



Press Release

S&P Hawkamah ESG Pan Arab Index Undergoes First Rebalancing Since Launch

Dubai, January 4th, 2012 – This first-ever MENA wide Environment, Social and Governance (ESG) Index which was developed by Hawkamah in cooperation with Standard & Poor's with the support of the International Finance Corporation (IFC) underwent its first rebalancing in December 2011.

The rebalancing reveals that financial stocks continue to dominate the index making up 45.67%. However, this is indicative of the region's equity market, as financials, likewise, represent nearly half of the benchmark S&P Pan Arab Composite. Saudi Arabia (28.49%), Qatar (22.87%) and UAE (22.77%) were the top three largest countries in the index. This first-ever MENA wide Environment, Social and Governance (ESG) Index which was developed by Hawkamah in cooperation with Standard & Poor's with the support of the International Finance Corporation (IFC).

The top 10 stocks by weight in the index are Emirates Integrated Telecommunications Company, better known as du, DP World Ltd, SAVOLA Group, Arab Bank, MobiNil, National Bank of Abu Dhabi, Orascom Construction Industries, Qatar Telecom, Maroc Telecom and Al Khaliji Commercial Bank.

Dr. Nasser Saidi, Executive Director of Hawkamah, said: "For the past two years Hawkamah has been assessing and monitoring the growing interest of businesses, government, policy makers and investors in environment for social responsibility and corporate governance in the Arab region. Recent political developments have heightened the focus on governance, accountability, transparency and disclosure. The data shows that there have been overall improvements in the ESG scores of regional companies. This is partly due to the increasing emphasis the region's regulators have placed on corporate governance. The recent issuances of corporate governance codes in the UAE and Qatar, for example, have had a positive effect on the rankings of their companies. But companies themselves have started to see the value of better disclosure and many have gone beyond the minimum requirements."

Kirsty Knight, Director, Index Operations at S&P Indices, said: "Following the rebalance, the index, which is unique in being weighted by ESG scores, is dominated by financial stocks, with this sector comprising 45% of the index. Telecommunications Services is the next largest sector with 18%. This sector also contributes the index's largest constituent, Dubai listed Emirates Integrated Telecommunications Company. The largest country is Saudi Arabia, which contributes 15 constituents to the 50 stock index."

Selcuk Tanatar, Manager, Sustainable Business Advisory, Middle East & North Africa, International Finance Corporation (IFC) said: "Incorporating ESG analysis into the investment process helps reduce risks and improves long term financial returns. Building on the successful introduction of ESG index in

MENA, IFC is committed to expanding its collaboration with the private sector to increase their level of sustainability focused investment and introducing appropriate standards to encourage participation of all stakeholders."

The index includes the top 50 MENA companies based on their performance on nearly 200 ESG metrics, when compared to their regional peers. Constituents are drawn from a universe of the 150 largest and most liquid companies listed on the national stock exchanges of 11 markets: Bahrain, Egypt, Jordon, Lebanon, Kuwait, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Tunisia and the United Arab Emirates.

Table showing country and sector weights:

Country	Count	Country Weights	GICS Sector	Count	Sector Weights
Saudi Arabia	15	28.49%	Financials	24	45.67%
Qatar	12	22.87%	Telecommunication Services	8	18.71%
UAE	10	22.77%	Energy	6	10.60%
Egypt	5	10.53%	Industrials	3	7.87%
Morocco	4	7.33%	Materials	4	7.02%
Kuwait	2	3.20%	Consumer Staples	2	4.77%
Jordan	1	2.90%	Utilities	2	3.82%
Bahrain	1	1.91%	Consumer Discretionary	1	1.53%

Source: S&P Indices

Top 10 Stocks			
Country	Company	Index Weight (%)	Sector
UAE	Emirates Integrated Telecommunications Company	3.85	Telecommunications Services
UAE	DP World Ltd	3.14	Industrials
Saudi Arabia	SAVOLA Group	3.00	Consumer Staples
Jordan	Arab Bank	2.90	Financials
Egypt	MobiNil	2.79	Telecommunications Services
UAE	National Bank of Abu Dhabi	2.66	Financials
Egypt	Orascom Construction Industries	2.49	Industrials
Qatar	Qatar Telecom	2.49	Telecommunications Services

Morocco	Maroc Telecom	2.42	Telecommunications Services
Qatar	Al Khalij Commercial Bank	2.32	Financials

Source: S&P Indices

About Hawkamah

Hawkamah, The Institute for Corporate Governance is an international association of corporate governance practitioners, regulators, and institutions advancing home grown yet globally integrated corporate governance best practices in the region. Hawkamah's mission is to promote corporate sector reform and good governance, and assist the countries of the region in developing and implementing sustainable corporate governance strategies adapted to national requirements and objectives. By promoting its core values of transparency, accountability, fairness, disclosure, and responsibility, Hawkamah works on policy and practical aspects of corporate governance reform in the region. For more information, please visit www.hawkamah.org.

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