aspects. Policies, rules and procedures are in place to ensure all transactions integrity in efficient and effective way. CSD is also maintaining and managing listed securities registers and performing all corporate actions resulted from annual general assembly meetings.

The current platform used in CSD is Equator and it is technically managed and maintained by the IT department and have either been developed or acquired to support the market and its CSD operations. Equator is also tightly coupled and integrated with the exchange trading engine (X-stream).

To ensure end-to-end process efficiency, the CSD department consists of three sections:

- Clearing and Settlement Department
- Settlement and Payment Section
- Depository and Registry Section
- Investor Services Section
The Settlement and Payment Section is responsible for the securities and cash settlement processes with the bank settlement. In addition, the section is responsible of the post-trade processes including trades verification and Delivery versus Payment (DVP) processes in addition to monitoring and reporting members obligations daily. In addition, off-market transfers, transactions and pledge/unpledge requests are processed by the Settlements and Payments Section.

The Depository and Registry Section is responsible for issuing and maintaining ADX investor numbers (NIN) and their data. In addition, the section is in controls the lodging of certificates and the withdrawal of shares, the inter-market transfer of dual listed securities and amendments to investor data. The Depository and Registry Section also provides listed companies and brokers with reports, upon request, and oversees the administration of the CSD back office system. Other functions include: the listing of share registers in the CSD system; classifying companies, members, custodians, banks, pledgees and users; and maintenance of system settings and codes.

The Investor Services Section is responsible for receiving requests from investors, brokers, pledgees, listed companies and registrars in the head office and branches. Through five branches across the UAE, stakeholders can easily access the ADX Help Desk where their requests and queries are handled by CSD personnel. Investors can be provided with vary types of reports such as statements of their holdings with single or multiple members, trading report and off market transfer reports.
Clearing and settlement is at the heart of our exchange and are key drivers for initiatives that ensure resilience and the reliability of our market infrastructure. The initiatives are:

- Upgrading DvP (Delivery Versus Payment) to Model 2 which is netting the cash and grossing the securities. In addition, as per the DvP procedures, we use the same model with custody clients and give the custodian the ability to reject or confirm a trade of one of their clients.

- A new Repurchase Agreement (Repo) was recently introduced to the market. This service will enable investors to take out both short and long term loans.

- A Resilient market is a diverse market, so to reflect this we implemented Off Market Transfer for Financing (Islamic Murabaha). This service will help investors secure financing through the transfer of securities from a financial institution to ADX.

- WAQF is another service that allows the investor to donate securities to charitable entity - General Authority of Islamic Affairs and Endowments (GAIAE). By applying for WAQF, any dividends generated from the shares will go to GAIAE.

- Securities lending and Borrowing (SLB) is a service that has been regulated in ADX but is yet to be activated. SLB is a contract under which the ownership of securities is temporarily transferred from one party (Lender) to another party (Borrower) with the borrower commitment to return the same upon request by the lender at any time within or after the end of the agreed period unless otherwise agreed by both of them.