



ISLAMIC FINANCE AND THE SDGs: FRAMING THE OPPORTUNITY

THOUGHT LEADERSHIP SERIES PART 1 - MAY 2020

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DEFINED TERMS

AAOIFI - Accounting and Auditing Organization for Islamic Financial Institutions

CSR - Corporate Social Responsibility

ESG - Environmental, social and governance

ICD - Islamic Corporation for the Development of the Private Sector

IFFIm - International Finance Facility for Immunization

IsFI - Islamic financial institution

IsDB - Islamic Development Bank

ISRA - International Shari'ah Research Academy for Islamic Finance

MDGs - Millennium Development Goals

NGO - Non-Governmental Organisation

PRB - The UN Principles for Responsible Banking

PRI - Principles for Responsible Investment

PSI - Principles for Sustainable Insurance

SDGs - United Nations Sustainable Development Goals

SRI - Socially Responsible Investing

TCFD - Taskforce on Climate-Related Financial Disclosures

UKIFC - Islamic Finance Council (UK)

UN - United Nations

UNCTAD - United Nations Conference on Trade and Development

UNDP - United Nations Development Programme

UNEP FI - United Nations Environment Programme Finance Initiative

WCED - World Commission on Environment and Development

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The Sustainable Development Goals (SDGs) are based on a recognition that nations and peoples rely on each other, often in ways that are not fully understood or properly acknowledged. The actions of the present generation cannot lead to the destruction of the planet for future generations. The SDGs are built on the premise that there is such a thing as global society and that, despite national borders, nations are dependent on the well being of other nation states. The Covid 19 pandemic is a salutary lesson for the world and, besides raising fundamental issues about what type of global society human kind wants, in the context of SDG 3 (which promotes good health and well-being) makes it even more important to ensure that global health provision is upgraded as a matter of urgency.

As a not-for-profit we have developed special expertise in the SDGs and are here to help. We are initiating a series of activities detailed on page 6 in the SDG and impact arenas. It is hoped that this report (the first of a three part series) will provide a useful introduction to the SDGs for the Islamic finance sector and encourage IFIs to sign up to the relevant UN-backed initiatives such as the PRB and PRI and start reporting on their engagement with the SDGs.

Richard de Belder
UKIFC Advisory Board Member



ISRA FOREWORD

The concept of sustainable development was articulated for the first time in the Brundtland Report, also called “Our Common Future”, published in 1987 by the World Commission on Environment and Development (WCED) and supported by the United Nations (UN). According to Brundtland Report, Sustainable Development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

In 2015 the UN introduced the new global development agenda for 2015 through 2030 and adopted a set of seventeen SDGs for the action of the member states. According to the United Nations Development Programme (UNDP), the SDGs as a global agenda represents a universal framework for comprehensive development. It aims to plan for a better and sustainable future and address the global challenges faced by people and the planet. Prominent among the goals are eradication of poverty, dealing with climate and environmental degradation, improving human health and education, and a range of other goals across environmental and socio-economic development.

One of the most salient factors that challenge the achievement of the SDGs by 2030 is the shortage of financial resources. Several reports and studies stated that around US\$5-7 trillion dollars are required every year to achieve the SDGs, which cannot be obtained from governments or even from donor agencies. In other words, there is a huge gap between the available resources and fund requirements to achieve the SDGs. Thus, the SDGs will have very substantial resource implications across developed and developing countries. For instance, in developing countries alone, the required investment for the SDGs would be approximately US\$ 2.5-3 trillion per year for food security, basic infrastructure (road, water and sanitation, and power stations), health and education and climate change mitigation. Because of the new development agenda, all possible resources must be mobilized if the world is to succeed in achieving the SDGs.

This report, which is jointly produced by ISRA and UKIFC, provides an introduction to the SDGs within the context of Islamic finance. The report also emphasizes the potential for Islamic finance to play a role in supporting the SDGs.

I would like to take this opportunity to express my gratitude to UKIFC for partnering with us in producing this report. Congratulations to the production team from ISRA and UKIFC for this great achievement. This report would not have been possible without your earnest support.

Dr Akram Laldin
CEO ISRA Malaysia



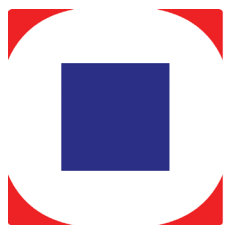
SPONSORS



gatehousebank

Gatehouse Bank is an award winning Shariah-compliant bank offering savings products and finance for UK commercial and residential real estate, in addition to sourcing and advising on UK real estate investments with a focus on the build to rent sector. We offer a genuine alternative to conventional banks, with products that are transparent, fair and socially responsible.

Founded in 2007, the bank is based in London and Milton Keynes and is a subsidiary of Gatehouse Financial Group Limited. In 2019 Gatehouse Bank committed to strategically aligning with the SDGs by becoming a founding signatory of the UN Principles for Responsible Banking. Gatehouse Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Prudential Regulation Authority and the Financial Conduct Authority (FCA).



DDCAP
Group™

Headquartered in central London, with representative offices in the Dubai International Financial Centre and Kuala Lumpur and a presence in Saudi Arabia, DDCAP Group TM (DDCAP) is a leading market intermediary and financial technology and systems solutions provider to the Islamic financial services industry.

Founded in 1998, DDCAP was the first market intermediary established specifically to support the growth and development of the Islamic finance industry. Over the past 20 years DDCAP has become a leading provider of responsible asset facilitation services to institutional clients from both Islamic and conventional markets, across a diverse range of Sharia'a compliant products and instruments in both the primary and secondary markets. In tandem with its adherence to Sharia'a stipulation, DDCAP aspires to connect to the global Islamic financial market responsibly and has developed systems technology to deliver against that aspiration. DDCAP's multi award winning Asset Facilitation Technology Platform, ETHOS AFP™, is a bespoke real-time trading platform with 24hour coverage, enabling clients worldwide to purchase commodities and other physical assets via a secure, web-based portal. ETHOS AFP™ encompasses Sharia'a and business focused operational requirements across treasury, capital markets, asset management, client consumer banking portfolios and takaful. ETHOS AFP™ infrastructure also supports DDCAP's stated intention to incorporate Sustainable and Responsible Investment (SRI) and financing principles within its business services and practices, including its supply of commodity and other physical assets.

DDCAP recognises that organisations and firms across our industry are working to translate their own vision into responsible, sustainable policies and procedures that produce positive social and environmental outcomes as well as delivering financial results. In addition to evolving our own services and technologies to meet the growing demand from global issuers and investors seeking to integrate SRI principles within their core financing, investment and allocation strategies, we are actively engaging with other stakeholders to encourage global initiatives, standards and best practice. DDCAP has been a member of the RFI Foundation, an industry body established to expand responsible finance by incorporating the positive screening strengths of the SRI industry with the governance and regulatory advances of Islamic finance, since 2015. In 2016, DDCAP became one of the first Islamic financial sector signatories to the UN supported Principles for Responsible Investment (PRI) and in April 2020, DDCAP Limited became a Stakeholder Endorser to the UNEP FI Principles for Responsible Banking, making it the first Islamic finance market intermediary to obtain this status. This year DDCAP was also honoured to be asked to join The Global Islamic Finance & UN SDGs Task Force established by UKIFC.

THE UKIFC AND THE SDGs

The UKIFC is a specialist not-for-profit advisory and development body focused on promoting and enhancing the global Islamic and ethical finance industry.

Having identified a number of synergies the UKIFC has been at the forefront of positioning Islamic finance within the broader ethical finance umbrella. By following Shari'ah principles we believe that Islamic finance is intrinsically interwoven with ethical finance values and strategies. Over the last 10 years we have pioneered a number of internationally acclaimed and award-winning initiatives that have critically reviewed the ethical credentials of Islamic finance to help the sector better understand how it integrates into the wider ethical finance movement.

The emergence of the Sustainable Development Goals (SDGs) has posed a challenge to the financial services sector. Financing the SDGs is a complex task as it requires an unprecedented coordination between public sector organisations and private institutions. It requires reform to global financial regulation and meaningful commitment from financial institutions. With a step-change required in private investment financial institutions have been trying to understand and define their role in delivering the SDGs whilst making a commercial return.

Although momentum has built and progress is now being made in the conventional finance sector, despite what would appear to be a natural alignment in many areas with the *Maqasid al Shari'ah*, a lack of knowledge and understanding has held back widespread adoption of the SDGs by Islamic financial institutions (IsFIs).

With assets currently at US \$2.5 trillion¹ and expected to reach US \$3.8 trillion in 2022, Islamic finance through its adeptness at innovative financial structuring, is well placed to create instruments that drive capital towards the SDGs².

At the UKIFC, we decided to take proactive steps to assist the global Islamic finance sector to better understand and engage with the SDGs. By joining the dots between Islamic finance institutions, business opportunities and the SDGs we are committed to support and encourage the sector to use the SDG framework to drive positive growth.

In 2019 the UKIFC became the first advisory body dedicated to Islamic finance to endorse the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking (PRB). Also in 2019, we launched a Global Islamic Finance SDG Taskforce with the support of the UK Government. A new group of leading Islamic finance figures has been brought together by the UKIFC to draw up measures to encourage greater adoption of the SDGs. The Islamic Finance and SDG Taskforce will have 24 months to come up with proposals on how to increase awareness and drive practical action within the sector.

As we enter the decade of delivery this thought leadership series, delivered in partnership with ISRA, is intended to inspire IsFIs to embrace the SDGs and showcase to the world that consideration for people, planet and purpose sits at the heart of Islamic finance. ISRA equally shares a commitment to the SDGs and is particularly well placed to encourage the Shari'ah scholars to engage with the SDGs.

We hope that you find this report useful and we welcome interest from individuals and organisations willing to amplify our message and / or participate in future collaborations.

Through partnering with the Global Ethical Finance Initiative (GEFI) and UNDP and building internal capacity, the UKIFC have developed unique insights and skill sets coupling strong in-depth knowledge of mainstream sustainability, responsible and ethical finance together with Islamic finance. We can assist our clients and stakeholders in successfully engaging with the SDGs through:

1. What it is? Enhance understanding through training, capacity building and thought leadership
2. Why do SDGs matter to my business? Developing the business case
3. How do we do this? Advising on mapping business processes, impact measurement and reporting

INTRODUCTION

The SDGs are designed to be a blueprint to achieve a better and more sustainable future for all.

The 17 quantitative and qualitative SDGs reflect the aspirations of people around the world. They emerged from the UN's largest stakeholder engagement program in its history that asked business, academia, non-governmental organisations (NGOs), civil society and others about what they should include. This broad buy-in gave the SDGs essential credibility and traction from the start. The SDGs were subsequently agreed and adopted by the UN in September 2015 as part of the 2030 Agenda for Sustainable Development.

The SDGs seek to address global economic, social, governance and environmental challenges by 2030 and have been adopted by 193 countries. They recognise that ending poverty and other deprivations complement strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our natural environment.

In some quarters it is felt that, although the SDGs have a business implication, they have not been principally designed for financial institutions and are more relevant and appropriate for State actors and other governmental organisations or global agencies. However, with a widely reported funding gap, business as usual is not an option and the Goals will not be delivered without collective private sector investment and action.

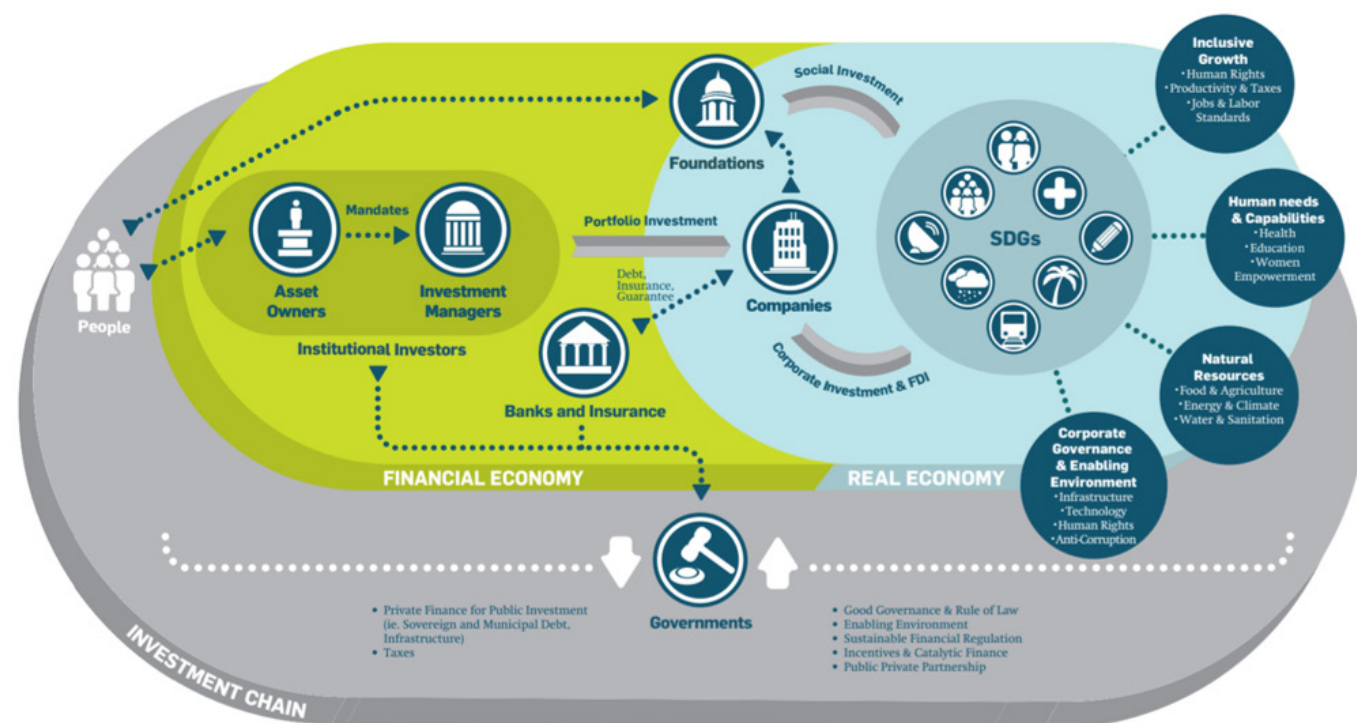
Private sector engagement in the SDGs extends beyond altruism. According to the UN Global Compact, private sector bodies have an inherent interest in seeing sustainable development succeed. As companies, markets, and economies become ever more global and interdependent, businesses and investors are becoming increasingly aware of the overlap between public and private interests. They realise that their ability to prosper and grow is contingent on the existence of a prosperous and sustainable society. Conversely, they see that social and income inequality, as well as environmental damage, are already having negative material impacts on supply chains, capital flows, and employee productivity³.

Financial institutions are witnessing an unprecedented increase in the prominence of this agenda. Be that through increased disclosures requirements by regulators (e.g. TCFD), asset owners or pension owners demanding prompt decarbonisation of their funds, borrowers seeking green loans or broad public opinion catalysed by activists such as extinction rebellion this agenda is now a top priority. Accordingly, the onus of this report is on the role for commercial financial institutions as opposed to development bodies or social finance providers.

Chart 1 below provides a graphical representation of the role that financial institutions, companies and foundations can play in supporting the SDGs. Companies operate in the real economy insofar as they produce goods and services and have a direct effect on sustainability areas such as climate, gender equality, jobs, infrastructure and social services. Institutional investors connect with sustainability issues through the projects and companies in which they invest by providing capital and by engaging as active owners. Institutional investors also invest directly in the real economy through property, infrastructure, forestry and agriculture. Banks and insurers connect through the provision of debt, insurance and guarantees to companies. Foundations and philanthropic initiatives provide capital for social enterprises and civil society organisations aimed directly at delivering societal benefits.

Within the financial economy institutional investors, banks and insurers are engaging with the SDGs through their participation in initiatives such as the Principles for Responsible Investment (PRI), Principles for Responsible Banking (PRB) or Principles for Sustainable Insurance (PSI).

Chart 1 – The Investment Chain



Source: ‘Private Sector Investment and Sustainable Development’ UN Global Compact, UNCTAD, UNEP FI, PRI (2015)

While the illustrated investment chain depicts a positive outlook for the flow of finance into the real economy this is not necessarily borne out in practice and this is one of the drivers behind the call for action.

Since their inception in 2015 a lot has been said and written about the SDGs. However, there remains a prevailing sentiment that large parts of the world’s population and the planet continue to suffer and it is time to move from words to action and start focusing on practical solutions that can unlock finance to achieve the SDGs. This sentiment was shared at last year’s SDG Summit where world leaders called for a decade of action to deliver the SDGs by 2030 and announced actions they are taking to advance the agenda⁴.

Within this context, over a number of months the UKIFC initiated a series of conversations with some of the leading global IsFI to understand the extent to which the SDGs formed part of their current or future plans. This process highlighted a:

- limited understanding of the SDGs
- perceived lack of relevance of the SDGs to the commercial agenda
- limited desire to consult with peers and participate in the SDG debate

With a clear vision on the important role Islamic finance can play in achieving the SDGs the UKIFC team has committed to a 24 month action orientated programme of activities that aims to address the aforementioned barriers and encourage IsFIs to embrace the SDGs.

The first practical step taken by the UKIFC is the formation of a Global Islamic Finance SDG Taskforce that is supported by the UK Government and involves senior level participants from across the globe. The vision of the Taskforce is to:

- Promote understanding and encourage adoption of the SDGs amongst IsFIs;
- Draw upon the natural alignment of Islamic finance sustainability principles with the SDGs to create a fairer global system of financial management that delivers results beyond mere profit; and
- Drive forward innovation in relation to the SDGs around the world.

Further information can be found at ukifc.com/sdg/.

The UKIFC's programme also includes working in collaboration with ISRA to produce a series of reports that examine the extent to which the global Islamic finance sector is engaging with the SDGs as well as explore the challenges and opportunities that active engagement with the SDGs involves. The series aims to assist the global Islamic finance sector by enhancing awareness, building capacity and encouraging active engagement in support of the SDGs.

This first report, in a series of three, will provide an introduction to the SDGs within the context of Islamic finance. Future papers will provide a detailed analysis of interviews conducted with Shari'ah scholars and senior level Islamic finance practitioners to ascertain their views on the SDGs. In the context of this report we are not focusing on what is sometimes called 'Islamic social finance'. While some argue that Islamic finance is inherently social, we have taken that term to mean the provision of finance to achieve positive social outcomes through the use of structures such as *zakat* and *waqf*. This paper is primarily focused on commercial Islamic finance rather than these forms of "Islamic social finance".

FACTORS IMPACTING THE RESEARCH

It is recognised that different parts of the world are at varying levels of understanding, alignment with and promotion of the 'sustainability' agenda, including the SDGs. This is as true for conventional financial institutions as it is for IFIs. There are also differing degrees and levels of disclosure and transparency when it comes to these issues and so this impacts on our research methodology and outcomes.

It is also recognised that in many cases there is no uniform use of particular terminology among sector participants. Efforts such as the EU High Level Experts working group, which commenced its work in July 2018, are seeking to address the taxonomy challenge, however this problem currently persists as global stakeholders have different understandings and interpretations of terminology.

In addition there can sometimes be confusion as to the meaning of 'sustainable' as this concept often appears under different thematics such as Corporate Social Responsibility (CSR), Responsible and Sustainable Finance and Investing, Environmental Social and Governance (ESG) screening, Green or Socially Responsible Investing (SRI) themes etc. For example, the Network for Business Sustainability defines the term from the perspective of individual business concerns: "business sustainability is often defined as managing the triple bottom line—a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as people, planet and profits."⁵

This report uses the definition of 'sustainable development' adopted by the UN which is: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."⁶

It is recognised that the ethical and sustainable finance arena is rapidly evolving with a number of challenges around authenticity, definition and measurement of impact. The scope of this report is not to try and resolve all of these issues and neither is it intended to be a fully comprehensive review of all aspects of 'ethical finance' and sustainability issues relating to the SDGs. It is important to note the SDGs are, as their name indicates, one part of the wider sustainability concept and while this paper recognises this, the scope and focus is firmly on the SDGs.

SECTION 1: SUMMARY OF THE SDGs AND THE OPPORTUNITY FOR ISLAMIC FINANCE



Prior to the development and adoption of the SDGs, the UN had created and promoted the Millennium Development Goals (MDGs). Adopted in 2000, the main purpose of the MDGs was to seek to eradicate poverty by 2015.⁷ The MDGs were superseded by a more radical agenda in September 2015, when 193 member states adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals.⁸

The 17 SDGs address some of the biggest challenges relating to people and the planet in order to secure prosperity and peace through partnerships, with a target date of 2030. There are various strands to the UN's view about what constitutes sustainable development and while poverty reduction is an important aspect it is not limited to this. At the time of launch, the expectation of the UN was that "over the next fifteen years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind."⁹

The Financial Opportunity

With global gross private sector financial assets estimated at over US\$200 trillion¹⁰ the global financial system potentially has the size, scale and level of sophistication to finance sustainable development. However, available finance is not being deployed at the scale and speed required to achieve the SDGs. The financing gap needed to achieve the SDGs in developing countries is estimated to be US\$ 2.5-3 trillion per year.¹¹

The SDGs are the blueprint to achieve a better and more sustainable future for all and in order to drive action and measure impact the 17 high level goals, each have a list of targets which are measured with indicators.

- 17 goals
- 169 targets
- 232 indicators

Financing sustainable development nevertheless brings new opportunities. Evidence shows that investing in the SDGs makes economic sense ¹², with estimates suggesting that achieving the SDGs could open up US\$ 12 trillion of market opportunities and create 380 million new jobs ¹³, and that action on climate change would result in savings of about US\$ 26 trillion by 2030 ¹⁴.

Partnerships and the Role for Islamic Finance

It is recognised that for the SDGs to be achieved by 2030 there will have to be a high degree of co-operation and partnership across all stakeholder groups. SDG 17 focuses specifically on this issue, stating that:

“... multi-stakeholder partnerships [are] important vehicles for mobilizing and sharing knowledge, expertise, technologies and financial resources to support the achievement of the sustainable development goals in all countries, particularly developing countries. Goal 17 ... seeks to encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.”¹⁵

Given the general lack of progress across IsFIs in this area there is an opportunity to learn from the early adopters operating in both the Islamic finance and conventional finance sectors. By working in partnership with the UN agencies, market leaders in SDG implementation and experienced advisors, Islamic finance institutions have the opportunity to learn from best practice approaches so as to develop and implement tailored SDG strategies aligned to their business objectives.

The Opportunity for Islamic Finance presented by the SDGs

A number of governments and multilateral development bodies have engaged proactively with the SDGs, either through integrating them into their national performance frameworks or using them to direct the deployment of their development aid budgets.

However as stated earlier, the private sector also has a key role to play in achieving the SDGs and this includes the \$2.5tn global Islamic finance market ¹⁶. The following factors provide opportunities for Islamic finance to engage with the SDGs:

1. Increasing global liquidity pools seeking ‘ethical finance’

There is growing demand for SDG and impact-aligned products. While there has been some movement on this, to date the majority of the initiatives have come from the conventional sector.

Examples of SDG funds include: Hermes Engagement Equity Fund, BlackRock's iShares MSCI Global Impact ETF and BMO SDG Engagement Global Equity Fund. There has also been some move to address the funding gap by the use of Shari'ah compliant sukuk aimed at the SDGs. An example is the sukuk linked to the SDGs arranged in 2018 by HSBC Amanah (the Malaysian Islamic banking arm of HSBC Holdings) which raised 500 million ringgit (\$120.63 million).¹⁷

2. Tactical alignment with development bank funders

Development institutions, such as the Islamic Development Bank (IsDB) and the UK Government's Department for International Development, are increasingly mapping their activities to the SDGs and it is anticipated that stakeholders, particularly recipients of funding, are likely to face increasing demand to demonstrate impact within the context of the SDGs. For the wide range of IsFIs receiving support from development

banks (typically in the form of direct equity investment, financing facilities and capacity building) it is now timely, if they are not already doing so, to start integrating the SDGs into their funding requests.

3. Enhancing the *maqasid* link through improving social relevance

The SDGs can provide a platform for Islamic finance to expand its 'ethical finance' offering. There is a natural synergy and goal congruence between the SDGs and an Islamic economic model that takes into account the *maqasid al Shari'ah* and the concept of vice-regency.

Parts of the global Islamic finance community is currently debating the important role of *tayyib* (pure, good) driven from a prevailing aspirational dissatisfaction highlighted by certain industry stakeholders, which contends that the focus of products and services should be on the evaluation of wider societal impact rather than an overly legalistic analysis of Shari'ah compliance. Alignment with the SDGs could represent a solution to this tension point. Since 2008 the UKIFC has been at the forefront of thought leadership in developing and promoting the *tayyib* concept as a route to expanding the Islamic finance sector.

4. Moving in line with global regulation and market trends

Regulatory pressure will increasingly compel the Islamic finance sector to adopt a more 'ethical' finance approach which will include taking into account the SDGs. These regulatory changes and initiatives are often relevant to one or more of the SDGs and will encourage the adoption of more 'ethical' mindsets and initiatives. Examples of this that pertain to Islamic finance include the UAE Guiding Principles on Sustainable Finance and, in Malaysia, the Securities Commission Sustainable and Responsible Investment Sukuk Framework and Bank Negara's Value-based Intermediation. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) also has standards on screening parameters for socially responsible and sustainable investments.

In the mainstream regulatory sector one example is the non-financial reporting EU Directive (2014/95/EU) and the EU Commission's non-binding guidelines to help companies disclose relevant environmental, social and governance-related information (i.e. non-financial information) in a way that fosters resilient and sustainable growth and employment and provides transparency to stakeholders. Another example in the UK is the response of the Bank of England to climate change which has seen it strengthen the Prudential Regulation Authority's approach to supervising the consequent financial risks.

Furthermore, the Bank of England has enhanced the resilience of the UK financial system by supporting an orderly market transition to a low-carbon economy through its Taskforce on Climate-Related Financial Disclosures (TCFD). TCFD released recommendations which cover how boards and executives integrate into their strategy, business, financial plans and risk management. They also urge companies to disclose various metrics and targets relating to climate change - ranging from carbon emissions to executive remuneration, as well as the financial impacts on asset values, revenue, profits, capital and debt.

SECTION 2: UN INITIATIVES

There are a number of UN initiatives aimed at financial institutions that represent a good starting point for Islamic finance institutions interested in the SDGs. Whilst there has been limited participation to date from Islamic finance institutions we recommend they seriously consider adopting (as applicable) the Principles for Responsible Investment (PRI), Principles for Responsible Banking (PRB) and Principles for Sustainable Insurance (PSI) which guide financial institutions from across the globe to align with the SDGs. Further details are included below and in Appendix 1.

PRI: the Principles for Responsible Investment, an investor-led initiative supported by but not part of the United Nations, consists of six principles based on environmental, social and governance (ESG) issues that was launched in 2006 and “works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.”

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The 6 Principles are as follows:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

There are 2,698 signatories to the PRI as of February 2020.¹⁹ The PRI has made the SDG agenda an intrinsic part of its next 10-year Blueprint for Responsible Investment²⁰ and an Advisory Group has been formed to help align signatory investment decisions and PRI's work with the SDGs, including:

- PRI Blueprint and SDG work program
- The SDG Investment Case
- Guidance on incorporation of SDGs in asset allocation
- SDGs and active ownership
- SDGs, KPIs and performance measurement

As of January 2020, IsFIs signed up to the PRI include: BIMB Investment Management Berhad, Khazanah Nasional Berhad and Sedco Capital.

PRB: The Principles for Responsible Banking, launched by UNEP FI in September 2019, are designed to “provide the framework for a sustainable banking system, and help the industry to demonstrate how it makes a positive contribution to society”. They outline the banking industry's contribution to achieving society's goals as expressed in the SDGs and the Paris Climate Agreement. Signatory banks are committed to taking a leadership role and using their products, services and relationships to support and accelerate the fundamental changes in our economies and lifestyles necessary to achieve shared prosperity for both current and future generations.²¹

There were 132 banks from 49 countries, representing over \$47tn, signed up to the Principles for Responsible Banking ahead of the official global launch on 22 September 2019.²²

As of February 2020, Gatehouse Bank and Jaiz Bank Plc are the only fully Shari'ah-compliant signatories with Banque Misr, CIMB, Crédit Agricole, Societe General and Standard Chartered offering Islamic finance windows. The 6 Principles are as follows:



PSI: The Principles for Sustainable Insurance were launched by UNEP FI in 2012 and serve as a global framework for the insurance industry to address ESG risks and opportunities. Over 140 organisations worldwide have adopted the four Principles, including insurers representing more than 25% of world premium volume and USD 14 trillion in assets under management. The Principles are part of the insurance industry criteria of the Dow Jones Sustainability Indices and FTSE4Good.²³

As of February 2020, there are no takaful insurance companies signed up to the PSI.

Global Islamic Finance and Impact Investing Platform (GIFIIP): GIFIIP was established by the United Nations Development Programme (UNDP) and the Islamic Development Bank (IDB) in 2015 to position Islamic finance as one of the leading enablers of SDG implementation around the world. The platform aims to promote market-based solutions by developing a spectrum of shariah-compliant impact investing tools and improving the access of impact enterprises to Islamic finance.

As part of this vision, one of the activities that GIFIIP has been working on is promoting Green Sukuk through an initiative launched in collaboration with the Securities Commission Malaysia (SC), Islamic Corporation for the Development of the Private Sector (ICD) and Islamic Financial Sector Development Department (IFSD) of Islamic Development Bank (IsDB). Convening stakeholders from both public and private sector, the initiative focuses on raising awareness and helping stakeholders build capacity for utilizing Green Sukuk in renewable energy projects as an alternative financing instrument. In November 2019, the Green Sukuk initiative was implemented in Pakistan starting with a pre-assessment study (attached) and followed by a validation workshop. The study helped to identify major stakeholders, potential and challenges in the Pakistani Green Sukuk market. The study also highlighted that the Islamic finance market in Pakistan offers high potential in mobilizing idle financial resources which are in need of Shariah-compliant instruments to finance green projects.

Other UN initiatives - UN Global Alliance on SDG and UN Global Compact

The Global Alliance on SDG Finance brings together the UN Global Compact, the UN Environment Finance Initiative and the PRI to provide a comprehensive set of solutions to mobilise private capital towards achieving the SDGs. These organisations constitute the largest networks of private and financial sector constituencies — corporates, investors, banks and insurers — dedicated to promoting the SDGs. Further information can be found in Appendix 1.

SECTION 3: PROMOTING THE SDGS TO THE ISLAMIC FINANCE COMMUNITY

In a later report in the series we will examine in further detail the current understanding and thinking of senior management of IsFIs towards the SDGs through a series of in-depth interviews and case studies. This section provides a brief overview of what the IsDB and other bodies have published with regards to the SDGs. This is not intended to be an exhaustive summary or critique and focuses on practitioner resources as opposed to academic papers. These examples are intended to provide a research tool for IsFIs with the expectation they will undertake their own additional research focusing on the specific interests and goals of their organisation.

Islamic Development Bank (IsDB)

IsDB is a multilateral development finance institution focused on Islamic finance, bringing together 57 member countries across four continents. It is headquartered in Jeddah, Saudi Arabia, with major hubs in Morocco, Malaysia, Kazakhstan and Senegal. It is a prominent and active participant in the global Islamic finance sector, with an AAA rating, and operating assets of more than USD 16 billion and subscribed capital of USD 70 billion.

It is active in areas including public and private project financing, development assistance, technical assistance, trade financing, SME financing, direct equity investment into IsFIs and research and training in Islamic economics and finance.²⁴

The IsDB 2019 publication 'The Road to the SDGs' explains how the bank's new business model aims to achieve the SDGs and meet the 2030 target. The transformation plan is guided by the IsDB Group President's 5-Year Program (2016-2021), which aims to make the IsDB more responsive to needs of the Member Countries.²⁵

The strategy entails improvements across four focus areas including:

- the global value chain
- innovations in Islamic finance
- science, technology and innovation
- partnerships²⁶

The IsDB recognises that it is not a linear journey to 2030 with the priorities, pace and direction of travel varying across Member Countries:

*"The IsDB group is fully committed to the SDGs. It recognizes that development objectives vary from one country to another. Its work is therefore initiated and motivated by understanding the real needs of its member countries, and it adapts its interventions accordingly. The IsDB group supports the implementation of this transformative agenda according to the needs and priorities of its member countries, through a collaborative approach, and in partnership with bilateral and multilateral development financing institutions, the private sector and civil society."*²⁷

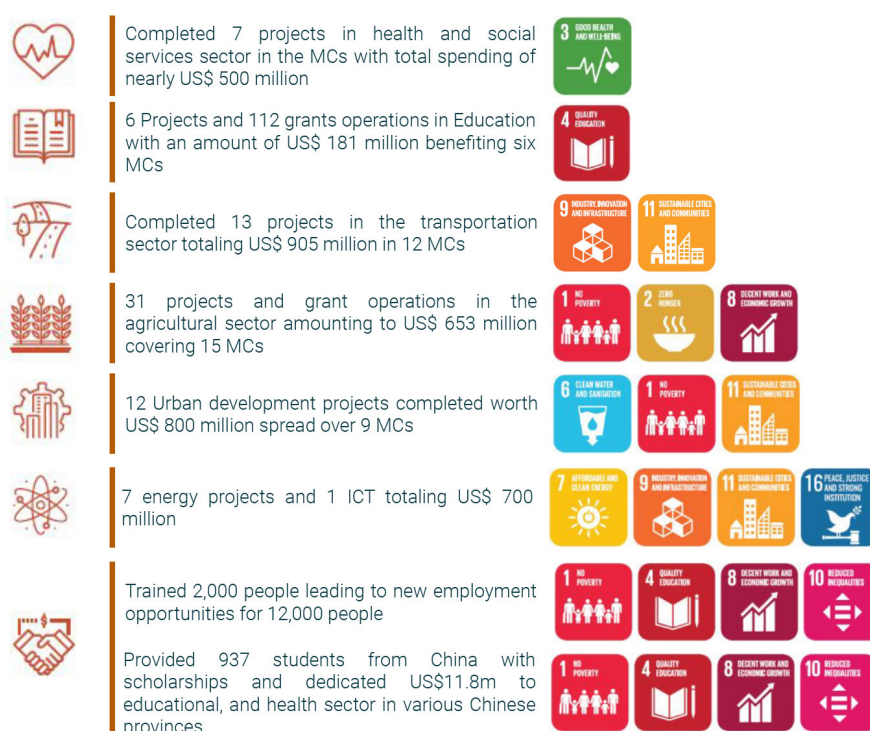
To achieve SDG targets, Member Countries need annual funding of between US\$700 billion and US\$1 trillion, which cannot be matched by the current levels of worldwide Official Development Assistance²⁸ which stand at around US\$143 billion annually.²⁹

The IsDB Group is well positioned to provide support to Member Countries in achieving SDGs 1 - 11, 13 and 16 through direct and participatory funding mechanisms. Sector policies for energy, transport, education and agricultural have

been developed to align with the SDGs and specific initiatives (such as the US\$500m Transform fund, that provides seed money for start-ups and SMEs tackling SDGs 2,3,4,6,7 and 9 – see Appendix 2) are undertaken to support SDGs implementation.

Collectively, the IsDB Group entities - Islamic Corporation for the Development of the Private Sector (ICD), International Islamic Trade Financing Corporation (ITFC), Islamic Corporation for Investment and Export Credit (ICIEC), and Islamic Research and Training Institute (IRTI) - are all committed to supporting Member Countries to realizing their 2030 SDGs Agenda.

According to the Development Effectiveness Report 2018³⁰, in 2018, IsDB contributed around US\$6.5 billion for 71 projects and 272 grant-based operations across 34 Member Countries to achieve the following impact:



The Sustainable Finance Framework³¹, launched in 2019 and underpinned by the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, outlines IsDB's criteria for issuing Green or Sustainability Sukuk. The categories in the table below each address specific SDGs.

GREEN ELIGIBLE CATEGORIES	SOCIAL ELIGIBLE CATEGORIES
- Renewable energy - Energy efficiency - Pollution prevention and control - Environmentally sustainable management of natural living resources and land use - Sustainable water and wastewater management	- Employment generation - Affordable housing - Affordable basic infrastructure - Access to essential services - Socioeconomic advancement and empowerment

Examples of how sukuk can be structured to be aligned with the SDGs include the HSBC Amanah Malaysia Berhad's sukuk, as mentioned on page 13, which was the first SDG sukuk,³² a vaccine sukuk by the International Finance Facility for Immunization (IFFIm)³³ and the first-ever sovereign green sukuk issued by the Indonesian government.³⁴ Further details of some of the activities of IsDB and ICD are included in Appendix 2.

In relation to climate finance the IsDB's 2020-2025 Climate Action Plan aims to support Member Countries to develop climate-resilient and sustainable projects. It includes a target-oriented framework linking the SDGs to Nationally Determined Contributions as set out in the Paris Agreement in 2015. IsDB has set a target of 35% of lending (measured by volume of financing) for climate action by 2025.

Considerations

The IsFIs together with IsDB (who are leading on engaging with and promoting the SDGs across its Member Countries) can consider, where relevant and not already happening, the following activities:

1. Shareholders can encourage (or even make it mandatory) for IsFIs management to report their impact on and engagement with the SDGs. IsDB could act as an advisory or coordinating body by providing templates and guidance for the reporting process where this is not already happening. Such templates could be constructed in conjunction with UNDP who have and are developing supporting toolkits. This reporting could then form the basis of future funding incentives, where select SDG-aligned initiatives (e.g. climate) identified by region could be prioritised by development bodies such as IsDB/ICD, DFID et al when deploying capital.
2. As part of the client onboarding process for IsFIs, clients could be asked to state how they engage with the SDGs and which ones they currently meet. This would allow the capturing of data and creation of a global database of organisations mapped to the SDGs. This could then be used in various ways, including: 1) Having a pre-qualified pool of assets that can be allocated against a future SDG sukuk issuance by the IsFI; 2) Enhance attractiveness of IsFIs when they approach shareholders (be they private or developmental institutions such as ICD) as part of future funding rounds for additional capitalisation to help their growth plans particularly if specific SDGs are be targeted for financing; 3) The database could also help the clients of IsFIs attract private equity and growth capital from the growing number of global impact investors and development bodies keen to assess SDG alignment of SMEs being funded.

Other activities

Select references to the SDGs has been provided in other reports and initiatives such as the recently launched UAE Guiding Principles on Sustainable Finance and the Securities Commission Malaysia's launch of the Sustainable and Responsible Investment Sukuk Framework, both of which make a central opening reference to the SDGs. In addition, Bank Negara's Value-based Intermediation Financing and Investment Impact Assessment Framework Guidance Document (issued November 2019) refers to the SDGs.

Bahrain based General Council for Islamic Banks And Financial Institutions (CIBAFI) currently has a specific focus on sustainability having recognised that Islamic financial institutions represent one of the main channels for the attainment of the SDGs. The "Islamic Finance & the United Nations Sustainable Development Goals" CIBAFI Briefing (May 2019) contends that *"Islamic finance plays a major role in increasing financial inclusion through its propositions based on risk-sharing and wealth redistribution, thus achieving the reduction of inequalities, economic growth and possible poverty eradication."* CIBAFI

also hosted an Executive Knowledge Sharing Forum entitled “The Role of Islamic Finance in Achieving the Sustainable Development Goals: Opportunities and Challenges” in December 2019.

The CIBAFI Global Islamic Bankers’ Survey 2019 Sustainability, Growth Drivers, and the Regulatory Challenge³⁵ aiming to identify which of the SDGs IsFIs aim to promote as part of their business growth plan. The top two were Goal 8 (Decent Work and Economic Growth) and Goal 4 (Quality Education). Interestingly the SDGs relating to climate action and nature (Goals 13, 14 & 15) were the bottom three which is a stark contrast to how conventional finance is placing climate as a top tier priority. The only outlier here being the Southeast Asia which place it as number one and would align with the palm oil deforestation challenges and resonates with the first sovereign sukuk being issued from Indonesia and SDG sukuk from Malaysia. Whilst the SDG component is a small section of the 186 page CIBAFI survey report, it is nonetheless a progress step. Interestingly, sustainability more broadly (or indeed explicitly the SDGs) did not feature in the top concerns of global Islamic banks. Commentary provided by banks in the survey indicated a varied and inconsistent understanding of the relevance of the SDGs and a mixing of this with CSR and charitable activities of the banks. Al Barakah Bank has demonstrated a more comprehensive and integrated approach to the SDGs and our subsequent report will focus on what IsFIs are doing.

Other publications referencing the SDGs include papers from ISRA, the Dubai Islamic Economy Development Centre (DIEDC) ‘State of the Global Islamic Economy Report 2018/19’ and the Deloitte ME Islamic Finance Knowledge Center (IFKC) white paper series entitled ‘Scalable and sustainable funding source for social infrastructure’. An overview

CONCLUSION

IsFIs are at an early stage of engagement with the SDGs. Challenges remain around understanding, shari'ah tensions and the inherent ability for IsFIs to materially engage in this agenda considering their other challenges ("growing pains"). However, with the UN refining its engagement of the private sector with the SDGs by providing new tools (FS sector Hub, SDG Impact Seal, etc.) and precedent structures and reporting approaches having been developed by conventional finance, the time for IsFIs to engage with the SDGs has never been better. From our experience at the UKIFC in assisting financial institutions in their engagement with the SDGs, we have found three key areas are paramount:

- Understand: knowing how your organisation can effectively engage with the SDGs
- Transition: developing the business case and implementing plan to embed the SDGs into your institution and identify the commercial opportunities associated
- Evaluate performance and promote continuous improvement

Timing is critical for the SDGs as we enter the "decade of action" and IsFIs are urged to proactively engage to make the SDGs a top priority. Indeed, this report is released at a time when the fragility of our planet and its people have been laid bare by the coronavirus pandemic. Covid-19 has caused catastrophic human suffering and economic hardship as it has proliferated across the world at a devastating speed. The lack of preparedness has amplified the loss of life and left us facing the worst recession since the Great Depression of the 1930s. Indeed, at the time of writing the "cracks" in the financial system are already starting to show.

Whilst the root cause of the pandemic is external to the economy, the interconnectedness of global capitalism has been starkly highlighted. A discourse is now emerging that suggests the pandemic may represent a global turning point paving the way for a new economic and intellectual beginning. In this context the SDGs, as a leading global framework, provide a unique opportunity for the human family to act in solidarity to save lives and jobs, calm markets, and steer finance toward a more adept, sustainable, and inclusive world economy. The mindset of the unchecked pursuit of profit maximization and short termism must be changed. For commercial actors profit with, or through, purpose is the new mantra and the SDGs present an excellent framework for defining the purpose.

With a financing gap of US\$ 2.5-3 trillion per annum achievement of the 2030 goals require urgent and significant private sector investment. Within financial services, owing to its underlying Shari'ah principles, Islamic finance is naturally aligned to, not only support but, lead the financial services sectors efforts towards achieving the Global Goals. Although we are now starting to see interest and activity within the Islamic finance sector it is not at the speed and scale required.

The IsDB is fully committed to the SDGs and, in 2019, launched a new business model to support the SDGs. To deliver the SDGs, IsDB member countries require annual funding of between US\$700 billion and US\$1 trillion and the ICD has identified SDG-aligned sukuk a potential funding solution. This report suggests that IsDB and ICD could take practical steps to integrate and embed the SDGs into their funding and reporting processes in order to educate and inspire member countries. The UAE Guiding Principles on Sustainable Finance, Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk Framework and Bank Negara's Value-based Intermediation Financing and Investment Impact Assessment Framework Guidance Document are other recent examples of the SDGs appearing on the Islamic finance agenda. SDG alignment presents a unique opportunity to showcase to the non-Muslim consumer

the ethical basis of Islamic finance. Despite the synergy between Islamic finance and the Global Goals a lack of knowledge and awareness within the industry has left most IsFIs trailing behind their conventional counterparts.

The challenge, and critical success factor, is therefore to reach, inform and catalyse the global Islamic finance sector around the SDGs, ensuring IsFIs recognise and understand the opportunities and threats. The UKIFC has thus developed initiatives and specialist competence to help support with capacity building, developing the business case, SDG mapping, as well as measuring and reporting impact.

With a deep rooted commitment to social benefit Islamic finance should be at the front and centre of this new, sustainable economic paradigm. With the SDGs emerging as the shared blueprint for peace and prosperity for people and the planet, now and into the future, this is the time for the global Islamic finance sector to step up and demonstrate its credentials as a force to drive the global finance sector into making positive changes.

APPENDIX 1

UN Alliance for SDG Finance (SDG Alliance): To achieve the SDGs, approximately \$5-7 trillion will be required every year. This is clearly a very significant amount of funding and in recognition of this the SDG Alliance has been created to create networks and support initiatives to help achieve this goal. The three alliance partners are the UN Global Compact, UNEP FI and PRI which “constitute the largest networks of private and financial sector constituencies — corporates, investors, banks and insurers — dedicated to promoting the SDGs”.³⁶

UN Global Compact: it describes itself as being “a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.”³⁷ It also aims “to mobilize a global movement of sustainable companies and stakeholders to create the world we want.” Business participants of the UN Global Compact increased to 13,918 by the start of 2020.³⁸

UNEP FI: according to UNEP FI's web page, “it is a partnership between [the United Nations Environment Programme] (UNEP) and the global financial sector to mobilize private sector finance for sustainable development”. UNEP FI states that it works with more than 290 members – banks, insurers, and investors – and over 100 supporting institutions – to help create a financial sector that serves people and planet while delivering positive impacts. It is also of the view that leveraging the UN's role, enables UNEP FI to accelerate sustainable finance.³⁹

Part of UNEP FI's activities has been to try and integrate sustainability into financial market practice and it has done this by forming or co-creating various frameworks such as:

- Principles for Responsible Banking (PRB) launched with more than 130 banks collectively holding USD 47 trillion in assets, or one third of the global banking sector, on 22 September 2019.⁴⁰
- Principles for Sustainable Insurance (PSI), established 2012 by UNEP FI and today applied by one-quarter of the world's insurers (25% of world premium).⁴¹
- Principles for Responsible Investment (PRI), established in 2006 by UNEP FI and the UN Global Compact, now applied by half the world's institutional investors (USD 83 trillion).

As UNEP FI's web page states, “these frameworks establish the norms for sustainable finance, providing the basis for standard-setting and helping to ensure private finance fulfils its potential role in contributing to achieving the 2030 Agenda for Sustainable Development and Paris Agreement on Climate Change.”⁴²

PRI: the PRI, an investor-led initiative supported but not part of the United Nations, consists of six principles based on ESG issues that was launched in 2006 and “works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.”⁴³ There are 2,698 signatories to the PRI as of February 2020.

At the core of the SDG Alliance are three distinct but highly complimentary platforms on SDG finance which are joining together to 'provide a comprehensive set of solutions to mobilize private capital in achieving the SDGs'.⁴⁴ These platforms are:

- UN Global Compact Financial Innovation for the SDGs⁴⁵
- UNEP FI Principles for Positive Impact⁴⁶
- PRI Blueprint & Advisory Group on the SDGs⁴⁷

The SDG Alliance states that it has to the capacity to educate (by explaining the business case for sustainability), engage (by encouraging a dialogue about SDG business and finance solutions) and operationalise (through forming standards, frameworks and innovative solutions to assist in the transition to an impact based economy).⁴⁸

APPENDIX 2

Islamic Development Bank (IsDB)

The IsDB Group has undertaken a range of steps and initiatives focused on the SDGs. Some of these include:

- IsDB established a Community of Practice (CoP) within the group in 2017. This is used as a hub to “spread awareness and develop core expertise, general knowledge and develop innovative solutions to help [Member Countries] achieve the SDGs”.⁴⁹ The CoP publishes a quarterly newsletter, the SDGs Digest, which contains SDGs related articles and informs on the progress being made towards achieving the SDGs.
- IsDB published a report in 2019 entitled Making Markets Work for Development through Global Value Chains.⁵⁰ This publication recognised the importance of the concept of Global Value Chains in the context of the Member Countries and their ability to achieve the SDGs. In the foreword the President, H.E. Dr. Bandar M. H. Hajjar, said, in part:

“The Bank's value chain approach is forward looking in identifying potential value chains that focus on the competitiveness of a country based on industries and products. This new approach is expected to change the Bank's priorities by being more proactive and taking into account the globally changing environment, in line with the aim of achieving the Sustainable Development Goals (SDGs). The value chain approach will form part of the basis of engagement with member countries through the Member Country Partnership Strategy (MCPS).”

In helping Member Countries increase their competitiveness, the IsDB focuses on 5 industries: food and agriculture industry; textiles, clothing, leather and footwear industry; petroleum and chemical industry; construction industry; Islamic finance industry. The Global Value Chains scheme is said to be aligned with SDGs 8, 9 & 17.⁵¹

- The IsDB has set up the Engage digital platform and also a Transform Fund that are focused on SDGs 2, 3, 4, 6, 7 & 9. Engage is a digital hub that IsDB has created which its web site says “will accelerate economic and social progress in the developing world through the power of science, technology and innovation”.⁵² It offers three main services: Match Making, Technology Transfer and Calls for Innovation. Through the platform, individuals, small and medium size enterprises (SMEs), private companies, policy makers and NGOs can access mentoring advice and expert knowledge to develop their innovative ideas and projects into proposals that meet internationally accepted standards. The Engage digital hub is linked to the Transform Fund to which applications can be made for funding. The Transform Fund is described as follows: Linked to the Engage hub, Transform will turn innovative ideas into real development solutions. Transform will provide seed money for innovators, startups and SMEs. It will also fund the commercialization of technology developed through partnerships between researchers and entrepreneurs.
- The International Trade Finance Corporation (ITFC) is the trade arm of the IsDB Group which promotes trade through trade finance and activities that facilitate intra-trade and international trade. ITFC is contributing to SDGs 1, 2, 3, 7, 8, 9 & 17.⁵³ Islamic Corporation for the Development of the Private Sector (ICD) is also part of the IsDB Group and started integrating SDGs into its activities in 2017 when it first tagged its products and services with SDG goals and subsequently linked its strategy with 10 SDGs.

IRTI together with UNDP (Istanbul Centre) published in 2017 “I for Impact: Blending Islamic Finance and Impact Investing for the Global Goals”.

APPENDIX 3

International Shari'ah Research Academy for Islamic Finance (ISRA)

ISRA has produced content in the form of presentations and papers exploring the relationship between Islamic finance and ESG. A presentation called "Value Based Intermediation (VBI)" by Prof Dr Akram Laldin, Executive Director of ISRA Malaysia, discusses the initiative spearheaded by Bank Negara in Malaysia to encourage innovation and the generation of social and/or environmental returns in addition to profit in the banking industry. It identifies the "key thrusts of VBI" as best conduct, good self-governance, community empowerment and an entrepreneurial mindset.

Guiding Principles on Sustainable Finance in the UAE

On 15 January 2020 the United Arab Emirates issued its Guiding Principles on Sustainable Finance which is aimed at serving as a catalyst in the implementation of the country's sustainability priorities. These Guiding Principles represent the 'shared views of the regulatory authorities in the UAE' (Section 4)) and there are specific references to SDGs in their opening sentence and further in Section 10. They encompass Islamic banks and specifically say that the Guiding Principles 'take into consideration Shari'a law requirements, principles and guidelines' (Section 9)). AAOIFI is also mentioned in two of the Annexes. While the Guiding Principles are voluntary at the moment (Section 7) they are a positive step in the right direction and recognise that the SDGs are part of the solution and will need to be taken on board to achieve sustainable finance in the UAE.

Dubai Islamic Economy Development Centre (DIEDC)

DIEDC issued the "State of the Global Islamic Economy Report 2018/19" and which was developed and produced by Thomson Reuters in collaboration with DinarStandard. This publication connects the various SDGs to key areas in Islamic economies such as halal products, halal lifestyle and Islamic finance.

The DIEDC report also states:

"a high proportion of social and ethical challenges ('Beneficiary Needs') are in markets and communities core to the Islamic economy...However, [as shown in the illustrative diagram,] the realisation or awareness of the motivators, especially faith-based, towards wider 'tayyab' /social impact are currently weak."

The report concludes with a roadmap encouraging greater sovereign wealth fund and private equity fund participation and a call to action to companies "to get to a more 'investable' state".

Deloitte ME Islamic Finance Knowledge Center (IFKC)

IFKC produces white papers as part of its "Leading by Engaging" series. Its white paper entitled "Scalable and sustainable funding source for social infrastructure" examines and defines the "key enablers and influencers of building an effective Islamic finance investment structure as a source of social infrastructure financing." It also analyses the impact of this model in light of regulatory and, market practice and governance requirements".

This publication has contributors from industry experts such as Stella Cox (CBE, Managing Director, DDCAP Group) and Dr Osman Babiker Ahmed (Lead Economist, IRTI-IDB) who share their views on the Islamic capital markets and sustainable investing, as well as the value of Islamic finance for infrastructure projects (in particular) in context of the SDGs.

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The UKIFC is a specialist advisory and development body focused on promoting and enhancing the global Islamic and ethical finance industry. Established as a not-for-profit in 2005 the practitioner-led UKIFC has been at the forefront of identifying synergies and co-ordinating activities between Islamic and conventional ethical finance. In so doing the UKIFC has pioneered a number of internationally acclaimed and award winning initiatives that have moved the debate in Islamic finance to consider the broader ethical finance thematic. With a unique insight into both the Islamic and ethical finance markets the UKIFC is regularly approached by stakeholders, in both mainstream ethical finance and Islamic finance, for advice and support. Its capabilities include:

- UN SDGs – stakeholder endorser of the UN Principles for Responsible Banking and expertise in advising, capacity building and monitoring tools for all financial institutions (specialist tool kit for Islamic financial institutions)
- Advising on integrating Islamic with broader ethical finance strategies for product design to widen product appeal
- Advising conventional ethical finance bodies on adding an Islamic finance dimension to tap into new markets
- Planning, organising and supporting Islamic, ethical and interfaith finance events/conferences for publicity, product launches, educational and awareness purposes

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Academy for Islamic Finance
الأكاديمية العالمية للبحوث الشرعية في المالية الإسلامية

ISRA is an autonomous body set-up under the direction of the Central Bank of Malaysia (Bank Negara Malaysia) to promote applied research in the area of Shari'ah and Islamic finance. ISRA provides a platform for greater engagement amongst practitioners, scholars, regulators and academicians via research and dialogue, in both the domestic and international arenas. Through pioneering research and rigorous intellectual dialogue, ISRA aims to promote innovation and dynamism and thus extend the boundaries of Islamic finance. In line with the nature of our organisations, our work is designed to empower stakeholders and encourage progressive developments within the Islamic finance sector.

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