

## **INDEX ANNOUNCEMENT**

### **Annual Rebalance of the S&P/Hawkamah ESG Pan Arab Index Announced**

**AMSTERDAM, DEC. 10, 2018:** The S&P/Hawkamah ESG Pan Arab Index underwent its annual rebalancing on Dec. 2, 2018. The index includes the top 50 Pan Arab companies based on their performance on nearly 200 ESG metrics and uses an innovative ESG score-weighting scheme to ensure stocks with higher ESG scores have a greater influence on the index than those with lower ESG scores.

“Investor interest in indices focused on companies with favorable ESG practices continues to grow in all major markets, making indices like the S&P/Hawkamah ESG Pan Arab increasingly important,” says David M. Blitzer, Chairman of the S&P/Hawkamah Index Committee.

Following this year’s rebalance, Saudi Arabia is the largest country in the index, with 13 constituents and a total weight of 26.10%, while the number of U.A.E domiciled components has decreased from 12 in 2017 to 8 constituents this year. The two largest stocks in the index are DP World of Dubai and Saudi Basic Industries, which make up 2.983% and 2.961% of the index, respectively, due to their high ESG scores. While stocks from the financial sector continue to dominate the index with 46.2%, the newest sector, real estate, which was moved out from under financials and promoted to its own sector, has seen a drop of its representation from over 6% in 2107 to 1.7% in 2018.

Dr. Ashraf Gamal, CEO of Hawkamah, said, " In a region where disclosure practices by listed companies remain relatively weak, it is encouraging to see the Index companies improving their ESG reporting practices year on year, reflecting their growing awareness of how better governance practices, environmental policies and stakeholder management not only reduce risk but also present a way of identifying value enhancing opportunities for the future”.

**Exhibit 1: Country & Sector Weights**

<b>COUNTRY</b>	<b>COUNT</b>	<b>COUNTRY WEIGHT (%)</b>	<b>SECTOR</b>	<b>COUNT</b>	<b>SECTOR WEIGHT (%)</b>
SA	13	26.10%	Financials	23	46.2%
AE	8	17.40%	Communication Services	9	17.7%
QA	6	11.84%	Materials	6	12.3%
KW	6	11.48%	Industrials	4	8.5%
OM	4	8.24%	Energy	3	5.8%
BH	4	7.63%	Consumer Staples	2	4.2%
JO	3	6.31%	Consumer Discretionary	1	1.9%
LB	2	4.19%	Real Estate	1	1.7%
MA	2	3.48%	Utilities	1	1.6%
EG	2	3.32%	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of Nov. 23, 2018. Table is provided for illustrative purposes.

**Exhibit 2: Top 10 Stocks**

COMPANY	COUNTRY	WEIGHT (%)	GICS SECTOR
DP World Ltd.	AE	2.983%	Industrials
SAUDI BASIC INDUSTRIES CORP	SA	2.961%	Materials
Abu Dhabi Commercial Bank	AE	2.915%	Financials
Arab Bank	JO	2.687%	Financials
Saudi Investment Bank	SA	2.460%	Financials
SAVOLA Group	SA	2.437%	Consumer Staples
Bank Audi S.A.L.	LB	2.368%	Financials
Mobile Telecommunications Company	KW	2.323%	Communication Services
Bank Muscat International	OM	2.323%	Financials
Saudi Arabian Mining Company	SA	2.164%	Materials

Source: S&P Dow Jones Indices LLC. Data as of Nov. 23, 2018. Table is provided for illustrative purposes.

## 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](http://www.hawkamah.org).

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