

**STANDARD
& POOR'S**

S&P/HAWKAMAH ESG PAN ARAB INDEX

INDEX METHODOLOGY



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Introduction

Standard & Poor's and Hawkamah (the Institute for Corporate Governance for the MENA region) have joined together to create an Environment, Social and Governance (ESG) index for the Pan Arab region. The purpose of the S&P/Hawkamah ESG Pan Arab index is to track the performance of those companies that have demonstrated superiority in the areas of environmental, social and corporate governance responsibility when compared to other companies in that region.

Linking stock market performance to ESG is, perhaps, the most effective way to highlight the concept of ESG. Indices are being used more and more to create derivative products, exchange traded funds (ETFs), OTC products, and structured products, all of which provide liquidity and investability to specific market segments. Investors, in turn, have access to an investable tool which matches their investment preferences.

The process of creating this index is twofold. The first step is to define a multi-layered approach to creating an 'ESG' score for each company. In the past, the market approach has often been to create such an index on a committee basis, without the complete transparency that is required to make an index truly attractive to investors. This new methodology stays away from purely subjective decisions and, instead, makes decisions primarily based on quantitative factors, with subjective overlay, if needed. The second step is to create an index which includes companies with the highest ESG scores. Each company's weight in the index is determined by its relative score— companies with a higher score carry more weight. Other screening criteria include the size of each company and its stock's liquidity. A company with a perfect ESG score but no market liquidity can make it difficult for an investor to track the index.

Partnership

The S&P/Hawkamah ESG Pan Arab index has been created by Standard & Poor's and Hawkamah. The International Finance Corporation has partly funded this work. The ESG research is carried out by Hawkamah; Standard & Poor's provides the methodology for defining ESG criteria, and developed and calculates the index.

Highlights

The S&P/Hawkamah ESG Pan Arab Index is the first Pan Arab Index of its kind. It is an index based primarily on quantitative factors, with subjective overlay, if needed.. For the first time, environmental, social and corporate governing factors have been extensively quantified and translated into a series of scores measuring securities in the universe of publicly traded Pan Arab companies. This index not only ensures a selection of environmentally, socially and corporate governance responsible companies, but also securities which are representative of the Pan Arab equity markets based on size and liquidity.

Eligibility Criteria

Index Eligibility

The selection universe from which the S&P/Hawkamah ESG Pan Arab index constituents are derived is the top 150 Pan Arab companies, by total market capitalization, listed on the national exchanges of Bahrain, Egypt, Jordan, Lebanon, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, [Tunisia](#) and the United Arab Emirates, and subject to a liquidity screen.

Liquidity

All companies in the selection universe are subjected to a liquidity screen, which requires a minimum average daily value traded (ADVT) of US\$ 100,000, measured over one calendar year ending on the last business day in November.

Environmental, Social & Governance

All remaining companies in the selection universe are subjected to a screening process which incorporates environmental, social and governance (ESG) indicators against which the company's disclosure practices are evaluated; i.e., the Transparency & Disclosure (T&D) methodology. There are two screens, one focusing on environment & social indicators and the other focusing on corporate governance indicators. The environment & social screens are based on output obtained from the mapping of Global Reporting Initiative (GRI), Global Compact (GC) and Millennium Development Goal (MDG)¹; the governance screen (see Appendix I) is an adaptation of Standard & Poor's existing corporate governance methodology to suit the Pan Arab market.

The screening process ultimately yields a score, or an evaluation, for each of the companies in the universe. The evaluation process seeks information relating to companies' disclosure of the ES & G screen indicators available in the public domain, such as a company's annual report, Web site, bulletins and/or the disclosure made on the stock exchanges. The final aim is to determine whether a company has made transparent

¹ The Global Reporting Initiative (GRI) is a network-based organization that pioneered the world's most widely used sustainability reporting framework. GRI's core goals include the mainstreaming of disclosure on environmental, social and governance performance. GRI's Reporting Framework is developed through a consensus-seeking, multi-stakeholder process. Participants are drawn from global business, civil society, labor, academic and professional institutions. Global Compact. The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Millennium Development Goals. Adopted by world leaders in the year 2000 and set to be achieved by 2015, the Millennium Development Goals (MDGs) provide concrete, numerical benchmarks for tackling extreme poverty in its many dimensions.

| disclosure in such documents on any of the indicators that are part of the ES & G screening system.

In cases where a company publicly discloses a well-known indicator, it is awarded a score of one, and if it did not it is awarded a score of zero. Similarly, public disclosure of an 'extra-point' indicator is awarded a score of three; non-disclosure is, again, given a zero.

Index Construction

S&P/Hawkamah ESG Pan Arab Index

The S&P/Hawkamah ESG Pan Arab index includes Pan Arab companies that rank among the highest in terms of environmental, social and corporate governance responsibility. This index includes the 50 highest-scoring stocks, according to their composite ESG scores from the selection universe, subject to a maximum individual country representation of 15 stocks. The index is screened annually, and uses an innovative score-weighting scheme.

Constituent Weightings

At each rebalancing, the weight for each index constituent is set by Hawkamah in the following manner:

1. **Quantitative Score** - Each company is assigned a quantitative ranking based on three factors – transparency and disclosure of (1) corporate governance, (2) environmental practices and (3) social governance. Raw values for each factor are calculated for each company in the index. These values are, then, standardized. The three standardized values are summed and the companies are ranked in descending order.
2. **Qualitative Score** - 150 companies with the highest scores under the T&D process are selected for the qualitative process. Independent sources of information, news stories, Web sites and CSR filings are used to evaluate the actual performance of the company on a scale of 5 to 1, with 1 being the lowest and 5 being the highest. A final qualitative score is determined for each company.
3. **Composite Score** - A composite score is calculated for each company by summing the qualitative score and the quantitative score.
4. Each company's weight in the index is determined as a function of its ESG score.

Index Calculations

The index is calculated by means of the divisor methodology used in most Standard & Poor's equity indices. On any given day, t , the index value is simply the index market value divided by the index divisor:

$$\text{Index Value}_t = \frac{\text{Index Market Value}_t}{\text{Index Divisor}_t}$$

$$\text{Index Market Value}_t = \sum_{X=1}^n \text{IWF}_{X,t} * \text{Modified Index Shares}_{X,t} * \text{Price}_{X,t}$$

where,

$\text{IWF}_{X,t}$ = Investable Weight Factor of stock X on date t

$\text{Price}_{X,t}$ = The price used for stock X in the S&P/Hawkamah ESG Pan Arab index computation on date t

n = The number of stocks in the S&P/Hawkamah ESG Pan Arab index on date t

$\text{Modified Index Shares}_{X,t}$ = Shares used for stock X on date t

This term is calculated in the following manner:

$$\text{Modified Index Shares}_{X,t} = \text{Index Shares}_{X,t} * \text{SWF}_{X,t}$$

The Score Weight Factor (SWF) term ensures the index weights each stock with its ESG Score. This is accomplished by setting the SWF at the rebalancing date, d , as follows:

$$\text{SWF}_{X,d} = k * \text{Score}_X / (\text{IWF}_{X,d} * \text{Index Shares}_{X,d} * \text{Price}_{X,d})$$

The constant k is used as a multiplier since the quotient $\text{Score}_X / (\text{IWF}_{X,d} * \text{Index Shares}_{X,d} * \text{Price}_{X,d})$ results in a very small value.

Other score weighted indices are constructed similarly.

The SWF is set only once a year at the index rebalancing. Therefore, the stocks will be weighted in exact proportion to their ESG Scores only at the rebalancing. The weights of stocks in a score-weighted index between rebalancings depend on their relative price performances.

Since the S&P/Hawkamah ESG Pan Arab index is score-weighted, the weights (and, therefore, Modified Index Shares) of individual stocks are not affected by corporate actions such as stock splits, spin-offs and rights offerings. Between rebalancings, the SWF might be adjusted to ensure there is no change in a stock's Modified Index Shares

after such a corporate action. This ensures that, in practical terms, most corporate actions do not necessitate any action on the part of a portfolio manager tracking the index.

Please refer to the section on Index Maintenance for information on the treatment of corporate actions.

Index Maintenance

Rebalancing

The S&P/Hawkamah ESG Pan Arab index is reconstituted once a year in November. The November reconstitution helps set the broad universe and benchmark for active managers on an annual cycle, consistent with active manager performance evaluation cycles. The reconstitution uses data from the last business day in October and is implemented after the close of business on the last day of November, effective on the first business day in December.

ESG scores, market-capitalization weights, and the Score Weight Factors (*SWFs*), where applicable, are reset only once a year at the November rebalancing. Companies are assigned new scores each year based on their latest filings, news and other material information in the public domain.

On a quarterly basis index constituents are reviewed for any aberrations in corporate behavior, which could warrant a change in their score. Changes may be reflected in a score change, causing an *SWF* change, or, if serious enough, the stock may be deleted from the index. We expect these changes to be rare and unusual.

Other changes to the S&P/Hawkamah ESG Pan Arab index are made on an as-needed basis. Changes in response to corporate actions and market developments can be made at any time. Constituent changes are typically announced two-to-five days before they are scheduled to be implemented.

Corporate Actions

Maintenance includes monitoring and completing adjustments for company additions and deletions, stock splits, stock dividends, and stock price adjustments due to restructurings or spin-offs. Due to the nature of score-weighted indices, most corporate actions do not change the market value of the index and do not require an index divisor adjustment.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Most corporate actions adjustments are made on their ex-dates. Divisor adjustments, consequently, are made after the close of trading and after the calculation of the closing value of the index.

The following pages summarize different types of index maintenance adjustments and indicate whether a divisor adjustment is required.

New Share Issuance / Reduction of Capital. For any share changes between rebalancing periods, the Divisor for the index should not change, so an adjustment to the Score Weight Factor (SWF) is required.

$$\text{New SWF} = (\text{Old Shares}/\text{New Shares}) * \text{Old SWF}$$

IWF Events. This corporate event will adjust the float of the stock's market capitalization, but will not adjust the divisor. The SWF will be adjusted so that the market capitalization of the stock in the index remains unchanged.

$$\text{New SWF} = (\text{Old IWF}/\text{New IWF}) * \text{Old SWF}$$

Rights Offering. Under this corporate event, the price and shares are adjusted using the ratio of the subscription rights offering to the old shares. The SWF will also change so that the weight of the company remains as it was before the rights offering. A rights issuance or rights offering will not adjust the divisor.

$$\text{Shares Added} = \text{Old Shares Outstanding} * (\text{Ratio Received}/\text{Ratio Held})$$

$$\text{New Shares Outstanding} = \text{Old Shares Outstanding} + \text{Shares Added}$$

$$\text{Adjustment Ratio} = ((\text{Ratio Received} * \text{Rights Price}) + (\text{Ratio Held} * \text{Closing Price})) / ((\text{Ratio Received} + \text{Ratio Held}) * \text{Closing Price})$$

$$\text{Adjusted Price} = \text{Closing Price} * \text{Adjustment Ratio}$$

$$\text{New Stock Market Cap} = \text{New Shares Outstanding} * \text{Adjusted Price} * \text{IWF} * \text{Exchange Rate}$$

$$\text{New SWF} = (\text{Old Stock Market Cap}/\text{New Stock Market Cap}) * \text{Old SWF}$$

Spin-offs. This corporate action results in an adjustment to the price of the parent company's security. The price is adjusted according to the spin-off exchange ratio. The SWF will also change so that the weight of the company in the Index is the same as it was before the spin-off. The spin-off event will not adjust the divisor.

$$\text{New SWF} = (\text{Old Price}/\text{New Price}) * \text{Old SWF}$$

Special Dividend (Return of Capital). This corporate action results in an adjustment to the issue price. The constituent's price is adjusted by the amount of the special dividend. A special, or extraordinary, dividend is defined as a dividend coming from non-operating income. This corporate action will result in a divisor adjustment.

Adjusted Price = Closing Price - Special Dividend amount. Note, if a company does not have a special dividend on a given date the adjusted price is equal to the closing price.

$$\text{New Index Market Cap} = \sum(\text{Shares Outstanding} * \text{IWF} * \text{Adjusted Price} * \text{SWF} * \text{Exchange Rate}), \text{ where the sum is taken over all index constituents}$$

$$\text{New Index Divisor} = \text{New Index Market Cap} / \text{Closing Index Value}$$

Score Change. ESG scores may be adjusted at the annual rebalancing. This corporate event will result in a divisor change. A new *SWF* will be computed as described in the section on index construction.

SWF Change. During the annual rebalancing the *SWF* may be adjusted. This corporate event may be done in conjunction with an issue being added to or deleted from the S&P/Hawkamah ESG Pan Arab index. This corporate event will result in a divisor change. The *SWF* for all new additions will be calculated as described under the corporate event *New Addition to the S&P/Hawkamah ESG Pan Arab index*.

Deletion from the S&P/Hawkamah ESG Pan Arab Index. If a constituent of the S&P/Hawkamah ESG Pan Arab index is being deleted, the index value will not change. The adjustment will, instead, be reflected in the divisor. The divisor will be adjusted to account for the reduction market capitalization resulting from the deletion of the stock.

$$\text{Market Cap of Issue Being Dropped} = \text{Closing Price} * \text{Shares outstanding} * \text{IWF} * \text{SWF} * \text{Exchange Rate}$$

$$\text{New Index Market Cap} = \text{Old Index Market Cap} - \text{Market Cap of Issue Being Dropped}$$

$$\text{Index Divisor} = \text{New Index Market Cap} / \text{Closing Index Value}$$

New Addition to the S&P/Hawkamah ESG Pan Arab Index. If a constituent is added to the S&P/Hawkamah ESG Pan Arab index, the index value will not change. The adjustment will, instead, be reflected in the divisor. The divisor will be adjusted to account for the additional market capitalization resulting from the inclusion of the stock. The *SWF* for the stock being added will be computed using the following formula:

$$\text{Float Market Cap of New Addition} = \text{Shares} * \text{Closing Price} * \text{IWF} * \text{Exchange Rate}$$

$$\text{SWF of the New Stock} = [\text{Weighted Market Cap of the Index Before Addition} * \text{Score of the New Stock}] / [\text{Float Market Cap of the New Addition} * (\text{Cumulative Score} - \text{New Score})]$$

$$\text{Weighted Market Cap of New Addition} = \text{Float Market Cap of New Addition} * \text{SWF}$$

$$\text{New Index Market Cap} = \text{Weighted Market Cap of Index Before Addition} + \text{Weighted Market Cap of New Addition}$$

$$\text{New Index Divisor} = \text{New Index Market Cap} / \text{Closing Index Value}$$

Currency of Calculation

The S&P/Hawkamah ESG Pan Arab index is calculated in US\$.

Exchange Rate

WM/Reuters foreign exchange rates are taken daily at 04:00 PM GMT and used in the calculation of the S&P/Hawkamah ESG Pan Arab index.

Base Date

The index base date is November 30, 2007. The base value, for both the price return and total return series, is 1000. Daily returns are available from November 30, 2007.

Investable Weight Factor (IWF)

All issues in the S&P/Hawkamah ESG Pan Arab index are assigned a float factor, called an Investable Weight Factor (*IWF*). The *IWF* ranges between 0 and 1, and accounts for the publicly available shares of a company. This factor is used in the calculation of the company's float-adjusted market capitalization.

IWFs are updated every quarter. The factor for each company is obtained from generally available published handbooks, annual reports, share registrars, stock exchanges, and press announcements. All holdings are identified on a "best efforts" basis. Stocks are adjusted for foreign investment limits available to GCC domiciled investors.

Index Data

Total Return Indices

Both price and total return indices are calculated. Cash dividends are applied on the ex-date of the dividend. Standard & Poor's calculates daily total return series using gross cash dividends reinvested.

Please refer to the S&P Index Mathematics Methodology for more information on total return calculations.

Index Governance

Index Committee

An Index Committee maintains the S&P/Hawkamah ESG Pan Arab index. The Committee monitors overall policy guidelines and methodologies. The Index Committee is composed of Standard & Poor's and Hawkamah staff.

Decisions made by the Index Committee include all matters relating to index construction and maintenance. The Index Committee meets regularly to review market developments, and convenes as needed to address major corporate actions.

It is the sole responsibility of the Index Committee to decide on all matters relating to methodology, maintenance, constituent selection and index procedures. The Index Committee makes decisions based on all publicly available information and discussions are kept confidential to avoid any unnecessary impact on market trading.

Holiday Schedule

The S&P/Hawkamah ESG Pan Arab index is calculated on every day that any constituent market is open.

A complete holiday schedule for the year is available on the Web site at www.indices.standardandpoors.com.

Index Policy

Announcements

All additions and deletions are normally announced two-to-five days ahead of the effective date. These announcements are sent to clients via FTP. Annual rebalancing results are announced five to ten days before the effective date. In situations where a five-day notice period is not possible, the announcement period may be reduced.

All index announcements are via Standard & Poor's [FTP](#) service. For more information, please contact index_services@standardandpoors.com.

Index Dissemination

Tickers

Index	Bloomberg
S&P/Hawkamah ESG Pan Arab Index (Price Return)	SPHMPAUP
S&P/Hawkamah ESG Pan Arab Index (Total Return)	SPHMPAUT

Appendix I

T&D Template for Assessing Conduct on Governance of Pan Arab Companies

Ownership Structure and Shareholder Rights

Shareholder Capital

Disclosure of:

1. The number of issued and outstanding ordinary shares disclosed.
2. The number of issued and outstanding other shares disclosed (preferred nonvoting).
3. The par value of each ordinary share disclosed.
4. The identity of the largest shareholder.
5. The identity of holders of all large stakes (blocking $> 25\%$, controlling $> 50\%$).
6. The identity of shareholder holding at least 25% of voting shares in total.
7. The identity of shareholders holding at least 50% of voting shares in total.
8. The identity of shareholders holding at least 75% of voting shares in total.
9. The number and identity of shareholders each holding more than 10%.
10. Shareholding in the company by individual senior managers.
11. Shareholding in the company by individual directors.
12. The description of share classes provided.
13. A review of shareholder by type.
14. Cross-ownership.

Extra Point Question

Disclosure that:

1. Company's articles of association or by-laws are accessible over the Web.

Shareholder rights

Disclosure of:

1. The contents of any corporate governance charter or code of best practices.
2. Existence of a Code of business conduct and ethics.
3. The contents of the Code of business conduct and ethics.
4. The changes in company's articles of association.
5. The existence of voting rights for each voting or nonvoting share.

6. The transparency of the way that shareholders nominate directors to the board.
7. The transparency of the way by which shareholders convene an extraordinary general meeting.
8. The transparency of the procedure for initiating inquiries with the board.
9. The transparency of the procedure for putting forward proposals at shareholders meetings.
10. A formalized dividend policy.
11. The existence of a review of the last shareholders meeting.
12. Full general shareholders meeting (GSM) minutes.
13. The existence of a calendar of important shareholders dates.

Financial and Operational Information

Financial Information

Disclosure of:

1. The company's accounting policy.
2. The accounting standards it uses for its accounts.
3. Whether the accounts meet local accounting standards.
4. Annual financial statements according to an internationally recognized accounting standard (IFRS/U.S. GAAP).
5. Notes to annual financial statements according to IFRS/U.S. GAAP.
6. Independent auditors report with regard to annual financial statements according to IFRS/U.S. GAAP.
7. Unqualified (clean) audit opinion with regard to annual financial statements according to IFRS/U.S. GAAP.
8. Disclosure of related party transactions (RPTs): sales to/purchases from, payables to/receivables from related parties.
9. Indication that RPTs are made on market or non-market terms.
10. Interim (quarterly or semiannual) financial statements according to an internationally recognized accounting standard (IFRS/U.S. GAAP).
11. Notes to such financial statements.
12. Whether these financial statements are audited or at least reviewed.
13. A basic earning forecast of any kind.
14. A detailed earnings forecast.
15. Financial information on a quarterly basis.
16. Segment analysis (results broken down by business line).
17. Revenue structure (detailed breakdown).
18. Cost structure (high degree of detail).
19. The name of company's auditing firm.
20. A copy of the auditors report.
21. How much the company pays in audit fees to the auditor.

22. Non-audit fees paid to the auditor.
23. Whether there are consolidated financial statements or whether only the parent or holding company is audited.
24. Methods of asset valuation.
25. Information about the method of calculating fixed-asset depreciation.
26. A list of affiliates in which the company holds a minority stake.
27. The ownership structures of affiliates.

Extra Point Questions

Disclosure that:

1. Company's independent auditor reports directly to an independent audit committee (at least 66% independent).
2. Auditor does not also provide non audit services greater in value than 25% of total audit fees.
3. Auditor does not provide any non audit services.

Operational Information

Disclosure of:

1. Details of the kind of business the company engages in.
2. Output in physical terms (values of sales for services sector companies).
3. Characteristics of fixed assets employed.
4. Efficiency indicators.
5. Any industry-specific ratios.
6. A discussion of corporate strategy.
7. Any plans for investment in the coming years.
8. Detailed information about investment plans in the coming years.
9. An output forecast of any kind.
10. An overview of trends in its industry.
11. The market share for any or all of the company's businesses.

Board and Management Structure and Process

Board and Management Information

Disclosure of:

1. The list of board members (names).
2. Details about directors other than name and title.
3. Details about other employment and position of independent directors.
4. Details about the directors' previous employment and positions.
5. When each director joined the board.
6. A named chairman listed.

7. Details about the chairman, other than name and title.
8. Details about role of the Board of Directors at the company.
9. A list of matters reserved for the board.
10. A list of board committees.
11. Names of all members of each existing committee.
12. Whether there are internal audit functions besides the Audit Committee.
13. Attendance record for board meetings.
14. The list of senior managers not on the Board of Directors.
15. The backgrounds of senior managers.
16. The non-financial details of the CEO's contract.
17. The number of shares held in other affiliated companies by managers.

Extra Point Questions

Disclosure that:

1. Independent directors constitute more than 33% of the board.
2. Independent directors constitute more than 50% of the board.
3. Independent directors constitute more than 67% of the board.
(Note here the incremental build up of points if all three are answered positively, which is another way to provide weightings of independence. This should be regardless of whether or not the CEO is also Chairman)
4. Board size is no less than 7 and no more than 18.
5. CEO and Chair is not the same person.
6. Voting in AGM's takes place by poll rather than by a show of hands.
7. Audit committee is over 50% independent.
8. Audit committee is at least 66% independent.
9. Audit committee is 100% independent.
10. Nomination or governance committee is over 50% independent.
11. Nomination or governance committee is at least 66% independent.
12. Nomination or governance committee is 100% independent.
13. Compensation committee is over 50% independent.
14. Compensation committee is at least 66% independent.
15. Compensation committee is 100% independent.
16. A risk management committee exists at the board level.
17. No directors sit on more than 3 other public company boards.
18. All board members have attended more than 75% of board meetings.
19. All board members have attended more than 90% of board meetings.
20. Board conducts regular self evaluation.
21. Independent board members regularly meet together independently of the company's executive management.
22. Board meets more than 4 times per year.

Board and management remuneration

Disclosure of:

1. The decision-making process for directors' pay.
2. The specifics of directors' pay, including the salary levels.
3. The form of directors' salaries, such as whether they are in cash or shares.
4. The decision-making process for determining managerial (not board) pay.
5. The specifics of senior management (not board) pay, such as salary levels and bonuses.
6. Performance related indicators guiding senior management compensation.

Extra Point Question

Disclosure that:

1. Board has a formal training program for directors or provides external training.

Business Ethics and Corporate Responsibility

Corporate Governance

Disclosure of:

1. Policy and procedures on whistle blowing.
2. Policy and procedures on insider trading.
3. Contribution to political parties.

Corruption

Disclosure of:

1. Disclosure on policy and procedures on bribery and corruption.

Leadership

Disclosure of:

1. Stated commitment to recognize corporate responsibility standards.
2. CEO statement regarding corporate governance.
3. CEO statement regarding corporate responsibility/CSR.
4. Signatory to recognized global CSR conventions (e.g. Global Compact, Global Sullivan).

Business Ethics

Disclosure of:

1. Publication of CSR report.
2. CSR report audited or independently assured.
3. Report under GRI framework.
4. Social and environmental performance in operational MD&A or operational analysis.

Appendix II

T&D Template for Assessing Environment and Social Conduct (E& S) of Pan Arab Companies

Environment

Environmental Pollution

Disclosure of:

1. Emissions of greenhouse gases.
2. Emissions of ozone-depleting substances.
3. NO_x, SO_x and other emissions.
4. Physical or regulatory risks associated with climate change.
5. Policy on management of emissions or regulatory risks associated with climate change.

Extra Point Question

Disclosure of:

1. Defined targets relating to emission.
2. A committed carbon credit program.

Natural Resources Use

Disclosure of:

1. Energy consumption broken down by primary energy source.
2. Use of renewable resources of energy.
3. Total energy saved due to conservation and efficiency improvements.
4. Initiatives to reduce energy consumption or energy audit.
5. Defined targets relating to energy conservation.
6. Type of raw materials used.
7. Percentage of materials used that are recycled.
8. Initiatives to improve efficiency of material usage.
9. Policies/Initiatives for management of water use.
10. Total water used.
11. Total water used by source.
12. Policy/initiatives taken for management of hazardous waste.

13. Policy for management of (waste) water discharged.

Extra Point Question

Disclosure of:

1. Production of energy efficient products (e.g. solar panels).

Social

Management Policy and Performance Indicators

Disclosure of:

1. Information relating to product life cycle.
2. Incidents of, and fines or non-monetary sanctions for, non-compliance with applicable environmental regulations.
3. Environmental impact of type of transportation used for logistical purposes.
4. Explicit environmental policy.
5. Efforts to preserve biodiversity (e.g. plantation of tree).
6. Management system/certification regarding environmental practices (that is status on ISO 14001 certification).
7. Policy on disaster management.

Extra Point Question

Disclosure of:

1. EMS in all location/ facilities and 100 % ISO 14001 certification.

Employees

Employee Relations/Job Creation

Disclosure of:

1. Programs for career development.
2. Initiatives to involve employees in decision making (including intra-management level communication etc.).
3. Information on policy/rules relating to non-financial benefits to employees (including housing etc.).
4. Information on policy/rules relating to healthcare.
5. Policy/Rules relating to employee separation and lay off.
6. Policy/Rules for profit sharing (stock options etc.) with lower management/employee.

Labor Rights

Disclosure of:

1. Management system/certification regarding employment and labor practices (that is status on SA 8000 certification).
2. Policy on code of conduct for protecting human rights.
3. Initiatives to enforce the above policy.
4. Number of strikes/ lockouts and the number of employees involved.

Extra Point Question

Disclosure of:

1. SA 8000 certification at all locations/facilities.
2. Reference to ILO core convention in code of conduct.
3. Code of conduct applies to supply chain as well.

Employee Health & Safety (H&S)

Disclosure of:

1. Explicit health and safety policy.
2. Incidents of work related injury/ accidents.
3. Initiatives on employee health and safety.
4. Dissemination of health based knowledge and training including awareness about HIV/AIDS.
5. Management system/certification regarding health and safety practices (that is status on OHSAS 18000 certification).

Extra Point Question

Disclosure of:

1. OHSAS 18000 certification at all locations/facilities.

Equal Opportunity

Disclosure of:

1. Explicit statement about equal opportunity employer (gender, caste, religion etc.).
2. The gender breakdown of total workforce.
3. Number of employees by ethnicity or caste (whatever applicable).
4. Initiatives for promoting employment of women and/or disabled people.
5. Policy on discrimination in employment/treatment of employees affected with HIV aids.
6. Policy/Rules to address incidence of sexual harassment and recourse.

Extra Point Question

Disclosure of:

1. The Board of Directors has an independent women director.

Union Relations

Disclosure of:

1. Number or percentage of employees that are unionized.

Community

Human Rights

Disclosure of:

1. Policy or code of conduct on addressing human rights (e.g. child labor, forced labor, bonded labor, etc.).

Community Investment

Disclosure of:

1. Explicit policy/statement regarding community investment.
2. Initiatives on community awareness or education.
3. Company participation in public-private initiatives for community development.
4. Description/Amount of total contributions/donations to charitable initiatives (health, education etc).

Customers/Product

Product Safety

Disclosure of:

1. Policy/procedures on recall of product.

Anti-trust

Disclosure of:

1. Policies covering fair practices and monopolistic practices.

Customer Outreach and Product Quality

Disclosure of:

1. Annual expenditure incurred on customer awareness initiatives.
2. Number of customer satisfaction surveys conducted in a year.
3. Mechanism for redressing grievances and feedback from customer.
4. Policy/procedures for protection of customer confidentiality/privacy.

5. Procedures and programs for adherence to laws, standards, and voluntary codes related to marketing communications including advertising, promotion and sponsorship.
6. Policy/procedures on customer education regarding product/service provided.
7. Management system/certification regarding product quality (status on ISO 9000/Six sigma).

Appendix III

Qualitative Criteria for Assessing Governance of Pan Arab Companies

Corporate Governance

These guidelines on corporate governance and business ethics are intended to complement the more mechanical T&D analysis to provide a more qualitative assessment of a company's corporate governance performance. Given that the T&D analysis focuses primarily on aspects of corporate governance structure and processes, the qualitative guidelines largely focuses on what a company has actually done which demonstrates poor performance from an ESG perspective. Much of the data for this form of qualitative assessment stems from a company's own corporate actions — and possibly followed-up with commentary from the media and interested civil society groups or corporate governance watchdogs.

As with the E&S dimensions of our analysis, the qualitative analysis of the governance, or G, component is guided by the principle of materiality. Small events that do not have a significant affect on the company's shareholders or other stakeholders are not unduly weighted in this context. This requires judgment on the part of the analysis, and all analysts are on guard about overemphasizing aspects of governance performance that might have populist or mass media appeal, but which may not be of significant overall impact to the company, its shareholders or stakeholders.

Ownership Structure and Shareholder Rights:

Ownership Structure

Score	The company (has):
1	<ul style="list-style-type: none"> • Clear evidence or judicial/regulatory conclusion that a significant related party transaction or other corporate action is working to the benefit of controlling shareholders at the expense of minority shareholders. • Clear evidence or that a significant related party transaction or other corporate action occurred without prior notification or consent of minority shareholders.
2	<ul style="list-style-type: none"> • Clear evidence or judicial/regulatory conclusion that a small related party transaction or other corporate action is working to the benefit of controlling shareholders at the expense of minority shareholders. • Minority shareholders or shareholder activists file complaints or make statements suggesting impropriety or a misalignment of interests with controlling shareholders. • The ownership structure of the company changes without it being clear who the new underlying owners actually are.
3	<ul style="list-style-type: none"> • No changes or new information

Shareholder Rights

Score	The company (has):
1	<ul style="list-style-type: none"> • The company alters its by-laws or articles of association against the wishes of its minority shareholders in a way that significantly reduces minority shareholder rights. Indicative shareholder rights could include: voting rights, pre-emption rights, supermajority clauses, or dividend rights. • Dividends for the same class of stock are paid to the controlling shareholder ahead of minority shareholders.
2	<ul style="list-style-type: none"> • The company's notice period for its annual general meeting (AGM) is less than 21 days. • The AGM takes place at a date or location which is clearly inconvenient to its minority shareholders—and is the source of minority shareholder complaint. • Dividends declared have not been paid in a timely fashion (at least within 6 months of declaration).
3	<ul style="list-style-type: none"> • No changes or new information

Financial and Operational Information:

Transparency, Disclosure and Audit

Score	The company (has):
1	<ul style="list-style-type: none"> Accounting restatements result in a significant (over 10%) loss of value for shareholders. Minority shareholders vote against the reappointment of the company's auditor, but are outvoted by the controlling shareholder.
2	<ul style="list-style-type: none"> The annual report and financial statements are not published within 6 months of the company's fiscal year end. Accounting restatements result in a loss of value (less than 10%) for shareholders. The auditor's report is qualified. Changes in accounting policies are unexplained. The company replaces its auditor with a new auditor that does not appear to have the scope or depth of capabilities to responsibly conduct a quality audit given the company's size and business condition.
3	<ul style="list-style-type: none"> No changes or new information

Board and Management Structure:

Board Structure and Effectiveness

Score	The company (has):
1	<ul style="list-style-type: none"> The board changes such that there are no independent directors. CEO succession occurs without prior consultation of minority directors. Average director attendance at board meetings is less than 50%. Clear evidence of CEO or other senior management receiving disproportionately high levels of compensation relative to peers, at the same time when the company's financial performance metrics are poor. Evidence that independent directors have no voice in deciding CEO/senior management compensation.
2	<ul style="list-style-type: none"> The board changes such that independent directors constitute less than 25% of the total board. The size of the company's board changes so that it is smaller than 7 members or greater than 18 members. Average director attendance at board meetings is less than 50% Independent directors receive option grants. Clear evidence of CEO or other senior management receiving disproportionately high levels of compensation relative to peers.
3	<ul style="list-style-type: none"> No changes or new information

Management

Score	The company (has):
1	<ul style="list-style-type: none"> • Clear evidence that the company has adopted an aggressive business model whose benefits may not be equally shared by all shareholders or which might be at the expense of the company's creditors. This could involve expansion into new or unproven business lines or markets.
2	<ul style="list-style-type: none"> • Minority shareholders or shareholder activists file complaints or make statements suggesting impropriety or a misalignment of interests with controlling shareholders. • Unexpected/unexplained departures of senior management. • Material litigation and legal disputes against the company. • Significant changes to business strategy are unexplained publicly.
3	<ul style="list-style-type: none"> • No changes or new information

Business Ethics and Corporate Responsibility

Business Ethics

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements for involvement in controversial or illegal activities, such as insider trading, conflicts of interest, corporate tax avoidance or other accounting related controversies, bribery, money laundering, embezzlement and political lobbying. • Been the subject of a pattern of fines/penalties/settlements for involvement in any of the above issues. • Board members either waive the company's code of ethics or there is evidence that the board is violating its code of ethics.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements for involvement in any of the above issues. • Is the subject of ongoing major/certified class action litigation in relation to the above issues. • Been the subject of long-standing and vociferous protests by NGOs or other stakeholders for involvement in any of the above issues.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to the above issues. • Been the subject of minor or one-off protests by NGOs or other stakeholders in relation to involvement in any of the above issues.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to involvement in any of the above issues. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to involvement in any of the above issues.
5	<ul style="list-style-type: none"> • No information • No ethical issues/incidents in the past 3 years.

Other

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation to significantly negative or protracted ethical controversies not covered by the above category. • Been the subject of a pattern of fines/penalties/settlements in relation to significantly negative or protracted ethical controversies not covered by the above category.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to significantly negative or protracted ethical controversies not covered by the above category • Is the subject of ongoing major/certified class action litigation in relation to ethical issues not covered by the above category. • Been the subject of long-standing and vociferous protests by NGOs or other stakeholders in relation to significantly negative or protracted ethical controversies not covered by the above category.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to ethical issues not covered by the above category. • Been the subject of minor or one-off protests by NGOs or other stakeholders in relation to significantly negative or protracted ethical controversies not covered by the above category.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to significantly negative ethical controversy not covered by the above category. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to significantly negative ethical controversies not covered by the above category.
5	<ul style="list-style-type: none"> • No information • No customer/product-related issues or controversies not covered by the above categories in the past 3 years.

Appendix IV

Qualitative Criteria for Assessing Environment and Social Conduct (E&S) of Pan Arab Companies

Environment

Environmental Pollution

Score	The company (has):
1	<ul style="list-style-type: none"> • Sustained significant liabilities for hazardous waste. • Paid substantial fines/penalties/settlements related to environmental pollution (to air, land and/or water). • Been the subject of a pattern of fines/penalties in relation to this issue over several years.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalty/settlements in relation to pollution incidents • Been the subject of long-standing and vociferous stakeholder protests in relation to this issue. • Is the subject of ongoing major/certified class action litigation in relation to this issue.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits in relation to this issue. • Been the subject of minor or one-off stakeholder/activist protests in relation to this issue.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation. • Is the subject of minor litigation in relation to the issue or subject to other, as yet unproven, allegations.
5	<ul style="list-style-type: none"> • No information • No negative environmental pollution issues/incidents in the past 3 years.

Natural Resources Use

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation to natural resources use (e.g. water, land, trees, fish, coal etc.). • Been the subject of a pattern of fines/penalties/settlements in relation to this issue over several years. For example, water sources and related habitats/livelihoods significantly negatively affected by a company's water usage.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to the management of natural resources. • Is the subject of ongoing major/certified class action litigation in relation to this issue. • Been the subject of long-standing and vociferous stakeholder protests in relation to this issue.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits in relation to this issue. • Been involved in a minor or one-off stakeholder/activist protests in relation to this issue.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation. • Is the subject of minor litigation in relation to the issue or subject to other, as yet unproven, allegations.
5	<ul style="list-style-type: none"> • No information. • No negative issues/incidents related to the use of natural resources in the past 3 years.

Other

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation a significantly negative or protracted environmental-related controversy not covered by the above categories. • Been the subject of a pattern of fines/penalties/settlements in relation to a significantly negative or protracted environmental-related controversy not covered by the above categories.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to the environment-related controversy not covered by the above categories. • Is the subject of ongoing, major/certified class action litigation or multiple individual lawsuits in relation to the environment-related controversy not covered by the above categories. • Been the subject of long-standing and vociferous stakeholder protests in relation to the environment-related controversy not covered by the above categories.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation in relation to the environment-related controversy not covered by the above categories. • Been involved in a minor or one-off stakeholder/activist protests in relation to the environment-related controversy not covered by the above categories.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to the environment-related controversy not covered by the above categories. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to the environment-related controversy not covered by the above categories.
5	<ul style="list-style-type: none"> • Not applicable.

Employees

Employee Relations

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation to a significantly negative or protracted employee or union relations issue(s), e.g. employee lockouts or anti-union actions by the company. • Been the subject of a pattern of fines/penalties/settlements in relation to a significantly negative or protracted employee or union relations issue.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to an employee relations issue, e.g. failed to consult with employee representatives as legally required. • The company has a pattern of poor union relations resulting in prolonged or repeated strike action. N.B. Industry-wide strikes (i.e. those that are not focused on a particular company) should not be scored. • Is the subject of ongoing major/certified class action litigation by current or former employees or unions.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation or multiple individual lawsuits by current or former employees or unions. • Been involved in a minor or one-off employee or union protests.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to an employee or union relations issue. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to an employee or union relations issue.
5	<ul style="list-style-type: none"> • No information • No negative employee relations issues/incidents in the past 3 years.

Labor Rights

Score	The company (has):
1	<ul style="list-style-type: none"> • Been involved in egregious labor standards controversies (at company-owned or supplier facilities), for example, “sweatshop” labor cases that involve worker deaths or serious injury; or child/forced/compulsory labor infractions. • Been involved in several labor standards controversies, e.g. “sweatshop” cases, child/forced/compulsory labor infractions, excessive hours, minimum wage violations, forced overtime, forced pregnancy tests, etc. AND has made little or no effort to address the allegations or conditions. • Paid finest/penalties/settlements in relation to labor standards violations.
2	<ul style="list-style-type: none"> • Been involved in multiple labor standards controversies, e.g. “sweatshop” cases, child/forced/compulsory labor infractions, excessive hours, minimum wage violations, forced overtime, forced pregnancy tests, etc. • Been the subject of long-standing and vociferous protests in relation to labor rights issues.
3	<ul style="list-style-type: none"> • Been involved in multiple labor standards controversies, e.g. “sweatshop” cases, child/forced/compulsory labor infractions, excessive hours, minimum wage violations, forced overtime, forced pregnancy tests, etc. AND has made a credible effort to address the allegations and conditions. • Is the subject of purported class action litigation or multiple individual lawsuits in relation to labor rights.
4	<ul style="list-style-type: none"> • Been the subject of minor or one-off stakeholder/activist protests in relation to these issues. • Is the subject of an official investigation in relation to labor rights issues. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to labor rights.
5	<ul style="list-style-type: none"> • No information • No labor rights issues/incidents in the past 3 years.

Employee Health & Safety (H&S)

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements for violations of H&S regulations, particularly in relation to accidents resulting in worker fatalities. • Been the subject of a pattern of fines/penalties/settlements/major incidents in relation to this issue, e.g. fatalities to direct employees or sub-contractors.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to this issue. • Is the subject of ongoing major/certified class action litigation in relation to this issue. • Been the subject of long-standing and vociferous protests by employees or other stakeholders in relation to H&S issues.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to this issue. • Been the subject of minor or one-off incident or protest by employees or other stakeholders in relation to this issue.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to H&S. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to H&S.
5	<ul style="list-style-type: none"> • No information • No H&S violations or issues in the past 3 years.

Equal Opportunity

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements for violations of equal opportunities/discrimination/harassment regulations. • Been the subject of a pattern of fines/penalties/settlements in relation to these issues, e.g. disability, gender or caste issues.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to these issues • Been the subject of long-standing and vociferous protests by employees or other stakeholders in relation to these issues. • Is the subject of ongoing major/certified class action litigation in relation to these issues.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to these issues. • Been the subject of minor or one-off issue or protests by employees or other stakeholders in relation to these issues.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to discrimination/equal opportunities/harassment. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to these issues.
5	<ul style="list-style-type: none"> • No information. • No equal opportunities/discrimination/harassment issues in the past 3 years.

Other

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation a significantly negative or protracted employee-related controversy not covered by the above categories. • Been the subject of a pattern of fines/penalties/settlements in relation to a significantly negative or protracted employee-related controversy not covered by the above categories.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to the employee-related controversy not covered by the above categories. • Is the subject of ongoing major/certified class action litigation in relation to the employee-related controversy not covered by the above categories. • Been the subject of long-standing and vociferous stakeholders' protests in relation to the employee-related controversy not covered by the above categories.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to the employee-related controversy not covered by the above categories. • Been involved in a minor or one-off stakeholders/activist protests in relation to the employee-related controversy not covered by the above categories.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to the employee-related controversy not covered by the above categories. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to the employee-related controversy not covered by the above categories.
5	<ul style="list-style-type: none"> • Not applicable.

Community

Human Rights

Score	The company (has):
1	<ul style="list-style-type: none"> • Been involved in egregious violations of international human rights regulations/norms/conventions at company-owned or supplier facilities. For example, the company is involved in major controversies that breach international human rights norm and conventions, such as the United Nations Declaration of Human Rights (UNDHR) These rights include equal rights, freedom from arbitrary arrest, freedom of association and assembly etc. It also covers the infringement of indigenous peoples' rights, e.g. deaths while protesting, forcible removal from tribal lands etc. • Been involved in several human rights controversies AND has made little or no effort to address the allegations or conditions. • Paid finances/penalties/settlements in relation to human rights violations. Note: it is very unlikely that a human rights controversy would incur a fine or penalty, or be the subject of litigation, so if this happened at all it would be particularly noteworthy.
2	<ul style="list-style-type: none"> • Been involved in multiple human rights controversies. • Been the subject of long-standing and vociferous protests in relation to human rights issues.
3	<ul style="list-style-type: none"> • Been involved in multiple human right controversies AND has made a credible effort to address the allegations and conditions. • Is the subject of purported class action litigation or multiple individual lawsuits in relation to human rights.
4	<ul style="list-style-type: none"> • Been the subject of minor or one-off stakeholder/activist protests in relation to human rights issues. • Is the subject of an official investigation in relation to human rights issues. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to human rights.
5	<ul style="list-style-type: none"> • No information • No human rights issues/incidents in the past 3 years.

Other

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation to a significantly negative or protracted community-related controversy/controversies not covered by the above category. • Been the subject of a pattern of fines/penalties/settlements in relation to a significantly negative or protracted community-related controversies not covered by the above category.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to community-related controversies not covered by the above category. • Is the subject of ongoing major/certified class action litigation in relation to the community-related controversy not covered by the above category. • Been the subject of long-standing and vociferous protests by NGOs or other stakeholders in relation to community-related controversies not covered by the above category.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to the community-related controversy not covered by the above category. • Been the subject of minor or one-off protests by NGOs or other stakeholders in relation to community-related controversies not covered by the above category.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to a community-related controversies not covered by the above category. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to community-related controversies not covered by the above category.
5	<ul style="list-style-type: none"> • No information • No community-related issues/incidents not covered by the above category in the past 3 years.

Customers/Product

Product Safety and Quality

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation to product safety or labeling issue(s) or incident(s). • Been the subject of a pattern of fines/penalties/settlements in relation to a significantly negative or protracted product safety or labeling issues or incidents.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to product safety or labeling issues or incidents. • Is the subject of ongoing major/certified class action litigation in relation to product safety or labeling issue(s) or incident(s). • Been the subject of long-standing and vociferous protests by NGOs or other stakeholders in relation to product safety or labeling issue(s) or incident(s) possibly resulting in boycotts.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to these issues. • Been the subject of minor or one-off protests by NGOs or other stakeholders in relation to a product safety or labeling issue or incident.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to a product safety or labeling issue or incident. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to a product safety or labeling issues or incidents.
5	<ul style="list-style-type: none"> • No information • No product safety or labeling issues/incidents in the past 3 years.

Anti-trust

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements for engaging in price-fixing, cartel or monopolistic behavior. • Been the subject of a pattern of fines/penalties/settlements for engaging in price-fixing, cartel or monopolistic behavior.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements for engaging in price-fixing, cartel or monopolistic behavior. • Is the subject of ongoing major/certified class action litigation in relation to anti-trust. • Been the subject of long-standing and vociferous protests by NGOs or other stakeholders for engaging in price-fixing, cartel or monopolistic behavior.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to anti-trust. • Been the subject of minor or one-off protests by NGOs or other stakeholders in relation to anti-trust.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to anti-trust. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to anti-trust.
5	<ul style="list-style-type: none"> • No information • No anti-trust issues/incidents in the past 3 years.

Other

Score	The company (has):
1	<ul style="list-style-type: none"> • Paid substantial fines/penalties/settlements in relation to significantly negative or protracted customers/product-related controversies not covered by the above categories. • Been the subject of a pattern of fines/penalties/settlements in relation to a customers/product-related controversies not covered by the above categories.
2	<ul style="list-style-type: none"> • Sustained minor fines/penalties/settlements in relation to customers/product-related controversies not covered by the above categories. • Is the subject of ongoing major/certified class action litigation in relation to the customers/product-related controversy not covered by the above categories. • Been the subject of long-standing and vociferous protests by NGOs or other stakeholders in relation to customer/product-related controversies not covered by the above categories.
3	<ul style="list-style-type: none"> • Is the subject of purported class action litigation, or multiple individual lawsuits, in relation to the customers/product-related controversy not covered by the above categories. • Been the subject of minor or one-off protests by NGOs or other stakeholders in relation to customer/product-related controversies not covered by the above categories.
4	<ul style="list-style-type: none"> • Is the subject of an official investigation in relation to customer/product-related controversies not covered by the above categories. • Is the subject of minor litigation, or other, as yet unproven, allegations in relation to customer/product-related controversies not covered by the above categories.
5	<ul style="list-style-type: none"> • No information • No customer/product-related issues or controversies not covered by the above categories in the past 3 years.

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