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Depa Group

2016 Sustainability Report

About this report

Welcome to the inaugural edition of Depa Group Sustainability Report. This Sustainability Report forms a part of Depa Group's reporting suite and is a demonstration of our commitment to sustainable business practices. This report offers a summary of performance in 2016 and provides a road map for the Group's sustainability goals for the future.

This Sustainability Report is divided into three sections each representing the three pillars of our material sustainability issues: Environmental, Social and Governance.



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A message from the Group CEO

Our Sustainability Journey

I'm delighted to present the very first Sustainability Report for Depa Group.

While sustainable business practices have been integral to the Group for many years, the 2016 Sustainability Report represents our first attempt to report on our performance in this area. This report aims to spell out the Group's approach to Sustainability, our performance in 2016, and our aspirations for the future.

The report is divided into three key sections representing the three pillars of our approach to sustainability: Environmental, Social and Governance/Financial performance.

2016 was a transformative year for Depa Group. We realigned the Group and are now working towards achieving our new vision: to be global leaders in interior solutions, and our new mission: to deliver sustainability, profitability and performance for our clients, shareholders and employees.

In order to achieve our vision and mission we need to become a more sustainable, smarter and more innovative Depa Group, and I look forward to being a part of this journey.

This report both celebrates the steps the Group has taken towards sustainable business practices and also sets some clear and achievable goals for the Group to continue on its journey to becoming a more sustainable business.

To our employees who have been involved in Depa Group's many sustainable initiatives over the past year, I thank you for your support and continued commitment, I look forward to working with you to deliver on our sustainable business goals in the next year.

Hamish Tyrwhitt

Executive Director and
Group Chief Executive Officer | Depa Group



Company Profile

Depa Group is one of the world's leading providers of interior solutions. Listed on the NASDAQ Dubai and head-quartered in the United Arab Emirates, Depa Group provides a solid supporting structure and guidance to its Key Business Units (KBUs). These KBUs are Depa Interiors, Deco Group (including Eldiar and Carrara Mid-East), Design Studio Group, and Vedder.

Centred around three operating hubs in the United Arab Emirates (UAE), Germany and Singapore, Depa Group's KBUs employ thousands of people worldwide.

Our experience and collection of diverse interiors companies allows Depa Group to act as a single point of contact for the most complex interior projects. We pride ourselves on our ability to turn our clients' vision into a unique, high-quality experience for their customers.



Depa Interiors

Established in 1996, and head-quartered in the United Arab Emirates, Depa Interiors is a leader in the fit-out and furnishing of five star hotels and resorts, luxurious offices, large-scale transport and social infrastructure projects such as airports, metro stations and museums, and residential projects such as apartments, villas and palaces.



Deco Group

Made up of Deco, Carrara Mid-East and Eldiar, Deco Group is one of the most experienced interior contractors and furniture manufacturers in the Middle East, offering high standards of construction, manufacturing, design and project management for the luxury retail and commercial sectors.



Design Studio

Established in 1992 Design Studio are experts in creating functional and creative office, hotel, living and retail spaces, and are considered one of Asia's fastest growing providers of joinery solutions.



Vedder

German-based Vedder delivers unique projects for luxury yachts, private residences, hotels, public infrastructure, commercial and retail spaces and exclusive specialist projects such as private aircraft. With over 125 years of German engineering experience, the company today employs more than 350 specialist staff at its two innovative production facilities.



Our Vision, Mission and Values

Mission

Global Interior Solutions

Vision

To deliver sustainability, profitability and performance for our clients, shareholders and employees.

Values

Transparency

We will encourage and practice open communication by sharing relevant information and ideas. We will trust and respect each other by promoting inclusive communication.

Integrity

We will act honestly and respect ourselves, our colleagues and all company stakeholders.

Accountability

We will take ownership and responsibility for our actions with a positive attitude. We will each commit to what we are responsible for. We will take a can-do approach to all of our tasks.

Professionalism

We will be consistently productive by working together as a team, sharing knowledge, innovating, collaborating, inspiring and enhancing the overall business. We will embrace and welcome change as a catalyst for creating opportunities. We will work to identify and eliminate risks.

Exceptional Service

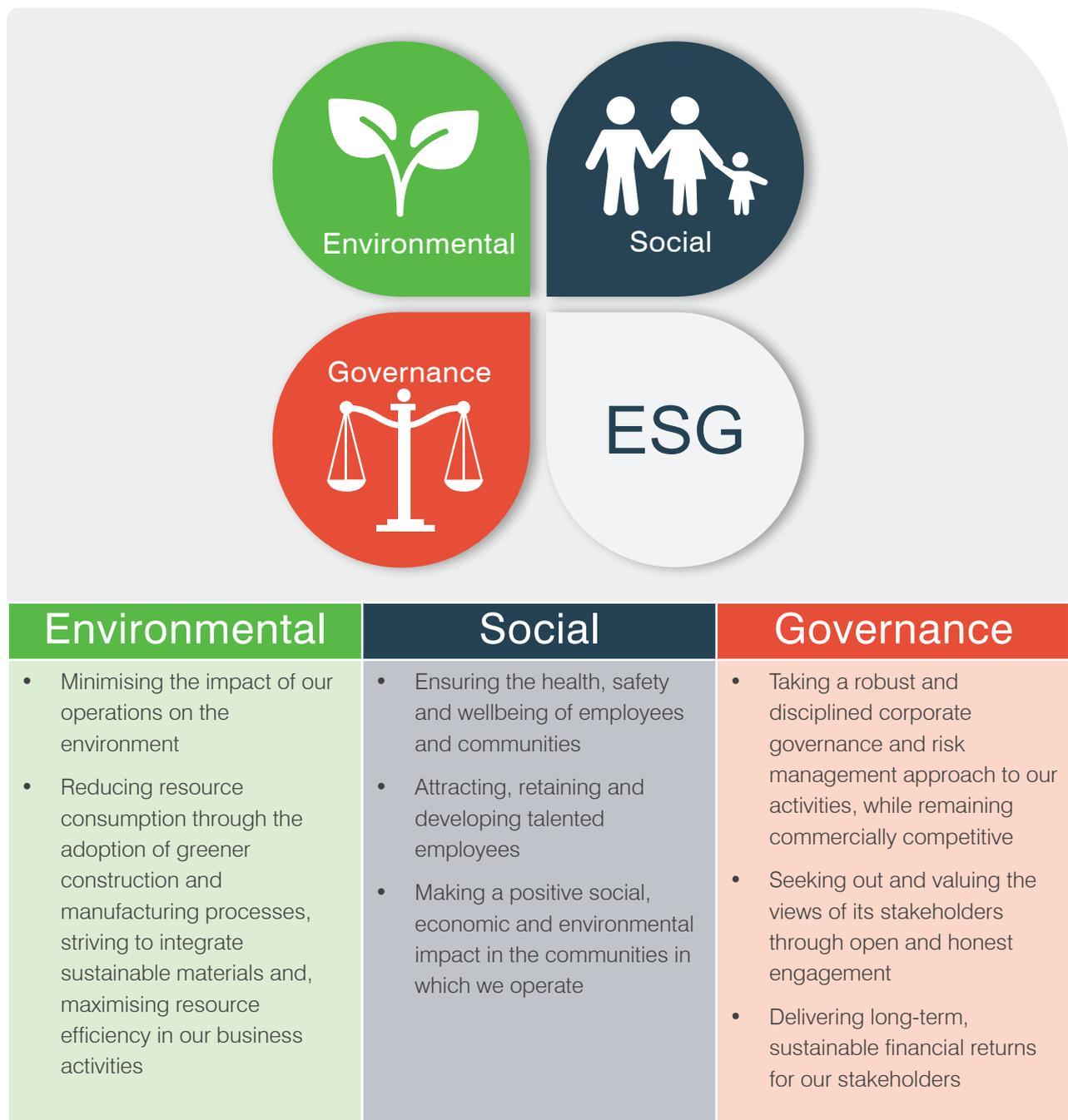
By building strong, sustainable and healthy relationships we will deliver on our promise and enhance our reputation and credibility. We will stay motivated and focused to provide competitive solutions tailored for our clients.

Our Approach to Sustainability

Depa Group defines **Sustainability** as an approach to business that creates long-term, sustainable stakeholder value by effectively managing **environmental, social and governance** factors across the business.

Depa Group's company values – **Transparency, Integrity, Accountability, Professionalism and Exceptional Service** – are integral to our sustainability approach.

Sustainability in turn underpins our strategy for the continued growth and the long-term success of the Group and will be achieved through the following **environmental, social and governance (ESG)** approach:



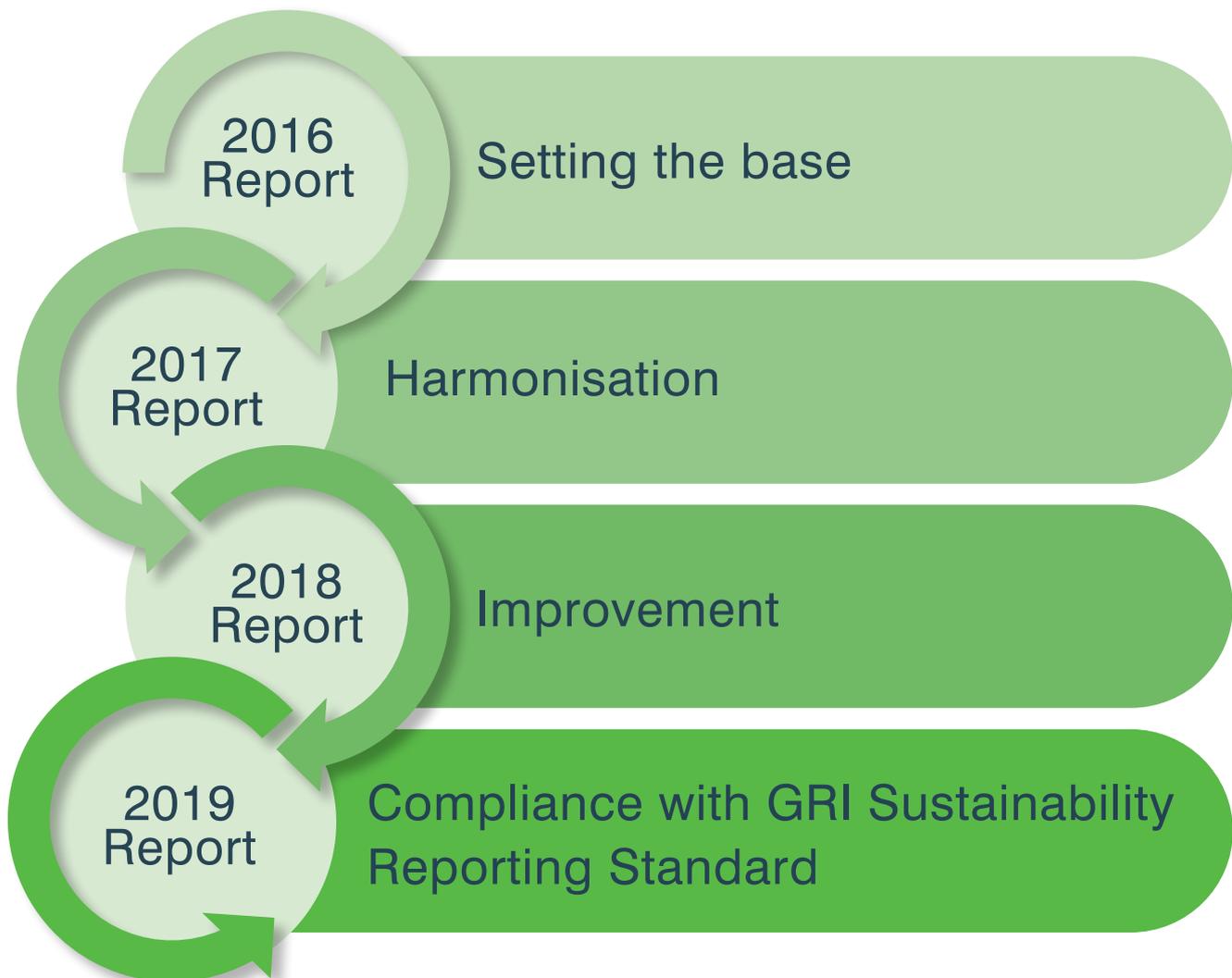
Depa Group is a truly global provider of interior solutions and as such, operates across a range of geographies. Each geography is at different levels of maturity in regards to sustainability. As a result, our approach to sustainability is flexible enough to ensure that it can be applied across our global operations.



Our Sustainability Roadmap

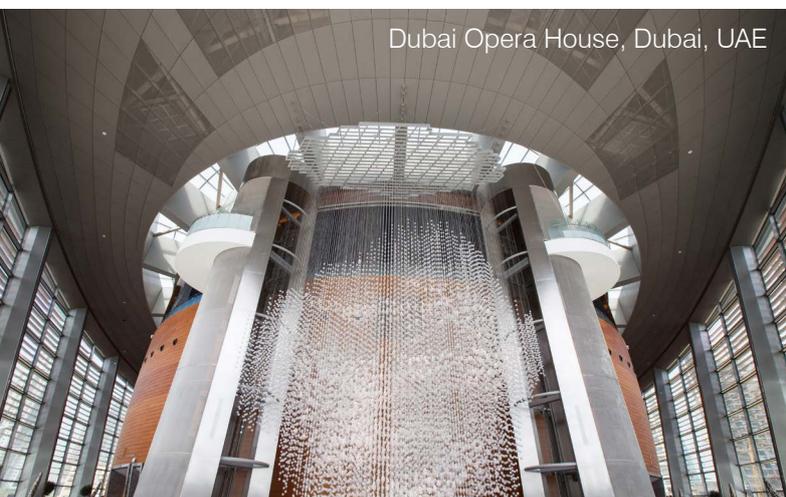
While sustainable business practices have been integral to Depa Group for many years, the 2016 Sustainability Report represents our first attempt to report on our performance in this area.

We have established a roadmap for our Sustainability journey, with a view to achieving compliance with Global Reporting Initiative (GRI) Sustainability Reporting standards by 2019.



Projects

Some of the key projects the Group has worked on in 2016 include:



Dubai Opera House, Dubai, UAE



W Hotel, Palm Jumeirah, Dubai, UAE



Marriott Hotel At Forsan, Abu Dhabi, UAE



Mandarin Oriental Hotel, Kuala Lumpur, Malaysia



Here Comes the Sun Superyacht, Germany



Dior, Mall of Emirates, Dubai, UAE



Environmental



Environmental Awareness and Training

Depa Group uses training sessions, workshops, meetings and campaigns to ensure employees have the knowledge and skills to implement environmental best practices in accordance with international standards, legal and other compliance obligations.

Environmental training is conducted regularly and is part of the Group's annual training program which includes senior management and employees. Environmental training is also carried out as part of induction training for all new employees.

Training sessions are reinforced with written information such as flyers and memorandums.

ISO 14001

Depa Group implements the international standard for the Environmental Management System as part of its commitment to protect the environment, prevent pollution and control the environmental impacts of its operations.

- Preventing all possible sources of environmental pollution by establishing controls to minimise waste generation and consumption of natural resources;
- Regularly monitoring, reviewing and reporting the effectiveness of waste management; and

- Setting targets to maintain the above.

Waste Management Principles

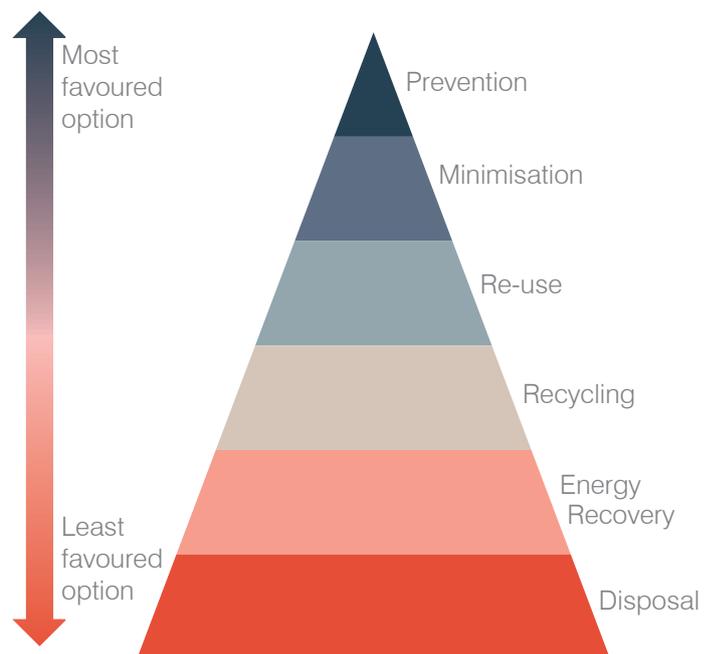
The waste management hierarchy sets the preferred order of waste management practices with the aim of generating minimum waste and achieving maximum environmental benefits.

Depa Group abides by the principles of the waste management hierarchy in its approach to promote environmental sustainability.

Waste Management

Depa Group is committed to protecting the environment and strives to do this through effective waste management, by:

- Reducing waste through the implementation of the '3R's' (Reduce, Reuse, Recycle) methodology within the scope of our activities;
- Ensuring the safe storage and disposal of waste as per required by the applicable laws and best practices;
- Providing the necessary training to employees to increase the awareness of waste segregation, reduction, reuse and recycling;
- Encouraging the purchase of recycled materials and materials suitable for recycling;



Waste Prevention

The principle of waste prevention is the most preferred waste management strategy. This involves avoiding the generation of waste by:

- Substituting inputs for those that generate waste;
- Increasing efficiency in the use of raw materials, energy, water and land;
- Redesigning process or products; and
- Improving maintenance and operation of equipment.

Waste Reduction

Through the principle of waste reduction, Depa Group implements the following where possible:

- Timely and proper training for personnel involved in waste management;
- Proper waste handling from work-site to landfill;
- Use of recycled materials;
- Returning unused materials to suppliers;
- Returning unwanted packaging to suppliers for recycling or reuse; and
- Developing procurement policies to support waste reduction.

REUSE

At Carrara Mid East, the wood pallets of received raw stone are always reused in the packing of the produced material.

Waste Reuse

The principle of waste reuse assists the Group in minimising the amount of waste by the reuse of discarded materials such as:

- Ensuring double-sided printing;
- One side used papers reused for printing drafts or scratch pads; and
- The reuse of delivery pallets and packaging materials where appropriate.

100%

of wastewater is reused for industrial purposes at Deco and Carrara Mid-East.

Waste Recycling

Waste recycling involves the collection and processing of waste materials in cooperation with governmental and private recycling facilities. Materials include paper, metal, and printer cartridges. This process prevents pollution and saves energy.

Waste Identification and Sorting

Depa Group manages waste according to the types of waste generated. Waste at the point of generation is identified and sorted. Different types of waste are sorted separately for reuse, recycle and various processes of disposal.

Waste Transport and Collection

Depa Group cooperates with a number of government and private environmental service providers that specialise in the removal of waste. Waste is removed from the point of generation and delivered to designated waste disposal facilities that have been approved by the authorities to recycle, treat, store or dispose of waste. It may include transporting waste for further treatment or safe disposal.

Waste sorting

At Depa Interiors, waste is collected in our factories and separated manually using appropriate containers, considering the local disposal systems, into different categories such as paper, plastics, wood, scrap metal, special/hazardous waste and others.

Waste Disposal

Waste Disposal is the least preferred process within Depa Group's waste management strategy.

Where waste cannot be reused or recycled it is disposed of via proper waste disposal facilities.

Waste Tracking and Documentation

Depa Group tracks waste movement to ensure it is transported properly from the place of generation to the intended destination with minimum movements.

Waste manifest documents are collected, stored and provided to relevant authorities when required.

Green Building

Depa Group is committed to its mission to deliver sustainability to its clients, shareholders and employees. We encourage and train our employees to master and lead new sustainable industry trends to meet the green building needs of our clients. We aim to provide the healthiest possible environment during every stage of a project's timeline, striving to find the most efficient and least disruptive use of land, water, energy and resources.

Depa Group is currently undertaking and has successfully completed several projects certified with the Leadership in Energy and Environmental Design (LEED) international green building rating system and the UAE Estidama rating system. LEED is the world's most widely used third-party verification for green buildings and Estidama is the local Abu Dhabi green building rating system.

Depa Group encourages employees, including interns and graduates to gain their LEED certification.

Depa Group's LEED and Estidama projects, include:

Project	Location	KBU
Masdar City	Abu Dhabi, United Arab Emirates	Eldiar
Al Forsan	Abu Dhabi, United Arab Emirates	Depa Interiors
Cleveland Clinic	Abu Dhabi, United Arab Emirates	Depa Interiors
KAPSARC	Riyadh, Kingdom of Saudi Arabia	Depa Interiors
Holiday Inn	Dubai, United Arab Emirates	Depa Interiors
Saadiyat Rotana	Abu Dhabi, United Arab Emirates	Depa Interiors

US Green Building Council

Depa Group is a member of the US Green Building Council. This membership reflects the company commitment to its mission to deliver sustainability to its clients, shareholders and employees.



Sustainable Procurement

At Depa Group, we aim to minimise the environmental impact of our construction material through adopting sustainable procurement where possible, avoiding the use of material made by hazardous components, prioritising local vendors, helping vendors to improve their performance and the efficient utilisation of resources, and including sustainability in the vendor assessment criteria and prequalification process.

Forest Stewardship Council (FSC)

A key part of Depa Group's sustainability strategy is to use timber from sources that meet Forest Stewardship Council (FSC) standards and we are also working with our supply chain partners to meet this aim.



Design Studio and Eldiar are Forest Stewardship Council (FSC) certified for the design, manufacture and installation of joinery and decorative interiors.

Environmental Initiatives



Clean Up the World

The Clean Up the World campaign inspires and empowers communities to clean up, fix up and conserve their environment.

The campaign attracts over 35 million participants in more than 120 countries each year and has become one of the largest environmental voluntary initiatives in the UAE.

The campaign focuses public attention on global community concerns for the environment and how each individual can make a positive contribution to a cleaner and healthier world under different annual themes.

In November every year, Depa Group participates in the campaign organised by Dubai Municipality by organising employees to take part in protecting the Environment and spreading the sustainability awareness.



Vedder's production facility in Hiadfling, Germany, showing the roof solar panelling.

Computer Donation

In line with our Environmental Management System, Depa Group participates in a Dubai Municipality Project called "Your Old Computer... can give them a New Life!", sponsored by Mohammed Bin Rashid Al Maktoum Humanitarian and Charity Establishment.

Depa Group's used computers are donated to Dubai Municipality who, after necessary repairs are made, donate them to educational institutions, social and charity organisations. The program both assists in reducing Depa Group's impact on the environment by finding a use for outdated hardware and provides computers for communities in need.

A Certificate of Appreciation is awarded to Depa Group upon every donation.



Renewable Energy

At Depa Group's German key business unit Vedder, electricity has been generated via a solar system fixed on the roof of the factory since 2008. The innovative system produces 840,995 kWp per annum.



Social



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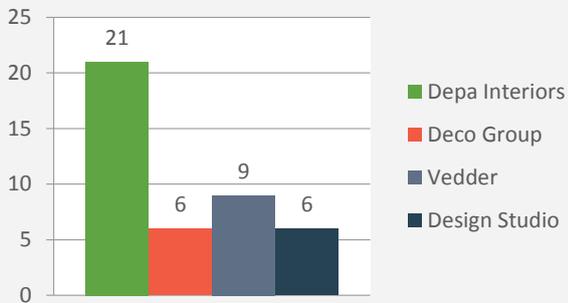
There are 15 female managers across the Depa Group

Diversity and Inclusion

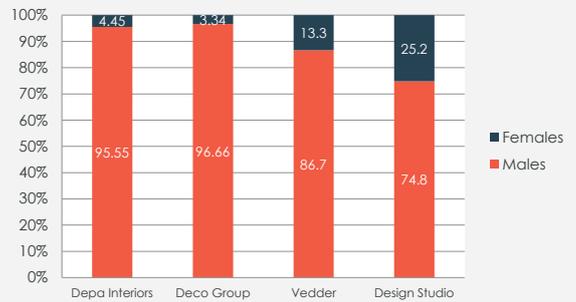
Number of employees

Depa Interiors	Deco Group	Vedder	Design Studio
2,575	1,466	343	736
Total			5,120

No. of Nationalities - as of 31 Dec 2016



Male/Female %





Worker Welfare



The health and welfare of our manual workers is a priority for Depa Group. We are committed to providing a caring, healthy and productive environment that enables our workers to deliver to the best of their ability, and we aim to be a leader in this area.

In the Middle East and China the Group provides workers' accommodation and transportation in compliance with the relevant labour laws.

Accommodation Facilities

Spacious rooms with sufficient bedding and locker facilities are provided, and all facilities include:

- Prayer rooms;
- Entertainment rooms;
- Professional catering services;
- Dining rooms; and
- First-aid facilities.

New air-conditioned coaches for worker transport in the UAE.



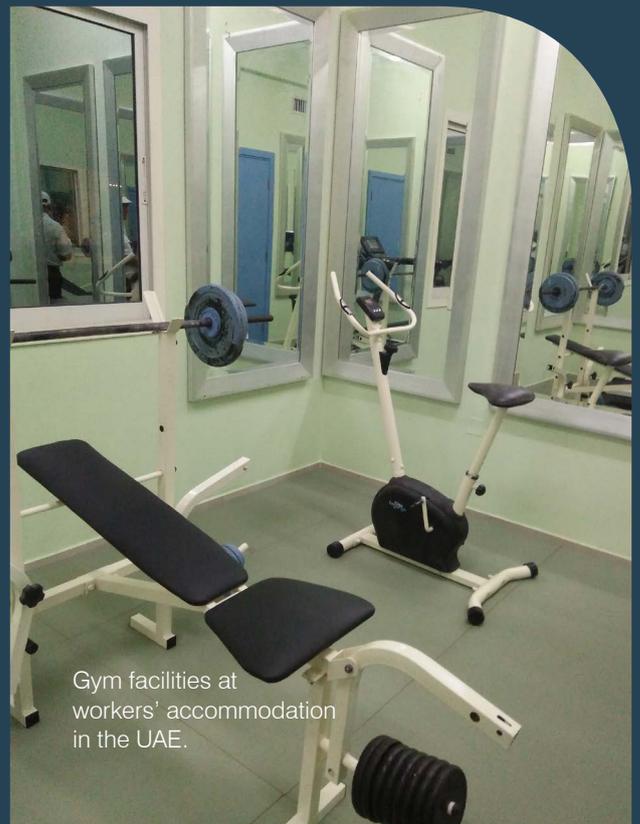
Workers Meeting

On a monthly basis, meetings are held in camps by Depa Group employees from different nationalities. This ensures cultural sensitivity and successful communication.

Camps Inspections

Camp visits are conducted on a monthly basis by the HR Department to ensure that the welfare functions are properly addressed in the camps.

The Quality, Health, Safety and Environment (QHSE) Department also conducts separate visits on a monthly basis to all camps to ensure that health and safety standards are implemented and maintained.



Gym facilities at workers' accommodation in the UAE.

Health, Safety and Well-Being

'Let safety lead the way' Approach

Depa Group considers its employees the Group's most valuable resource and asset.

At Depa Group, safety is a shared responsibility and every member of the Group, from the CEO to managers, supervisors and workers are accountable for ensuring the prevention of harm to themselves and others.

Depa Group management is committed to demonstrating safety leadership by empowering employees, providing a safe work environment, and promoting hazard identification and risk control awareness. We believe that the safe way is the only way: all accidents and occupational dangers can and must be prevented. Whenever a safety hazard is identified – either by an audit, investigation or during the normal course of work– prompt action is taken to correct the deviation and avoid recurrence.

Values of 'Let safety lead the way'

Safety is not only a part of every person's job but also a part of every person's life.

- Working safely is a condition of employment.
- Eliminating, minimising and controlling hazards.
- Encouraging best practices, initiatives and safe behaviours.
- Supporting the involvement of our employees in health and safety matters.
- Preventing accidents, injuries and ill-health related to work has a positive impact on: employee morale and productivity; company earnings; and customer satisfaction.

Depa Interiors Safety Performance

No. of Total Worked Man-hours	4,403,154
No. of Total Worked Man-hours without Lost Time Injury	4,403,014
No. of Lost Time Injuries	1
Lost Time Injury Frequency rate (LTIFR)	0.227
No. of Permanent Disability or Fatality	0
No. of Near-misses	9
No. of Tool Box Talks (TBT)	365



OHSAS 18001

100% implementation of the international standard for Occupational Health and Safety in Depa Interiors.



Tenets of 'Let safety lead the way'



1. Do it safely – or don't do it at all.
2. If you have a doubt, consult a competent person.
3. Follow safe work practices and procedures.
4. No-blame culture, report all near misses, accidents and first aid cases immediately.
5. Ensure that work equipment is inspected and in safe condition, operate it safely.
6. Always consider the impacts of your action and routine behaviour on the environment.

Communication

Depa Group is committed to transparent and effective communication with all stakeholders. Our communication strategy is key to delivering this commitment. Internal communication includes information such as company policy, objectives, incidents, non-conformances, legal and other compliance obligations via team meetings, email alerts, flyers and memorandums.

External communication includes information shared with clients, certification bodies, local authorities, government entities and with our suppliers. The content and form of communication varies depending on the targeted group and considering language barriers, where appropriate videos, presentations and posters are used.

Participation and Consultation

Depa Group encourages participation of employees and subcontractors in all aspects related to Health, Safety and Environment management. This is achieved through:

- Health, Safety and Environment (HSE) inductions and pre-task briefings;
- Specific training sessions and Tool Box Talks;
- Asking employees to record their observations via the **Your Observation Matters** card which is made available in selected locations in projects and offices;
- Quizzes, safety awards, HSE alerts, flyers and lessons learned;
- HSE meetings; and
- Preparation of Risk and Impact assessment by the Risk and Impact Assessment Committees (RIAC).

The Group also seeks consultation from its employees, subcontractors, and external associations on matters related to task specific personal protective equipment (PPE), any changes that may affect the health and safety of individuals and any concerns or complaints of stakeholders.

Recognition of Safe Practices

As part of our strategy to reinforce a safety culture across the Depa Group, several of our Key Business Units recognise outstanding safety practices through a program of monthly safety awards. Individuals from across the business who have demonstrated safe practices are nominated for the award and recognised in an award ceremony.

Monthly safety awards promote safe work practices and provide an opportunity for dialogue relating to health, safety and environment issues.

HSE Induction and Training

Each year we undertake an in-depth review of our HSE induction and training program. This review considers the training program against the Group's policies and procedures, legal and other compliance obligations, experience of current employees, tasks to be performed, history of previous accidents and incidents, potential emergency situations, level of training required (literacy level, education and communication barriers) and any other training requirements (client, main contractor, authorities, etc.).

Accordingly, the annual training plan is updated, approved and communicated with the relevant stakeholders. Depa Group's HSE training comprises:

- Internal Training, such as awareness of Depa Group's Policy Statement, Integrated Management System (IMS), operational controls, emergency response and HSE induction and orientation.
- External training, such as first aid, firefighting, scaffolding, welding, auditor training, Institution of Occupational Safety and Health (IOSH) managing safely and specific machine operating.
- Specific training, such as Tool Box Talks (TBT), risk/impact assessments, accident reporting, heat stress, mock drills and environmental incidents.

All internal and external HSE training is conducted by competent personnel. Training certificates and attendance records are maintained and training is repeated and/or refreshed when required, this ensures Depa Group is compliant with international standards, legal and other compliance obligations.



employees have been awarded the Monthly Safety Award from Depa Interiors' projects and production facilities in 2016.



Depa Interiors social function in the UAE.

Labour Relations

Employees are at the heart of Depa Group's vision and mission. To ensure employee engagement and foster job satisfaction the Group maintains a calendar of events, activities and programs for the benefit of the workforce.

The Group is committed to producing a caring and supportive work environment which is conducive to the welfare of all employees and which enables them to develop their full potential.

Employee Engagement Events

Depa Group's workforce is religiously diverse. One of the Group's priorities is to ensure that all employees feel safe and free to practice their religion.

UAE Iftar Banquet

At our UAE operations, during the month of Ramadan, work hours are reduced and accommodations are made to ensure our Muslim employees are able to respect their religious commitments.



Depa Group employees at the 2016 UAE Iftar Dinner.

This year our UAE businesses held their thirteenth annual Iftar Banquet. Held each year, all UAE employees are invited to attend the banquet which provides an opportunity for employees and managers to engage and to recognise and celebrate the diversity of our workforce.

At our German and Singapore operations, religious holidays and traditional family celebrations are also respected, with a festive season shut down period and annual end-of-year company celebration. These events provide an opportunity to recognise the successes of the previous year and to thank employees for their contribution to the Group's success.



Depa Group employees at the 2016 UAE Iftar Dinner.



The Veddler Christmas Party, in Germany.



Employee of the Month Award

At Depa Interiors each month, an outstanding employee who excels in a particular area is recognised for their efforts, the Employee of the Month award is nominated by line managers each month and includes categories such as High Professionalism, Sharing Knowledge, Going the Extra Mile, Thinking Quality, Taking Initiative, Creativity, Working Well Under Pressure, Exceptional Cost Saving, Being Trustworthy and Great Leadership.

Flight the Flu Vaccination Campaign

Depa Group's Dubai operations provided a flu vaccine for all Dubai-based employees. The "**Fight the Flu**" vaccination campaign was offered to employees and their dependants in November 2016.

Flu vaccinations can reduce flu illnesses, doctor visits, missed work and school, and prevents flu-related hospitalisations.

Employees are encouraged to protect themselves and their co-workers by taking flu shots. Employees who have dependants enrolled under the policy of Depa with the medical insurance company can also avail the free flu vaccines by visiting any an authorised clinic.

Annual Sports Tournament

Each year Depa Group's UAE operations hold an Annual Sports Tournament, Sportsfest. This event is a valuable team building exercise and demonstrates the value of teamwork across the Depa Group.

Teams from various projects and subsidiaries across the UAE compete in table tennis, darts, chess, volleyball, basketball, badminton, football, cricket and bowling. Winners of the categories are awarded trophies at an awards ceremony.



Sportfest winners 2016.



Sportfest winners 2016.



Training and development

Depa Group is passionate about providing our employees with on-going training and development; and we recognise employee training and development as an essential part of implementing our sustainability strategy.

Our training and development program serves to increase efficiency and performance, employee engagement, job satisfaction and employee retention by providing employees with the means to gain both new skills and continual development.

Depa Group offers employees both in-house and external training programs. These programs are incorporated into a detailed Annual Training Plan. This plan is developed based on an analysis of performance and training needs across the business.

Accordingly, a Training Calendar is prepared specifying all the details of any training programs required, this includes the type, category, duration and provider.

In order to assess and enhance the training provided, feedback is collected through various questionnaires prior to, and after, the training programs are completed. This helps in making suitable modification where necessary. Based on this feedback, all external training providers are assessed for the quality of their programs and the competency of their trainers. Internal trainers are also subject to the assessment process.

As part of our Continual Improvement Strategy, employees regularly attend workshops, seminars and industry fairs. This ensures Depa Group stays abreast with the latest trends, operating best-practices and remains well-informed on any new materials, products, tools, installation and application techniques.

Depa Group implements an effective succession plan at all levels. This plan is significant for the Group's sustainability strategy in attracting and retaining talented employees.

Depa Group believes in promoting a culture that encourages learning and the open sharing of knowledge and professional experiences. This knowledge sharing culture ensures employees feel capable and are engaged in their work, empowering them to achieve their personal and professional goals.

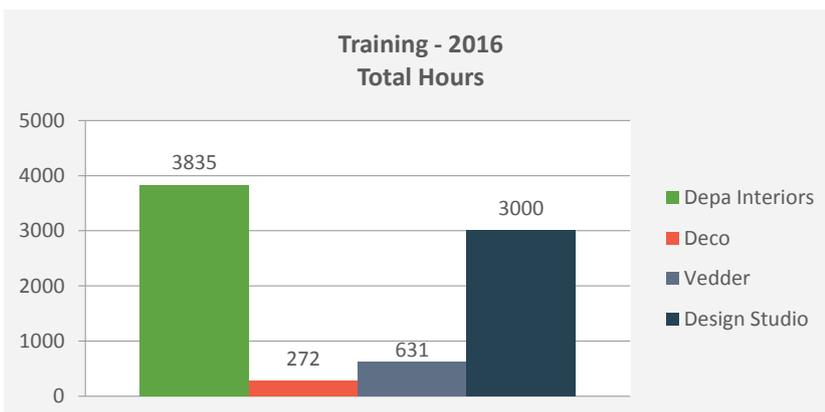
Employee Induction and Onboarding

All new employees are required to undergo the induction and onboarding program to promote their adjustment to the new role and work environment.

Inductions provide new employees with the necessary tools, resources and information required to do their job and allows new employee to become familiar with Depa Group policies and procedures.

Employee Satisfaction Survey

The annual employee satisfaction survey helps Depa Group measure and understand the employees' attitude, feedback, motivation, and satisfaction.





Vedder's 125 year celebration, team building event Mainz, Germany.

Team Building

Depa Group Team Building Event

In October, Depa Group held a team building day in which employees were given the opportunity to develop valuable communication and collaboration skills. The focus of the day was to encourage innovation, creativity and promote employee engagement and build cohesive and effective teams. The event was conducted by an external facilitator and outcomes of the day included the development of Depa Group's company Values.

Vedder's 125 Year Celebration and Team Building

In November 2016, Vedder marked the company's 125 year anniversary with a special team building day. Some 310 employees from Vedder's Ludinghausen and Haidlfing facilities attended the event.

The day featured team building activities such as an engineering and design challenge. 31 teams of 10 employees had to each build a section of track on which a ball would travel. The event was an opportunity to demonstrate the importance of working as a team and collaboration.

Grievances

Depa Group ensures any employee raising a concern receives a fair hearing by their Line Manager or Department Manager concerning any grievances they may wish to raise.

Depa Group maintains an "open door" policy which provides a fair and unbiased HR Department review for any grievance, this assists in safeguarding against possible inequitable treatment.

Under no circumstances are employees penalised for presenting a complaint.

All grievances are treated as highly confidential and never discussed with third parties other than those involved in the grievance procedure.

Whistleblowing

Depa Group encourages employees to speak up and report their concerns so that problems can be resolved in order to prevent further escalation of issues. Employees are expected to report concerns about any misconduct or dishonest or illegal activities occurring within the Group. This reporting can be done through a number of channels on a confidential and anonymous basis.

Confidentiality will be maintained to the fullest extent possible. The Company will protect from admonishment, disciplinary action or retaliation any employee, who in good faith, reports a wrongdoing.

Employees are encouraged to send emails directly to the Group Internal Audit Manager with appropriate documentation or proof where available. It is the employee's decision to remain anonymous.

Connecting Business with Communities

Depa Interiors Group Internship Program

According to the UN, young people are almost three-times more likely to be unemployed than adults and are exposed to lower quality jobs, greater labour market inequalities and longer and more insecure school-to-work transitions. In particular, there has been an increase in youth unemployment in the Middle East and North Africa region, with even highly-skilled graduates unable to secure entry level jobs.

Depa Group is proud to be able to offer undergraduate students meaningful internship experiences and graduates quality employment opportunities in this tough environment. Depa Group's internship and graduate program forms an integral part of Depa Group's sustainability strategy.

Our internship program is a unique opportunity for university students to learn outside the classroom, develop their professional experience and enhance their knowledge of business practices.

Depa Group benefits from employing graduates as they come with new ideas, enthusiasm and are not afraid to explore innovative ideas and new technologies.

Depa Interiors Supports Graduate

Suha Muhanna is one of Depa Interiors' star graduates. She first started at Depa Interiors as an intern in 2016, while completing her university studies at Abu Dhabi University in Environmental Safety.

Suha was given the details of the Depa Interiors internship program through her university and following an interview with QA/QC Manager Maha Yacoub, she was awarded the position.

During her six week internship program Suha impressed the Quality team so much so that she was offered a graduate position as QA/QC Coordinator, as part of Depa Abu Dhabi's Saadiyat Rotana project team.

As a graduate, Suha is at the forefront of Depa Interiors' operations and a key player in delivering exceptional service to our clients. Depa Interiors benefits from her enthusiasm and she benefits by gaining invaluable experience.

"Although my background was in Environmental Safety, I was offered this opportunity in the Quality team and I have gained a whole new set of skills and knowledge in the area of Quality," Suha said.

The team meticulously inspecst all work delivered on the contract. This is done through a series of prepared project check lists.



"Suha started as a trainee and in a short period of time proved to be a quick learner with a high level of enthusiasm."

The team is responsible for the careful organisation of all documentation relating to the contract, importantly the quality team is responsible for ensuring any contract variations made by the client are documented, delivered and charged.

QA/QC Manager, Maha Yacoub says the decision to give Suha the position was an easy one.

"Suha started as a trainee and in a short period of time proved to be a quick learner with a high level of enthusiasm," Maha said.

"New grads are enthusiastic and are not afraid to take on a new challenge or obstacles, they have innovative ideas and fresh perspectives and they are comfortable with new technologies, " Maha said.



Depa Interiors Group Annual Blood Donation Drive

Due to the UAE's population growth there is a high demand for donated blood, with supply reaching critical levels during the summer months, particularly the holy month of Ramadan.

As part of Depa Interiors' sustainability strategy and in cooperation with the Blood Donation Centres in Dubai and Abu Dhabi, an annual blood donation drive is organised each year. This is a successful annual activity which directly benefits the community in which Depa Interiors operates.

On reserved dates, mobile blood donation units visit Depa Interiors' facilities in Dubai and Abu Dhabi, encouraging employees to donate blood, after clearing a pre-screening medical test.

Depa Group thanks all the employee blood donors for their participation in this important community initiative.



Creating Opportunities for Refugees

Watching the growing numbers of refugees entering Europe, management at Vedder were moved to offer assistance where they could. In 2015 Vedder approached the Mayor of Lüdinghausen to ask how the company might be of assistance to refugees who were wishing to settle in the area. After a period of consultation Vedder was referred to local Lüdinghausen residents who were providing housing and other assistance to refugees. Mohammad Al Ibrahim from Syria and Yonathan Mikiale Brhane from Eritrea were both recommended to Vedder and taken on as production assistants. Both Mohammad and Yonathan are currently completing their carpentry apprenticeship under Vedder's guidance. The training involves three years of classroom and on-the-job training, and once complete the two apprentices will be skilled and highly employable, having trained in Vedder's specialised workshops. By providing employment and invaluable training to Mohammad and Yonathan, Vedder has helped the two apprentices to integrate into their new life in Germany.

UAE Blood Donation Drive
311
employees gave blood in
2015 & 2016

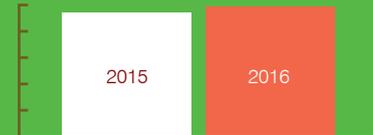
Governance



2016 Performance at a Glance

Robust revenue growth: Revenue of

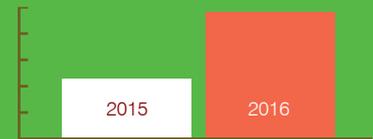
AED 1,730mn



- Up AED 90million, 5% on 2015

Gross profit of

AED 324mn



- Up AED 171million, 112% on 2015
- Gross margin of 19% compared with 9% in 2015

Full year audited net profit of

AED 52mn



- Up AED 324.7million on 2015
- Four quarters of profit generating earnings per share of AED 0.07.



Strong performance across all four Key Business Units

Design Studio, Vedder, Depa Interiors Group and Deco Group all performed well in 2016

Backlog of AED 1,927mn 1.1x 2016 revenue



Solid net cash position of

AED 278mn



- Up AED 153.3million, 123% on 2015
- Strong cash generation and robust balance sheet

Stakeholder Engagement

Depa Group pursues open and relationship-driven communication with our stakeholders in order to promote shared growth. Our diverse group of stakeholders include: shareholders, clients, employees, NGOs, local communities, suppliers, the media and governments in the jurisdictions where our Key Business Units operate.

Communication with our stakeholders is two-way and each piece of feedback is carefully considered, and where appropriate, Group policies and procedures are updated to reflect lessons learned. Taking care to ensure effective and appropriate communication and engagement occurs with each stakeholder group, Depa Group has developed the following stakeholder engagement strategy.

Government

- Compliance reports/responses
- Regular inspections conducted by Governmental authorities
- Maintaining compliance with ISO 14001 for Environmental Management System

Employees

- Recognition and rewards
- Training and development program
- Annual performance evaluation
- Maintaining compliance with OHSAS 18001 for OH&S Management
- Engagement activities

Shareholders

- Regular management review meetings
- Annual Reports, Quarterly trading statements
- Business plan review



Community

- Environmental initiatives
- Engagement with local vendors
- Internship and graduate program
- Donations
- Community engagement initiatives

Clients

- Maintaining Depa Standards (the Group's Integrated Management System)
- Maintaining compliance with ISO 9001 for Quality Management System
- Regular meetings and reports
- Collecting feedback from clients

Supply Chain

- Several environmental initiatives
- Open forum with local vendors
- QHSE subcontractor kit (part of the subcontract agreement)
- Regular progress meetings and performance audits
- HSE training and inductions
- Vendor engagement at tender stage
- Awareness campaigns

Corporate Governance

Board Committees

Depa Group is committed to ensuring that the processes, policies and activities across its business reflect a high standard of governance, integrity, and professionalism.

Our corporate governance framework aims to:

- Ensure compliance with the regulatory environments in which the Group's Key Business Units operate;
- Ensure appropriate accountability;
- Minimise business risks;
- Promote ethical conduct; and
- Enhance investor confidence.

Depa Group maintains a clear demarcation between the Board's responsibilities and those of our senior managers. The Depa Group Board of Directors is responsible for overseeing the Group's performance and strategic direction, with the aim of protecting and enhancing shareholder value. Management is responsible for implementing the Group's strategic

objectives, and for carrying out the management and control of the Group's operating activities.

To assist the Board in discharging its responsibilities, Depa Group has implemented a governance framework which provides for the delegation of functions to Board committees. These committees are:

- The Nomination and Remuneration Committee;
- The Audit and Compliance Committee; and
- The Investment and Risk Committee.

Committees are an effective way to distribute work between Directors and allow more detailed consideration of specific matters.

The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members and issues the Board Reserved Matters and Delegations from time to time which sets out the specific matters which each committee is authorised to make decisions on.

The committees report to the Board setting forth the procedures, results and recommendations that the committee reaches.

The responsibilities of the Board committees are as follows:

<p>Nomination and Remuneration Committee</p>	<ul style="list-style-type: none"> • Evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. Review Depa Group's Human Resources framework and compensation programs. • Make recommendations to the Board on the remuneration, allowances and terms of service of other Depa Group's officers and directors to ensure they are fairly rewarded for their individual contribution to Depa Group.
<p>Audit and Compliance Committee</p>	<ul style="list-style-type: none"> • Monitor: <ul style="list-style-type: none"> » The integrity of Depa Group's financial statements, compliance with Dubai Financial Services Authority (DFSA) Markets Rules and other significant market regulation applicable to Depa Group. » The internal systems and controls for financial reporting. » The adequacy of financial risk management processes. » The independence and qualifications of Depa Group's auditors and the performance of the internal auditors of Depa Group, the Internal Audit Function and the Compliance and Governance Function. • Maintain free and open communication between its members, external auditors, internal auditors and senior management.
<p>Investment and Risk Committee</p>	<ul style="list-style-type: none"> • Monitor and ensure the adequacy of operational and investment risk management processes. • Review the internal operational and investment risk matters, including internal policies and procedures on operational and investment risks and matters relating to potential conflicts of interest.

Risk Management and Internal Control

The diverse services and geographic breadth of Depa Group's operations provides for a wide range of risk factors in delivering services to our clients. Risk management at Depa Group is a process of identification, assessment and treatment of risks that have the potential to impact materially on the Group's operations, people, reputation, the environment and communities in which we work. Our Risk Management Framework consists of the Investment and Risk Committee which monitors and ensures the adequacy of operational and investment risk management processes.

Depa Group's Risk Management Framework is further supported by:

- The Enterprise Risk Management program which includes a robust gate review process for all projects;
- The Delegation of Authority Matrix which provides guidance for the authorisation and empowerment of material financial or operational decisions;
- The Internal Audit Function;
- The Compliance and Governance Function; and
- The Group's Code of Conduct and Whistleblowing Policy.

Delegation of Authority Matrix

Depa Group's Delegation of Authority Matrix is intended to be the guidance for authorisation and empowerment, for decisions having financial and/or operational impact on Depa Group and its Key Business Units. The key objective of the Delegation of Authority Matrix is to delegate the Group Chief Executive Officer's powers and authorities in a formal manner suitable to the businesses' requirements. Cascading the Group CEO's powers and authorities appropriately throughout Depa Group and its Key Business Units ensures:

- Decisions are taken at the correct level of responsibility; and
- Scopes of authority are clearly defined for each position thereby empowering positions to undertake their role properly.

Enterprise Risk Management

Depa Group is a projects-based business. Our Key Business Units manage enterprise risk through a four-stage gate process. Before a project commences it must pass through a series of check points and approved by the appropriately defined level of authority. Depending on the value of the project, the ultimate decision to proceed may be made by a Key Business Unit Managing Director, the Group Chief Executive Officer, the Investment and Risk Committee or the Board.

The decision is based on the information available at the time, including the business case, risk analysis, and availability of necessary resources.

Internal Audit Function

Depa Group's progressive Internal Audit function plays a critical role in providing senior management with an objective and comprehensive view of the business. Our Internal Audit function seeks to understand and document business processes, identify risk and controls, and validate the effectiveness of the controls in mitigating risk. Through this process of reviews, our Internal Audit function confirms adherence to Depa Group policies, regulations and ethical standards and makes recommendations for improvement.

Compliance and Governance Function

Effective corporate governance and compliance are essential to ensuring the integrity and transparency of Depa Group's operations and maintaining the confidence of stakeholders such as investors, clients and officers of Depa Group. The objective of the Compliance and Governance Function is to take all appropriate measures to prevent Depa Group suffering any losses due to non-compliance with applicable rules and regulations, codes of conduct, Depa Group's policies and procedures and standards of best practice. The Compliance and Governance Function provides guidance to the Board and senior management on matters relating to corporate governance and compliance. The Compliance and Governance Manager shall be authorised to implement all necessary actions to ensure the achievement of the objectives of an effective Compliance and Governance Function.

Depa Standards

Depa Group operates under a world-class Quality Management System called Depa Standards.

Depa Standards ensure consistency of output across the Group's activities, guaranteeing each project is delivered to our clients' exacting standards.

Depa Standards contains Depa Group's manuals, policies and procedures which detail the processes plus their associated responsibility and accountability structure.

Depa Standards facilitates the work of employees at all levels and operates as a guide for employees in delivering excellence to our clients.



ISO 9001

All key business units in Depa Group implement the international standard ISO 9001 for the Quality Management System in collaboration with several reputed certification bodies.



دبي
Dubai Quality Group

Dubai Quality Group

Depa Group is a member of the Dubai Quality Group (DQG). DQG is a non-profit organisation which aims to advance learning, promote quality improvement and business excellence practices. DQG membership ensures Depa Group has access to the latest industry best practice, information, solutions, and professional development resources.



Best Subcontractor Award for Health, Safety and Environment Performance

In recognition of the outstanding performance and contribution toward Health and Safety standards, Depa Interiors has been awarded the Best Subcontractor twice on the W Hotel and Residences project in Dubai, United Arab Emirates.

Customer Satisfaction

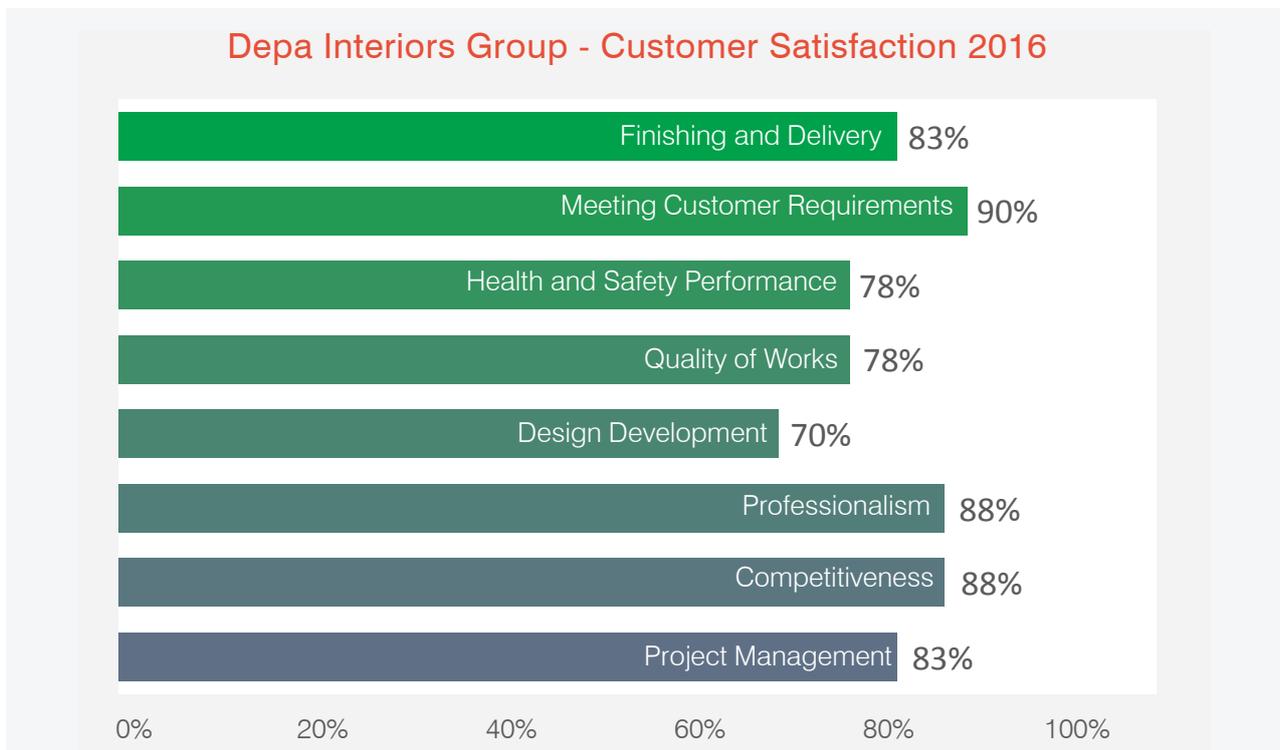
Depa Group continuously monitors the Company's performance by collecting and reporting on client satisfaction data, this ensures the Company is on a path of continual improvement.

In order to monitor the performance of Depa Interiors Group, client satisfaction and increase the efficiency of its Management Systems, customer feedback is collected during and after the completion of each project via a questionnaire.

Questionnaire categories include:

- Project Management;
- Competitiveness;
- Professionalism;
- Design Development;
- Quality of Works;
- Health and Safety Performance;
- Meeting Customer Requirements; and
- Finishing and Delivery.

The feedback results are analysed by the Quality Team and where appropriate, improvement measures are implemented.



Digital Transformation

Through a considerable investment in the Group's Information and Technology (IT) systems, processes and workforce, Depa Group has become a thought leader in the IT space. The Group complies with several international standards and regulations including ISO 27001 for cyber security, CoBit in IT Governance, ITIL in service delivery and UAE laws including the Data Protection Law 2007, Cybercrime Law 2014.

To ensure business continuity a sophisticated disaster recovery site has been established to ensure business as usual should there be any major events disrupting the Group's IT systems. The centralised

data centre consists of state-of-the-art infrastructure and cyber security controls which serves Depa Group's global operations.

Depa Group has successfully implemented best-in-class business management platform and integrated cloud application, Oracle. Oracle provides a master repository for all business critical information, and has enabled Depa Group to automate and streamline many business functions. Oracle also provides the visualisation of commercial and manufacturing KPIs, providing management with real-time business performance insights. Oracle has also allowed for the introduction of multiple mobile applications which has in some areas, such as on-site projects and QHSE, created a paperless environment, this has contributed significantly to the Group's reduction in paper usage.

e-Filing System

Depa Interiors Group's uniform electronic filing system is used on each project to maintain a digital copy of all documents and records via a simple structured tree of folders and sub-folders with defined accessibility to read only or modify as per approved access matrix.

It is the Company's policy to scan all project documented information and store in the e-filing system. Daily, weekly, monthly and annual backups are securely maintained as per the company IT procedures.

Implementing the e-filing system and e-distribution on Depa Interiors Group projects reduces printed documents and paper usage.

Depa Online QHSE System - DOQS

DOQS is a database platform designed and developed in-house to assist the QHSE Team in managing material inspections, factory visits and site reports under a centralised system that generates reports and provides approval cycles, email distribution lists, and collaboration between Depa Group's Key Business Units.

DOQS is easily accessible on-site via a tablet; and has many features to ensure that up-to-date information is always available.

DOQS usage

	2015	2016
Projects	34	35
Suppliers	229	366
Reports	2,536	3,397
Items Inspected	1,833,913	1,199,578
Items Approved	1,795,963	1,125,086
Items Rejected	37,950	74,492

Awards

Depa Group has been recognised by the IT and construction industries through the winning of several prestigious awards, these include:

- Best Enterprise IT Architecture Award 2014 by ICMG
- Top 100 Global CIO Award - Ali Katkhada by CMS
- Data Centre Dynamic Best Could Journey Award Depa Group
- Oracle Middle East Award 2013 Successful ERP implementation within the Construction Industry
- Oracle Middle East Award 2014 How to win and influence tough users
- Oracle Middle East Award 2016 Enterprise Architecture uniqueness within the Contracting Industry

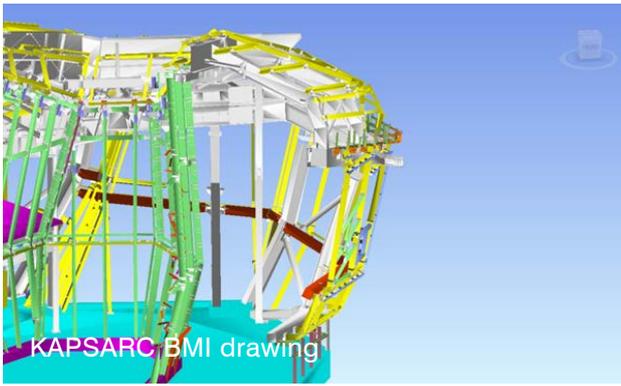
Engineering Capability

Depa Group's engineering teams are comprised of highly experienced Design Managers, Technical Coordinators, Architects, Interior Designers and CAD Designers.

The engineering teams are well experienced in collaborating with designers and consultants from all backgrounds, and are committed to producing only the best output for each project. Starting from the project's bill of quantities, the engineering teams are well-equipped to handle all processes including initial coordination, design and production of detailed shop drawings packages, sub-contractor and supplier meetings, material coordination and site supervision.

For each project, Depa Group assigns Project Coordinators to liaise with the main contractor and other trade contractors ensuring complete coordination between Depa Group's Engineering team and the clients representatives on-site.

Collaborative workshops with Consultants and Designers take place occasionally in order to accelerate the approval process of shop drawings, materials and prototypes.



Building Information Modelling (BIM)

BIM is a three-dimensional, real-time, dynamic building modeling computer program which increases productivity throughout the building design and construction phases. The BIM process covers geometry, space, light, geographic information, quantities and properties of building components. BIM makes a reliable digital representation of the building available for design decision making, high-quality construction document production, construction planning, performance predictions, and cost estimates.

In adopting BIM based practices, Depa Group has developed a comprehensive strategy, investing in training and development, infrastructure and technology. Depa Group's in-house 3D modelling team has successfully used BMI to complete several iconic projects, including KAPSARC, Riyadh in Saudi Arabia and Dubai Opera House, in the UAE.

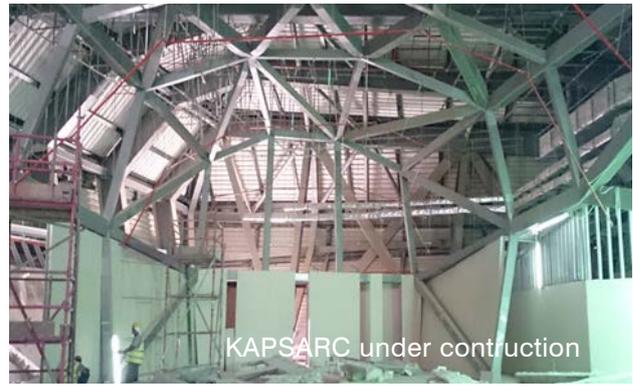
Supply Chain

Approved Vendor List

Depa Group's supply chain management is key to ensuring the Group delivers on its business and sustainability goals. Depa Group has developed long-term, sustainable relationships with key trusted vendors. These partnerships ensure both us and our supply chain partners work collaboratively towards our sustainability goals.

Depa Group carries out appropriate due diligence on all suppliers and maintains a comprehensive and detailed approved vendor list via the Group's Oracle platform.

Vendors maintain their inclusion on the list based on the results of their performance, which is assessed at the end of each project.



The assessment criteria cover QHSE, commercial and project management areas.

Adding a new vendor onto the Oracle list can only be completed by an authorised procurement team member. Creating a new vendor only commences following Depa Group's process of vendor prequalification. This includes the QA/QC Manager's recommendation and the approval of the respective Regional Commercial Manager.

Number of approved Vendors by KBU

Depa Interiors	Deco Group	Vedder	Design Studio
2,248	100	300	500

QHSE Managing Subcontractors

At Depa Interiors Group subcontractors must comply with the QHSE Subcontractor Kit which forms a part of the subcontract agreement. Regular meetings are held with subcontractors on all projects in order to monitor progress and resolve any issues.

Moreover, subcontractor QHSE management systems are audited by Depa Interiors Group's QHSE team, as and when required.

QHSE Subcontractor Kit – Depa Interiors Group

The QHSE Subcontractor Kit addresses the QHSE requirements for subcontracts as an appendix of Depa's Standard conditions of subcontract. It covers the requirements before they start, during their work and before they finish, and includes digital copies of all the project related documents, forms and templates required.

An undertaking letter is signed by the subcontractor to ensure the compliance with Depa QHSE standards. The Kit has been implemented on all Depa Interiors Group projects since April 2016.



depa

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