

In cooperation with S&P Dow Jones Indices and Hawkamah:

## **DFM launches the first of its kind ESG Index aiming to strengthen UAE markets' competitiveness and attract investments**

- The new index consists of 20 companies and aims to encourage listed companies in the UAE to expand embracing ESG best practices
- H.E. Sultan Almansoori: “the index promotes culture of governance and enhances investors’ confidence in the UAE capital market”
- H.E. Essa Kazim commented, “significant initiative in line with international institutions’ mounting inclination to factor ESG into their investment decisions”
- Dr. Obaid Al Zaabi: “the index will raise awareness about the importance of implementing principles outlined in the new governance guide for public joint-stock companies”
- Dr. Ahmad Bin Al Shaikh: “there is no better time to encourage responsible behaviors than now, the new ESG index will create good competition between listed companies to do the right thing”
- Reid Steadman: “We look forward to working with our partners and clients in the Middle East and globally to bring ESG into the core of investors’ portfolios”



**Dubai, 22 April 2020:** Dubai Financial Market (DFM) today launched the UAE Index for Environment, Social and Governance (ESG), as the first index of its kind from the financial markets in the UAE and the region, aiming to measure listed companies embracing ESG best practices. The S&P/Hawkamah UAE ESG Index is developed in cooperation with S&P Dow Jones Indices, the world's largest, global resource for index-based concepts, data and research, as well as the Hawkamah Institute for Corporate Governance in the UAE (Hawkamah), DFM's strategic partner in the field of promoting best practices of corporate governance amongst listed companies.

This index is supported by the UAE Securities and Commodities Authority (SCA), as His Excellency Sultan Bin Saeed Almansoori, Minister of Economy and Chairman of the SCA has approved DFM's initiative to launch the index, as part of both sides commitment to realize leadership's vision on boosting UAE financial markets' competitiveness and attract further investments.

H.E. Eng. Sultan bin Saeed Al Mansoori, Minister of Economy and Chairman of the Securities and Commodities Authority (SCA), said that the launch of the index complements and supports SCA's efforts in developing the supervisory regime to bring it in line with the best international standards and practices, thus promoting the culture of governance and enhancing the confidence of investors in the UAE capital market, especially after the adoption of a guide to the governance of public joint-stock companies early 2020, which regulates corporate governance and social and environmental responsibility requirements.

Commenting on this significant step, H.E. Essa Kazim, Chairman of the DFM said, "In line with DFM's Sustainability Strategy 2025, we are delighted to launch the first index of its kind from a financial market in the UAE and the region in cooperation with S&P Dow Jones Indices and Hawkamah, as part of our joint efforts to further develop the capital markets' sector. The index provides a trusted



and transparent tool that measures listed companies' commitment to ESG. The appropriate implementation of best practices of corporate governance, disclosure and transparency as well as environmental and social commitment is essential to boost UAE markets' competitiveness, attract further investments and sustain growth noting that investment institutions across the world are increasingly factoring these matters in investment decisions process."

For his part, Dr. Obaid Al Zaabi, SCA's CEO, stressed that beside being an important measuring tool, the new index will help to raise awareness about the importance of putting into practice the governance principles outlined in the new guide to the governance of public joint-stock companies. It will also help to promote the spirit of competitiveness and the compliance of the boards of listed companies with the implementation of the principles, in addition to developing benchmark indicators to evaluate the performance of these companies when it



comes to their compliance with the social and environmental responsibility principles.

From his side, Dr. Ahmad Al Shaikh, Chairman of Hawkamah, said “there is no better time to encourage corporate responsible behaviors than now, the new ESG index will create good competition between listed companies to do the right thing, paying more attention to the environment, social and governance elements when managing their business”.

The S&P/Hawkamah UAE ESG inaugural index sample is consisted of 20 listed companies. It provides 5 years back tracking enabling market participants to access index performance since 2015. The Index is accessible through DFM’s website as well as any other data dissemination platforms.

“S&P Dow Jones Indices aims to develop and offer innovative ESG indices, research and data that enable global market participants to meet both their



investment and sustainability goals. We're excited to launch this new index in the UAE as more investors look to incorporate ESG best practices in their investment decisions. S&P DJI has been a pioneer in ESG indexing for more than two decades and we look forward to working with our partners and clients in the Middle East and globally to bring ESG into the core of investors' portfolios," said Reid Steadman, Global Head of ESG Indices at S&P Dow Jones Indices.

It is noteworthy that the Index sample is reconstituted once a year in November and the top 20 stocks are automatically added to the index. The reconstitution process uses data gathered by Hawkamah, S&P's ESG screening partner in the Middle East. All companies in the selection universe are subjected to an assessment process which incorporates ESG criteria against which the company's disclosure practices are evaluated; the Transparency & Disclosure methodology. There are two categories, one focusing on environment & social indicators and the other focusing on corporate governance indicators. The evaluation process seeks

information relating to companies' disclosure of the ESG indicators available in the public domain, such as a company's annual report, Web site, press releases, and/or the disclosures made on stock exchanges. The final aim is to determine whether a company has made transparent disclosures in such documents on any of the indicators that are part of the ESG assessment system.

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About Dubai Financial Market: Dubai Financial Market (DFM) was established as a public institution with its own independent corporate body. DFM operates as a secondary market for the trading of securities issued by public shareholding companies, bonds issued by the Federal Government or any of the local Governments and public institutions in the country, units of investment funds and any other financial instruments, local or foreign, which are accepted by the market. The DFM commenced operations on March 26, 2000 and became the first Islamic Shari'a-compliant exchange globally since 2007. Following its initial public offering in November 2006, when DFM offered 1.6 billion shares, representing 20 per cent of its paid-up capital of AED 8 billion, DFM became a public joint stock company and its shares were listed on 7 March 2007 with the trading symbol (DFM). Following the IPO, the Government of Dubai retained the remaining 80 per cent of DFM Company through Borse Dubai Limited. [www.dfm.ae](http://www.dfm.ae)

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