

S&P, Hawkamah, IFC Launch First ESG Index for Middle East and North African Equity Markets



S&P/Hawkamah Pan Arab ESG Index Ranks MENA Firms on Nearly 200 ESG Issues Including Carbon Emissions, Water and Energy Consumption, Employee Health and Safety, Community Investment, Charitable Giving, Financial Reporting and Auditing, Board Independence and Executive Remuneration

Standard & Poor's, the world's leading index provider, and Hawkamah, the Institute for Corporate Governance, today announced the launch of the first tradeable index for Middle East and North African (MENA) equity markets that will rank and track the performance, transparency and disclosure of regional companies on Environmental, Social and Corporate Governance (ESG) issues.

The S&P/Hawkamah Pan Arab ESG Index will include the top 50 MENA companies based on their performance on nearly 200 ESG

metrics, when compared to their regional peers. Constituents will be drawn from a universe of the 150 largest and most liquid companies listed on the national stock exchanges of 11 markets: Bahrain, Egypt, Jordan, Lebanon, Kuwait, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Tunisia and the United Arab Emirates. The new index, which complements other ESG indices launched by Standard & Poor's in India and Egypt, was partly funded by the International Finance Corporation (IFC).

"It is now widely recognized that ESG issues can have long-term consequences for a company's financial performance, and linking stock market performance to ESG is perhaps the most effective way to highlight the concept of ESG," said Alka Banerjee, Vice President of S&P Indices. "For the first time, the ESG performance of companies in the MENA region has been extensively researched, quantified and translated into a series of scores that will be used as the basis for an Index that will help raise awareness of a company's impact on people, planet and profit. The S&P/Hawkamah Pan Arab ESG Index is unique in that it uses a company's ESG score to determine its weight in the Index, ensuring performance is based on ESG factors rather than sheer market size."

Speaking on the significance of the new index, Dr. Nasser Saidi, Executive Director of Hawkamah, said: "The launch of the Index is a ground-breaking development for the MENA region. In response to changing economic conditions and to the practices that played a role in sparking the global financial crisis, investors are increasingly focusing on long-term risks in their investments, and ESG factors play a significant role in making those assessments. The Index serves the dual purpose of offering a tool for investors for identifying the regional companies that perform well on ESG parameters, while providing an incentive to MENA companies to pursue sustainable business practices through improved environmental and socially responsible operations, as well as enhanced corporate governance systems. Hawkamah stands ready to work with the region's stock markets and companies to improve the region's ESG reporting practices. I would also like to thank IFC, our

long-term partner in promoting good corporate governance, for their support, without which the Index would not have seen the light.”

“There is no doubt the S&P/Hawkamah Pan Arab ESG Index will be an important tool for investors in the Middle East and North Africa to determine which companies have sustainable futures, and will prove an incentive for businesses to improve their environmental, social and governance practices,” said Dimitris Tsitsiragos, IFC Director Middle East, North Africa and Southern Europe.

Further details on the S&P/Hawkamah Pan Arab ESG Index, including an index methodology and fact sheet, is available at www.standardandpoors.com