

Hawkamah becomes the first signatory from MENA region to the United Nations Principles for Responsible Investment

Developing ESG Index covering 11 markets to raise profile of compliant firms; Abraaj becomes first private sector MENA firm to adopt UNPRI

The Dubai International Financial Centre (DIFC) – based Hawkamah Institute for Corporate Governance has become the first-ever institution from the Middle East and North Africa (MENA) region to sign up to the United Nations Principles for Responsible Investment (UNPRI).

Hawkamah held a workshop in Dubai on responsible investment practices, in which it was announced that it had become an official signatory to the UN principles. At the same event, Dubai-based Abraaj Capital, the largest private equity firm outside Europe and the US, followed Hawkamah's example and became the first private sector business in the MENA region to sign up to the UN-backed Principles.

Leading institutional investors around the world are increasingly recognizing that Environmental, Social and Corporate Governance (ESG) issues can be material and can impact the performance of investment portfolios. The UNPRI provides a framework for investors to integrate ESG issues into their mainstream investment and ownership practices. Since its creation in 2006, over 500 financial institutions from around the world have signed up.

Dr. Nasser Saidi, Director of Hawkamah, pointed out that: "Responsible investment practices focusing on ESG issues can be part of the solution in the current financial environment and can help to rebuild trust. It is likely that in the credit crunch aftermath, markets that will fare the best will be

those in which fundamental investor concerns are identified and addressed by regulators and companies.”

He explained that Hawkamah has been at the forefront of advancing corporate governance reform through working on multiple levels, ranging from raising awareness through research, award programs, workshops and development programs for directors, company secretaries and asset managers to working with MENA governments, regulators and companies to bring about comprehensive corporate governance frameworks for the region.

In addition to promoting better corporate governance, Hawkamah has also been active in encouraging companies to address and report on their material environmental and social issues. Part of Hawkamah’s strategy is to create market incentives for companies to adopt better corporate governance practices and signing up to UNPRI is the latest step in the on-going commitment to improve ESG practices in the region.

“We have not stopped at just signing up to UNPRI. Hawkamah is developing an ESG Index covering 11 markets in the MENA region in cooperation with the IFC and Standard & Poor’s. The purpose of the ESG Index is to raise the profile of those companies that perform well along the three parameters of environmental, social and corporate governance responsibility when compared to their market peers,” Dr Saidi pointed out.

“Already Abraaj Capital has joined us in adopting UNPRI. We hope that our example would be followed by more institutions – from both public and private sectors.”

Frederic Sicre, Executive Director of Abraaj, welcomed Hawkamah’s effort to promote ESG concepts and general best practices in the region. “As a leading regional financial institution, it is our responsibility to adopt ethical and good governance practices that are benchmarked by no less an institution than the United Nations.

“We are proud to be the first private sector corporate in the MENA region to sign up to UNPRI, and we hope that many of our peers will adopt the principles for their own benefit and for the benefit of the industry as a whole,” Sicre said.

Dr James Gifford, Executive Director of the UNPRI, stated: "We very much welcome Hawkamah's adoption of the Principles for Responsible Investment. They join a growing movement within the global investment community that is committed to promoting strong corporate governance, better risk management and transparency within the corporate sector. Hawkamah is the first PRI signatory from the MENA region and we look forward to their becoming an active participant in the PRI network

"I'm looking forward to Hawkamah becoming an active participant in the PRI network and hope they can both learn from the good practice of other signatories and share any new ideas they have on how best to implement the Principles," Dr. Gifford added.