ISLAMIC FINANCE CONSULTATIVE GROUP MEETING

CIBAFI Sustainability Guide for Islamic Financial Institutions

10th May 2022 | Hybrid – Virtual and IFRS Foundation Office, London
Presentation Outline

1. BACKGROUND OF THE CIBAFI SUSTAINABILITY GUIDE PROJECT
2. DEVELOPMENT PROCESS OF THE SUSTAINABILITY GUIDE
3. METHODOLOGY
4. DEFINITION OF ISLAMIC SUSTAINABLE DEVELOPMENT
5. SUSTAINABILITY GUIDE IMPLEMENTATION PROCESS
6. FIVE (5) PRINCIPLES OF SUSTAINABILITY
7. THE WAY FORWARD
Background of the CIBAFI Sustainability Guide Project

CIBAFI SUPPORT TO SUSTAINABILITY AND CLIMATE CHANGE GLOBAL INITIATIVES

(Highlights)
Background of the CIBAFI Sustainability Guide Project

Rationale and Objectives of CIBAFI Sustainability Guide

GLOBAL MOBILIZATION FOR CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT

CASE OF ISLAMIC BANKS AND SUSTAINABLE DEVELOPMENT

PROMOTING SUSTAINABLE DEVELOPMENT IN THE ISLAMIC BANKING INDUSTRY

SUPPORTING ISLAMIC BANKS IN INTEGRATING SUSTAINABILITY IN THEIR BUSINESS ACTIVITIES WHILE CONSIDERING ESG OBJECTIVES
Development Process of the Sustainability Guide

#1 Literature Review

#2 Development of the 5 Principles of Sustainability and Guide Implementation Process

#3 Consultations with Experts
- Roundtable Meeting
- In-depth Interviews with Shariah Scholars and Industry Leaders

#4 External Review Process

#5 Public Consultation

#6 Finalisation of the CIBAFI Sustainability Guide
Methodology

- Islamic methodology based on Maqasid Al-Shariah approach
- Interpretation of Maqasid Al-Shariah as the well-being of all stakeholders
- ESG Augmented Maqasid Al-Shariah Framework
Recognising the complementarity nature of all the stakeholders to reach unity (tawhid) within the balance (mizan), which requires the recognition and provision of an opportunity space for the given (fitra) development path for each stakeholder to reach their perfection, where the growth of each stakeholder has to be in harmony with other stakeholders’ leading to inter- and intra generational justice (adalah) through the actualization of equilibrium- based (ihsani) governance.
Sustainability Guide Implementation Process

Sustainability Guide Implementation Framework and Measurement

1. INTERNAL ASSESSMENT OF SUSTAINABILITY FOCUS AREAS
2. ALIGNMENT WITH THE BANK’S VISION, MISSION AND STRATEGY
3. OPERATIONAL INTEGRATION
4. INTERNAL AND EXTERNAL EDUCATION
5. MONITORING AND REPORTING
Five (5) Principles of Sustainability

1. Sustainability Integration
2. Sustainability Governance
3. Environmental and Social Sustainability Risk Management
4. Monitoring, Reporting and Communication
5. Coordination and Collaboration
The Way Forward

Key areas for consideration in the next steps of the Sustainability Guide project

CAPACITY BUILDING ACTIVITIES AND AWARENESS PROGRAMMES

TECHNICAL GUIDANCE ON IMPACT ASSESSMENT AND MEASUREMENT (DETAILED SCORECARDS/QUANTITATIVE INDICATORS)

COMMUNITY OF CHAMPIONS TO PROMOTE KNOWLEDGE SHARING AND BEST PRACTICES
The Way Forward

Upcoming Projects Under Sustainability Working Group (SWG)

CARBON FOOTPRINT MEASUREMENT METHODOLOGY PROJECT

PRODUCTS DEVELOPMENT GUIDE
Thank You

CIBAFI Secretariat