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Sustainability: The future of Islamic finance

The call for finance to be a force for good has become more urgent than ever, and the Islamic finance industry is heeding that call. Despite practitioners often being quick to point out the similarities between it and the sustainable finance movement, Islamic sustainable finance remains but a drop in the multitrillion-dollar ethical finance industry. Industry leaders, however, believe we are moving in the right direction, and with the right steps, the industry could deliver more meaningful impact through Shariah instruments with a sustainable core. VINEETA TAN dives deeper.

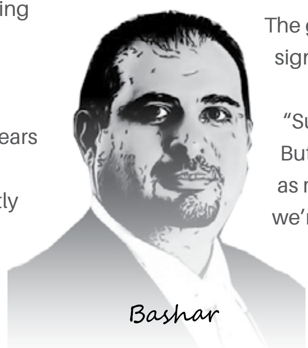
Slow and steady

Don't let the abbreviations confuse you. Be it ESG [environmental, social and governance], SRI [socially responsible investing] or impact investing, these terms are parked under the wider sustainable finance umbrella and are often used interchangeably albeit with delicate differences. ESG may be a jargon first coined in 2005 but the concept dates back earlier with SRI taking off in the 1960s. Within the Islamic finance sector, however, these concepts are a relatively new phenomenon, with Islamic ESG or Islamic sustainable finance gaining more momentum over the last half a decade or so.

Take green bonds as an example. The first climate awareness bond, or green bond, was issued by European Investment Bank back in 2007. The landmark EUR600 million (US$678.27 million) offering triggered a domino effect which led to an ESG finance market that is worth over a trillion dollars and growing exponentially. The Islamic finance industry, however, trailed behind and only issued its first green Sukuk 10 years later in 2017. From then until July 2020, only 17 green Sukuk issuances have entered the market, and are mostly concentrated in Malaysia and Indonesia.

According to Bashar Al Natoor, the global head of Islamic finance at Fitch Ratings, about US$5.5 billion were raised through sustainability-linked Sukuk in 2020; this figure has been superseded in the first three quarters of 2021 alone, with almost US$7 billion already raised.

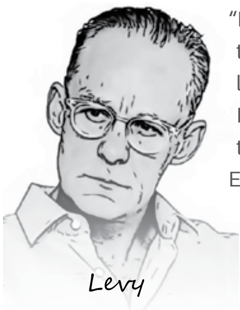
"If I look at how much was issued since 2017, it is less than US$20 billion, which is small compared to the size of the global Sukuk market which is around US$800 billion currently. So, in terms of actual size, the sustainable Sukuk market is still tiny," Bashar explained, adding that over 10% of Fitch's US$130 billion rated Sukuk outstanding has some elements of sustainable, transition and green, indicating that this theme is more apparent within the dollar space. Malaysia is an exception, with corporates driving the Islamic sustainable agenda in the local currency market.


Bashar

The growth may be slow, but market practitioners take this as a sign in the right direction.

"Sustainability has always been at the heart of Islamic finance. But I think perhaps in the past we didn't bring it to the fore as much as we're doing now. And one of the reasons that we're doing it now is because in the conventional markets, sustainability, ESG financing has grown enormously in the last 15 years or so, and increasingly so in the last five years. So that depth of funding liquidity that's available in the conventional sustainable markets is something that Islamic finance is becoming increasingly aware of and tapping into. The combination of liquidity plus the fundamental purpose of Islamic finance have come together in the last three or four years," observes Farmida Bi, Norton Rose Fulbright's chair for the Middle East, Europe and Asia and the firm's European head of Islamic finance.

That depth of funding liquidity that's available in the conventional sustainable markets is something that Islamic finance is becoming increasingly aware of and tapping into



The Islamic and sustainable convergence is indeed gaining serious momentum, evident by the numbers.

"I think over the last 12 months, there's been a lot of discussion and the good news is that the discussion has basically crossed into almost every aspect of Islamic finance. Everybody is now talking about [Islamic sustainable finance], which is a good start," Dr Scott Levy, CEO of Bedford Row Capital, opined.

There is indeed a lot of talk, backed by meaningful measures, at the top of the industry and at government levels, with the likes of Malaysia, Indonesia, and several administrations in the Middle East putting together policies and incentives to spur the sector. Malaysia introduced its SRI Sukuk Framework in 2014, Indonesia launched its Green Bond and Green Sukuk Framework in 2017, and the UAE this year released its 10-year sustainable finance framework which features Islamic instruments while Oman is developing an ESG finance framework as well.

However, there is still a lot of work to be done, not only at policy level, but also at issuer level as we move from a mindset of maximizing profits to a mindset of profit with purpose.

Costly compliance

There is a cost to compliance, and this cannot be underestimated.

"In addition to complying with Shariah principles, you also have to comply with green bond principles and there are increasing layers of regulatory frameworks that are being built around Islamic sustainable finance," Farmida explained, adding that tapping the ESG market generally means having to get an ESG rating as well. "All of those are substantial obligations that you have to comply with, compared to going out into the market and issuing a conventional bond. So in order to jump through all of those different hoops, it has to be worthwhile."

There is a cost to compliance, and this cannot be underestimated

Disclosure is a central challenge Islamic financial institutions face in fully embracing the sustainability agenda. Perhaps the lack of Islamic

financial institutions committing to globally-recognized frameworks such as the UN Principles of Responsible Investment and the UN's Principles of Responsible Banking, which require regular detailed reporting of one's sustainability efforts and impact, is an indication of the severity of this challenge. To date, only a handful of entities have adopted these principles.

"The commercial necessity of doing so isn't quite clear enough," Dr Levy highlighted. "If [issuers] can tap into the markets the way they have always done and take a very conservative and traditional approach, why do they need to do this? And there isn't yet a commercial imperative in the same way there is on the conventional side to put the effort into the reporting that's required."

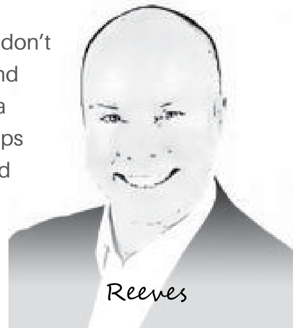
Professor Kevin Haines, Bedford Row Capital's head of social policy, echoes his colleague's sentiments: "There is an issue at the moment for Islamic finance about talking the kinds of language that is increasingly acceptable to investors. Investors are now expecting issuers to be conversant with these various regulatory frameworks and to be providing the data that investors need to demonstrate their compliance under these regulatory frameworks. This is early days but it is important for Islamic issuers to get conversant with these regulatory frameworks."

Making it worthwhile

The reality is: it is not easy to use finance for good without risking greenwashing. And it is costly too. These merely compound the concerns conventional issuers have with Shariah finance, which is already perceived as more complicated and expensive. This leads us to ask: is the payoff justified?

Market practitioners believe so, albeit the fact that it may take a while to realize such gains.

"(In general) getting a real yield that is actually positive is a challenge, and if you're an Islamic investor, then you have further restrictions. You don't have the entire universe available to invest in and so finding something that is going to generate a yield is one thing, finding something that perhaps can generate a positive inflation built in the yield is another. Islamic attributes attached is even more of a challenge and of course increasingly, Islamic investors also want sustainability, they're not different from everybody else. Having a sustainable Islamic investment I think is an incredibly positive and virtuous thing and I think in some respects they it could potentially lead this and certainly the opportunity is there," noted Craig Reeves, the founder of Prestige Funds.



When we compare the performance of conventional and Islamic indices, it does look like conventional edges ahead of its Islamic counterpart. The conventional S&P Global 1200 has modestly outperformed the S&P Global 1200 ESG Shariah. However, according to Michael Orzano, the senior director of global equity indices at S&P Dow Jones Indices, over the longer term, the ESG jurisprudence have led to outperformance and also some reduction in volatility.

"If we look at the trailing 10 years as of the 30th September 2021, the S&P Global 1200 Shariah gained an annualized 14.7% versus 13.1% for the conventional index, which is a pretty meaningful outperformance of over 1.5% per annum over 10 years. Interestingly on the volatility side, standard deviations were a little bit lower for the ESG SRI Index as well, which is interesting as it is a much narrower index," Orzano elaborated, adding: "Long-term outperformance was almost fully driven by the Shariah screens and the

ESG side of it didn't really have a large contribution because by design, the S&P ESG Index is constructed in an industry neutral basis so that it tends to closely track the conventional parent benchmark."

The ability to reach a wider investor base is often the driving reason to turn to Islamic sustainable finance. Beyond that, the trend toward doing good for the planet and people also attracts Islamic finance institutions to capitalize on this swelling demand.

Private capital really is vital and this presents a considerable opportunity for the Islamic capital markets to mobilize funding and is also a very unique opportunity for Islamic finance

"In Europe, you will see green issuances resulting in savings of at least up to 10 basis points as compared to normal issuances. But in the case of Asia, including Malaysia, generally the difference is very marginal," Chung Chee Leong, CEO of Cagamas, Malaysia's national mortgage corporation and the country's largest debt issuer, shared. "In our case, we managed to get two basis points (in savings) for our 2020 issuance. With increased awareness, we will probably see in the future, potentially some savings issuing sustainability Sukuk as compared to regular Islamic offerings." Cagamas in 2020 priced a combined issuance of its inaugural ASEAN Sustainability SRI Sukuk and Islamic medium-term notes totaling RM450 million (US$106.08 million). Proceeds from the SRI paper was used to specifically fund the purchase of eligible Islamic financing for affordable housing.


Leong

Urgent needs, attractive opportunities

For the most part, Islamic sustainable finance is here to stay, especially as the pandemic has created an urgent need for funding to recover.

"There is now a much greater focus on how to build back better as we come out of COVID. Many of the people who have been impacted the most by the coronavirus are in Muslim-majority countries and I think when those countries are looking at how they can rebuild that infrastructure, whether that's health, education, employment, there has been in Europe a very big focus on social bond issuances to try and ameliorate the effect of the pandemic. And those are structures and capital flows that these Muslim-majority countries can also tap into as the world generally tries to support development post-pandemic," noted Farmida.


Schwalbenberg

The Islamic Finance Council UK expects US$30-50 billion in capital for green and sustainability Sukuk up to 2025.

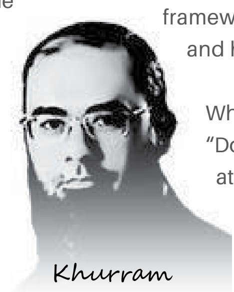
"It has been suggested that we need about US$7 trillion in infrastructure investment annually and between US$1.5 trillion to US$4 trillion every year for energy transition to meet the Paris [Agreement] targets; and with the commitments of the Glasgow Climate Pact, I'm sure

those numbers will then be increased and there aren't sufficient public funds to satisfy this. So, private capital really is vital and this presents a considerable opportunity for the Islamic capital markets to mobilize funding and is also a very unique opportunity for Islamic finance," according to Jennifer Schwalbenberg, the chief governance officer for the DDCAP Group.

The starting point is to understand and be aware of what the conventional [space] is doing, then look at your industry, see where you can capitalize on the things that you already have and then develop the things that you like

COP 26 [UN Climate Change Conference 2021], contentious as it may have been, nonetheless pushed various nations toward some serious climate commitments.

"The UAE was the first in the Middle East to announce their net zero ambition followed by Saudi Arabia and you must acknowledge that it's not easy for these countries. For these countries, which are some of the largest oil-producing countries in the world, to go next zero, they have to invest much more and they have to make much more effort as compared to other countries," said Khurram Hilal, CEO of group Islamic banking at Standard Chartered Bank.



Khurram

This year's UN Climate Change Conference saw the formation of the Glasgow Financial Alliance for Net Zero, a global coalition of 450 institutions from 45 countries committed to accelerating the decarbonization of the world economy and reaching net zero emissions by 2050. These institutions are not only augmenting their internal policies but also revising their investing and lending criteria for projects focusing on achieving net zero, signaling deep capital flows into the sustainable finance sector.

Turning words into action

So how do we, as an industry, capture these Islamic sustainable opportunities? As Schwalbenberg observed: "We had two weeks of moving intentions and wonderful announcements [at COP 26] but now we need to put that into reality and make it happen. It's no longer about goals and aspirations. It really needs to be about action. And with this, I think there really is a key role in the Islamic finance agenda for green finance, but also transition finance."

Bashar concurs. "I think the starting point is to understand and be aware of what the conventional [space] is doing, then look at your industry, see where you can capitalize on the things that you already have and then develop the things that you like. First is to build awareness, then realization of putting strategies and regulations and frameworks to improve that and then installing that in the system and having an ecosystem and incentivize issuers."

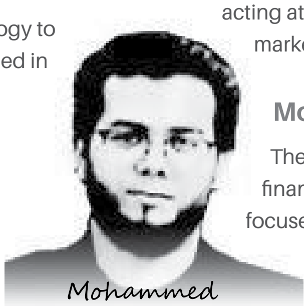
When it comes to regulations and policies, Dr Scott's advice is: "Don't be afraid of regulation – that's the first step. Look internally at your internal processes, have a brief read of the UN SDGs and understand where you fit into the things that the world is talking about at the moment."

At the heart of this movement is the importance of nurturing the right people to drive this change.

"We need to think about how do we get staff in Islamic banks to be equipped with the right knowledge? How do we create a future-ready workforce? We need our training and our learning institutions to focus in this area because this is the future of finance. They need to help develop the next generation of Islamic bankers who understand the dynamics of sustainable finance, who understand climate change, net zero carbon footprint, social finance and inclusion. They need to be fully up to speed with these concepts and not just knowing them, but also owning these concepts and also championing [them]," Khurram strongly believes.

Leveraging tech

And just as the Islamic finance industry is using technology to advance their cause, technology should also be leveraged in our journey of Islamic sustainability.



Mohammed

"Technology can definitely play a significant role in achieving environmental and social goals. We have instances of application of blockchain technology and Islamic social finance, such as the use of digital identities for monitoring the end-use of the contents of funds, as well as the preservation or development and proper use of Waqf or Islamic endowments for achieving various societal goals. Most of such goals find a place in the UN Sustainable Development Goals (SDGs)," according to Mohammed Alim, CEO-designate of IBF Net Group.

IBF Net is currently working on miniaturizing the Islamic economy, with a focus on Islamic social and sustainable finance using blockchain technology, and has launched several projects to this end. One of the projects is the Confluence platform which seeks to measure the impact of projects from the standpoint of Shariah and the UN SDGs.

"The platform combines the performance of the given projects against these metrics using an algorithm and produces a score or a classification scheme. This score reflects the impact of the projects using the lens of Shariah objectives, as well as the SDGs as perceived by the stakeholders. Given the availability of tools for measurement of environmental and social impact, for example carbon footprint, our platform identifies and adopts a suitable method for measurement and conversion of such impact into social cryptos. In this case, products can earn or liquidate such cryptos, which represent both types of impact acting at an exchange to alter their risk return impact profile in the market," Mohammed explained.

Moving forward

The notions of sustainability and ethics are not new in Islamic finance, although it is only in recent years that the industry is focused on harnessing and delivering sustainable impact in a more formal and structured manner. To many, this is the future of Islamic finance.

"This trend is a growth trend and I think this has already been cemented in the past three years; even at the height of COVID-19, we saw this segment growing, and I think this will continue in the short to medium term at least. If the government's strategies and milestones and objectives are really pursued in a very dedicated way, we could see more transformation of this segment, even in the long term, where it becomes a significant part of the industry," Bashar opined.

The push is also seen from the demand side, encouraging the supply side.

"We're definitely seeing a high level of demand from clients around the world for both ESG and for Islamic indices. Both of these are big areas of focus for us as an index provider. There have been significant inflows into ESG index products, including ETFs [exchange-traded funds] around the world over the past year, and we've also started to see Islamic ETFs in the US and Canada really gather momentum," Orzano shared. "I think the investment community is really just starting to think about combining broad-based ESG and Shariah investing together. I think we're likely to see a lot of new product development in the space over the next few years."

Schwalbenberg concurred: "I think as the strength of this agenda in the market increases, and that momentum builds, we will see the different institutions increasing their offerings and their options to the market. And it will be organic because as the sustainable finance sector grows and the products and services and practices become more prevalent, institutions will become more cognizant of this and they will realize they will miss opportunities and be at a disadvantage if they don't participate. Islamic sustainable finance will be recognized as the new normal and commitment will follow."

Corporates and Islamic issuers are already lining up their ducks.

"We see a lot of our traditional energy clients setting up new projects in a sustainable and renewable way and we are expecting a number of projects that were conventionally financed now being refinanced in a sustainable way going forward. So as a firm, we are expecting to do a lot more sustainable finance, certainly in the conventional markets, but hopefully much more in the Islamic markets as well," Farmida shared. It is learned that Cagamas and Standard Chartered are each preparing to introduce new products. Chung, CEO of Cagamas, revealed that the firm is looking to issue green Sukuk while Standard Chartered is working on expanding its Islamic green mortgage offering, Islamic social finance tools and Islamic ESG wealth management services, and is building on creating sustainability solutions for the wider Halal market including Islamic sustainable supply chain instruments.

As the multitrillion-dollar Halal industry continues to grow in its own space and globalize, I think it is important that they harness the socially responsible funding mechanism

"I think it's a great opportunity for growth that and we have this great upside in front of us," Khurram explained. "As the multitrillion-dollar Halal industry continues to grow in its own space and globalize, I think it is important that they harness the socially responsible funding mechanism, mechanisms of Islamic finance and strive to give holistic Halal solutions to faith-conscious clients.

"We need more innovation, we need more solutions in this space. This is an open field for all banks, all partners to come in and play their role."

The path from COP26: The role of Islamic finance in transition financing

Authored by

DDCAP Group™

As the 26th United Nations Climate Change Conference of the Parties (COP26) drew to a close in mid-November of this year, UN Secretary General Antonio Guterres warned: "Our fragile planet is hanging by a thread. We are still knocking on the door of climate catastrophe." [i] While the Glasgow Climate Pact took important steps forward, he hastened there was still much to be achieved. His points included an end to fossil fuel subsidies, a phase-out of coal, a price on carbon, building the resilience of vulnerable communities against the impacts of climate change and delivering the long-promised climate finance commitment to support developing countries. Even with this list, he noted with a hint of optimism that while global leaders "did not achieve these goals at [COP26] ... we have some building blocks for progress." [ii]

Among those building blocks are the commitments made by the financial services sector. COP26 saw the first-ever Finance Day held on Day 3, in prime position after the two-day World Leaders Summit. The engagement of the financial sector was at a level not seen previously, leading some even to refer to this as the Finance COP. Among the discussions on Finance Day, and the days that followed, was the growing need for transition finance. While not a new topic, the two weeks of COP26 advanced that discussion to focus not only on the necessity of financing the transition, but of financing a just transition. Financing a just transition is not solely about decarbonizing the economy, it is about innovating for a lower carbon future without creating severe economic impact, particularly to the developing world.

Therefore, the focus now has evolved to mobilizing funding to limit climate change and promote the shift to a lower carbon future in a way that is sustainable and positive for all communities. This presents a very unique opportunity for the Islamic capital markets (ICMs). Islamic finance is a proxy and an entry point to the 'Global South' which is disproportionally vulnerable to climate change and significantly impacted by decarbonization. The global finance community, and in particular the ICMs, now have the opportunity, and perhaps even the responsibility, to help accelerate the transition to a less carbon-intensive economy and become stewards of the said change.

The case for transition financing

Before COP26, estimates suggested that an annual US$6.9 trillion in infrastructure investment and between US$1.6 trillion and US$3.8 trillion for the energy transition were required to meet the Paris Agreement targets. With new goals surrounding the Glasgow Climate Pact, these amounts will have only increased. As there are not sufficient public funds to meet these needs, private capital is vital and this presents a considerable prospect for engagement by the ICMs.

Environmental, social and governance (ESG)-focused capital market activities are often synonymous with portfolio divestment from heavy emitting sectors such as oil and gas, cement, steel, shipping, aviation and mining. However, many of these currently high-emission sectors are sectors the real economy will still need decades from now and viable low- or no-carbon alternatives do not yet exist at the scale required, if at all. Some sectors face significant hurdles to achieve decarbonization whether they be economic, technological or rooted in other considerations. Other sectors may not be able to completely decarbonize but still must be included in the global economic transition. Furthermore, divestment by ESG-principled investors effectively abandons control to those who may not share the same concerns and who may not exert their influence in the furtherance of a sustainable agenda. Equally, by refusing to provide financing to these areas, the capital markets leave them without the necessary resources to transition. Divestment does not result in lower emissions.

This is particularly true for the emerging markets. Currently, there is a substantial gap in emerging market transition finance because emerging market investing is inherently carbon-intensive, as many of these economies are still heavily dependent on coal. In fact, investing in emerging markets can increase portfolio emissions by 10%. Carbon targets and other divestment policies, while well intentioned, often serve to drive capital away from areas which need it most.

Therefore, on the path from COP26, the focus should shift to engagement with these industries globally to build outcome-led partnerships focusing on decarbonizing the real economy. If the finance is mobilized to support the transition, investing in new technologies and, where possible, retooling to accommodate renewables, the financial sector and in particular the ICMs can enable increased momentum to convert intent into action.

Developing a responsible transition Sukuk market

One structure by which to achieve a lower carbon economy is the growing area of transition bonds and Sukuk. Transition bonds and Sukuk, as opposed to green bonds and Sukuk, provide financing to high-emitting sectors and projects that would not be eligible for green certification but yet are still necessary to implement the changes required to meet the Paris Agreement targets. To date, there have been fewer than 20 transition bonds and even fewer transition Sukuk, but it seems momentum may be growing.

In 2020, the Islamic finance sector saw the first-ever transition Sukuk by Abu Dhabi's Etihad Airways, which raised US$600 million for investment in sustainable aviation and carbon reduction targets. In March 2021, the IsDB raised US$2.5 billion with its sustainability Sukuk, the proceeds of which will be allocated to eligible projects under the IsDB's Sustainable Finance Framework, which incorporates supporting the transition to a green economy as one of the three main pillars of its climate change policy.

The market has also seen increased commitment to transition funding in the MENA region. For example, in September 2021, APICORP announced it is considering the issuance of transition Sukuk as part of its green bond framework. Additionally, Saudi Arabia's Public Investment Fund (PIF) has stated that it would look to "gradually move toward turning down investments that lack their own sustainability plans".[iii] In the meantime, the PIF has been investing in the transition, boosting its stake in ACWA Power International which focuses on renewable energy sources and investing in electrical vehicle manufacturer Lucid. [iv]

Meanwhile in Malaysia, the instruments issued under the government of Malaysia's Sustainable Development Goals Sukuk Framework in April 2021 have allocated the use of proceeds to activities which are expected to facilitate the transition to a low-carbon economy. [v] These areas include: clean transportation, sustainable management of living natural resources, renewable energy and green buildings (among others).

Standing alongside investors and corporates, financial institutions are also supporting clients in this work. Standard Chartered's recently introduced Sustainable Trade Finance Proposition in the UAE helps industries transition and reduce carbon emissions by offering financing that recognizes their efforts to lessen their carbon footprints. HSBC has made a similar commitment and in early 2021 announced the formation of a dedicated Sustainable and Transition Finance team in the Middle East, North Africa and Turkey which will help institutions, corporates and individuals to transition to a more sustainable future.[vi]

There is growing interest and unlimited potential for the ICMs in this area. Stakeholder collaboration (including multilaterals, sovereigns and both regional and global financial institutions) across the ICMs will be needed to ensure the industry mobilizes the necessary capital as efficiently as possible to those companies with a legitimate dedication to the transition. Effective leadership from within the ICMs will be imperative to ensure effective standards are put in place, and compliance with those standards is monitored.

In its recent white paper, Climate Bonds Initiative (CBI) posited what might constitute a certification regime for 'transition bond' or 'transition Sukuk'. Under this new label, companies would be held to account based on "five hallmarks of a credibly transitioning company, ie a company whose transition is rapid and robust enough to align with … the Paris Agreement." [vii]

These key elements would be the focus and requirement of the certification assessment to achieve the 'transition' label. Specifically, the CBI's hallmarks include: (1) Paris-aligned targets; (2) Robust plans to reduce emissions; (3) Implementation action; (4) Internal monitoring; and (5) External reporting. The proposal, while complementing existing ESG frameworks and methodologies, goes beyond them to "avoid transition labelling". The CBI acknowledges that "different industries will have greater or lesser potential to reduce emissions/increase sequestration over time, meaning that the end goals and speed of transition will vary substantially by sector"; however, the requirement for all would be to reduce emissions to the greatest extent possible, as quickly as possible.

Whether the ICMs look to adopt this framework, or develop their own, the key governance elements must reflect a company's "willingness and ability to deliver on its decarbonization targets" as well as provide the necessary granularity "to ensure that those targets are ambitious and in line with climate goals". [viii] Governance and accountability will be key to ensuring a meaningful transition, requiring transparency not only of targets met, but targets missed. Projects must be analyzed not only from an investment perspective but also from an efficiency perspective, to avoid needlessly repeating structures that do not produce optimal results. Transition financing must address Scope 1, 2 and 3 emissions and short-, medium- and long-term targets must be set. The ICMs need to work together to agree methodologies and governance structures to be able to get to work to address these considerations and enable the transition. However, while Islamic financial institutions and investors wait for policy guidance on how the ICMs should best proceed, they should begin to take action now to build governance systems to embed sustainability considerations and build internal capacity to address these growing market demands.

Conclusion

In his closing media statement, COP26 President Alok Sharma gave the world a call to action that "the hard work starts now." After two years of preparation, and two weeks of negotiations, the global community has written down the commitments that will see it through to the next COP. Now, after catching its collective breath, the global financial community needs to work together to put that into reality. It is no longer about goals and aspirations; it is about actions.

However, actions require resources. The global financial community, and in particular the ICMs, must focus on mobilizing resources to meet these goals. The ICMs have a responsibility to meet this call to action, to continue to mobilize funding for green, blue and sustainability projects and begin to formalize their plans to dedicate resources to facilitating the transition required. The next two COPs are in the MENA region: 2022 in Egypt and 2023 in the UAE . In Glasgow, on the sidelines of COP26, Islamic finance stakeholders including the IsDB, Indonesia's Ministry of Finance and Her Majesty's Treasury in the UK announced their formation of a high-level working group to promote green and other sustainable Sukuk. The three-year initiative will ensure that the developing ICM contribution is highlighted at the annual COP summits in 2022 and 2023, promoting acceleration and elevation in the volume of green and sustainable Sukuk issued to help countries deliver against their climate-related targets. As the global community prepares for these events, the ICMs will be center stage and must grasp that key opportunity to differentiate the potential and the scale of contribution by Islamic finance and the ICMs.

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vii https://www.climatebonds.net/files/files/Transition%20Finance/Transition%20Finance%20for%20Transforming%20Companies%20ENG%20-%2010%20Sept%20 2021%20.pdf

viii https://www.climatebonds.net/files/files/Transition%20Finance/Transition%20Finance%20for%20Transforming%20Companies%20ENG%20-%2010%20Sept%20 2021%20.pdf