

GUIDANCE NOTE FOR ISLAMIC FINANCE INSTITUTIONS REPORTING UNDER UN PRB

Common approaches for Islamic Finance Institutions (IFIs) addressing the specificities of Islamic financing modalities and showcasing the natural alignment between Islamic finance principles and the UN Principles for Responsible Banking (PRB) in their self-assessment report



Contents

1	Introduction	2
2	PRB Reporting Requirements	3
3	PRB Self-Assessment Report Guidance	4
4	Insights from IFIs and Leading Market Practice	8
5	Sustainable Reporting Standards and Tools	10
6	Conclusion	11
	Appendix 1: The UKIFC	12
	Appendix 2: Details of Institutions selected for review	13
	Appendix 3: Research Methodology	14
	End notes and further information	15
	Contributors	16

The UKIFC would like to thank Gatehouse Bank, GEFI, GIB UK, CIMB, Bank Pembangunan Malaysia Berhad (BPMB), Jaiz Bank, CIBAFI, DDCAP and the Principles for Responsible Banking for their contributions to this Guidance Note.

This publication includes information in summary form and is therefore intended for general guidance only and is not a substitute for the exercise of professional judgment. The UKIFC do not accept any responsibility for the consequence of acting or refraining from action as a result of any material in this publication. The data used in this guidance note is based on published information available at the time of drafting and information from interviews undertaken. Whilst every care has been taken in the preparation of this guidance note, no responsibility is taken by the UKIFC as to the accuracy or completeness of the data used or consequent conclusions based on that data.

If you wish to receive further information on matters expressed in this publication, please contact UKIFC at info@ukifc.com.

Copyright © 2021 Islamic Finance Council UK. All rights reserved.

1 Introduction

The Disclosure & Reporting Working Group of the Global Islamic Finance and UN SDG Taskforce has produced this guidance note to assist Islamic Financial Institutions (IFIs) in meeting their PRB self-assessment reporting requirements. The Working Group is chaired by Gatehouse Bank, the world's first fully Shariah-compliant stand-alone IFI to sign up to the PRB, and the Taskforce was launched by the UK Islamic Finance Council (UKIFC) together with HM Treasury and the Islamic Development Bank (IsDB) in 2020. Further information on the UKIFC can be found in Appendix 1.

The Principles for Responsible Banking (PRB or the Principles) was publicly launched by 30 founding banks in September 2019; it now has over 240 signatories (as at 1 September 2021). The PRB is a unique framework, comprising six key principles, shown below, for ensuring that the strategies and practices of signatory banks align with the vision society has set out for its future as outlined in the Sustainable Development Goals (SDGs) and the Paris Climate

This short guidance note details the natural alignment between Islamic finance principles and the PRB through providing common disclosure statements and highlights considerations for IFIs when completing their PRB self-assessment report. IFIs by their nature, are already seeking to have a positive impact on society and this should be highlighted when completing their PRB self-assessment report, including noting progress on impact analysis and target setting. This guidance note aims to assist IFIs signed up to the PRB (and those looking to sign up) in making sure the nuances of Islamic financing modalities and governance structures unique to IFIs are considered within their PRB self-assessment report.

A common disclosure approach enhances comparability between IFIs self-assessment reports and enables a better representation and understanding of Islamic finance principles by conventional banks within global sustainability standards, thereby encouraging both adoption and alignment between these sectors.

In compiling this guidance note, the UKIFC reviewed the publicly available PRB self-assessment reports of six banks which were either fully Shariah compliant or have a prominent Islamic 'window' within a conventional bank. Interviews were held with four of the six banks to augment findings from the desk-based research. Further details on the research methodology can be found in Appendix 2 and 3. The UKIFC also reviewed ING's self-assessment report. ING is a Netherlands-based global commercial bank with more than 57,000 employees serving around 39.3 million customers, corporate clients and financial institutions in over 40 countries. ING is a founding signatory for the Principles for Responsible Banking and has already published two self-assessment reports. ING is considered a pioneer in sustainable finance, having introduced the first sustainability-linked loan and made-to-measure sustainability improvement loan and is considered to represent leading market practice.

2 PRB Reporting Requirements

The PRB is an alignment framework for sustainability; it is not a reporting framework providing guidance on sustainability disclosure.

The PRB [Guidance Document: Reporting on the Principles for Responsible Banking](#) notes that "Reporting on your bank's progress with implementing the Principles should be done in your bank's existing reports, for example its sustainability report, annual report, integrated report etc."

Principle 6 (Transparency & Accountability) references other sustainability reporting initiatives e.g. Global Reporting Initiative (GRI), Integrated Reporting (IR) and Sustainable Accounting Standards Board (SASB) and notes that reporting should be done under such existing frameworks thereby enabling an integrated and streamlined approach. The PRB Reporting Working Group has completed a mapping exercise looking at the similarities between the [PRB and GRI 102 General Disclosures](#) and is also developing guidance on integrating PRB reporting with other frameworks such as the UN Global Compact and the Task Force on Climate-Related Financial Disclosures (TCFD).

In addition to existing reporting, signatory banks must also report annually through a ['Reporting and Self-Assessment Template'](#) provided by the PRB. The self-assessment template requires them to summarise how they are aligning with the PRB and reference where further details can be found within the bank's existing publicly disclosed information. The PRB Guidance states that the "completed Reporting and Self-Assessment Template should ideally be included in the report where your bank reports on its implementation of the Principles.". All PRB self-assessments are published and available publicly on the [PRB website](#).

Accordingly, the focus of this guidance note is limited to the self-assessment reporting requirement for PRB and does not cover sustainability reporting frameworks e.g. GRI, SASB and IR. We recommend future research is completed to examine such existing, established reporting frameworks with an Islamic finance lens.

Within eighteen months of signing, and annually thereafter, a bank must provide its completed self-assessment report to the PRB, reporting on:

- their impact
- how they are implementing the principles
- the targets they have set
- the progress they have made.

Within four years, a signatory bank must have met all of these requirements.

The self-assessment report is aligned with the six Principles and under each Principle there are between one and four reporting requirements. The self-assessment template asks the signatory to describe, show, explain, report and provide an overview of progress made on alignment with the six Principles. The self-assessment template is not a prescriptive list of qualitative information. We note six of the requirements (2.1, 2.2, 2.3, 2.4, 5.3 and 6.1) require that an assurer provides limited assurance of the signatories' self-assessment, an assurance process for these requirements should be in place no later than four years from the date the bank became a signatory to the Principles. The PRB has provided [guidance for assurance providers](#). The self-assessment template is designed so that the signatory bank can make a short statement in the high-level summary for each requirement and then point to its existing public disclosures / reports for further detail or a more detailed response by the bank.

3 PRB Self-Assessment Report Guidance

There is sufficient flexibility in the standard PRB self-assessment report to showcase the natural alignment between PRB and Islamic finance and to address the nuances inherent in the Islamic banking sector.

This guidance note focuses on the self-assessment report and this section proposes specific text for common disclosures by Islamic banks for each of the relevant section of the self-assessment. The common disclosures are drafted in consideration of the nuances of Islamic finance and to raise awareness of Islamic finance amongst those banks not familiar with the industry's intricacies. The specific text can be simply copied directly into the high-level summary section of self-assessment.

In addition, where specific prescriptive text is not provided, key considerations are highlighted to assist IFIs in drafting their high-level response.

Islamic Bank Self-Assessment Template

The below self-assessment template details the proposed specific disclosures for IFIs. Note exact wording may need to be tailored depending on whether the IFI is a fully Shariah compliant bank or a conventional bank with a prominent Islamic 'window'. Reporting requirements shaded in grey are where specific reference to Islamic finance is not deemed necessary.

Principle 1: Alignment



"We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks."

Reporting and Self-Assessment Requirements	High-level summary of bank's response
1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	"[X] bank is fully Shariah compliant / has prominent Islamic finance operations. The Islamic banking business model focuses on asset backed financing, aligning with the real economy, and enhancing financial inclusion."

<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>"Islamic finance principles have considerable natural alignment with the UN Sustainable Development Goals and the Paris Agreement such as stewardship, sustainability, purposefulness and fair play. Avoiding activities deemed harmful to society, (e.g. tobacco, alcohol, gambling and pornography) is a key imperative and thus not financed by Islamic finance institutions. Our bank focuses on [insert specific SDGs your bank focusses on]. In addition, we have considered relevant sustainability guidelines from specialist Islamic finance industry frameworks (for example AAOFI, IFSB and the National Regulators Shariah Supervisory Board)."</p>
---	--

Principle 2: Impact and Target Setting



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements	High-level summary of bank's response
<p>2.1 Impact Analysis</p> <p>2.2 Target Setting</p> <p>2.3 Plans for Target Implementation and Monitoring</p> <p>2.4 Progress on Implementing Targets</p>	<p>We note there is nothing specific to Islamic finance in regard to the impact analysis. This should be completed in the same way as conventional finance institutions.</p> <p>Potential characteristics specific to IFIs that can be considered are:</p> <ul style="list-style-type: none"> - Emphasising the positive impact of consciously avoiding harmful sectors; and - Financial inclusion - the positive impact of providing financial services to those who are otherwise potentially marginalised by conventional financial products. - Further research and collaboration could be undertaken on measuring and reporting the impact an IFI has from not investing in certain forbidden industries, e.g. the positive impact on society by not investing in tobacco. We are not aware of any IFIs currently doing this.



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements	High-level summary of bank's response
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote</p>	<p><i>"[As an Islamic finance Institution] / [In respect of our Islamic finance division] we have policies and practices that ensure our</i></p>

<p>responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p><i>activities fulfil Shariah criteria which heightens promoting fair play and transparency towards customers. Most or all profit from late payment fees and penalties must be paid to charity."</i></p>
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p><i>"Our Islamic banking operating model requires us to work with customers we finance and review use of proceeds to avoid unsustainable practices. Depositors benefit from knowing their money is used by us within the ethical and sustainable parameters of Islamic finance which avoids highly speculative financial instruments. Islamic finance encourages risk sharing and financing the real economy through its financial structures, thereby promoting shared prosperity."</i></p>

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and self-assessment requirements	High level summary of bank's response
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p><i>General considerations: include any specific outputs from workshops / consultations held with your Shariah Supervisory Board.</i></p>

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

Reporting and self-assessment requirements	High level summary of bank's response
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective</p>	<p><i>"[As an Islamic finance institution] / [In our Islamic finance business] we have an independent Shariah Supervisory Board who review the alignment of our bank's activities with the principles of Shariah and provides an additional layer of governance from experts who view decisions with an ethical and societal lens."</i></p>

<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and self-assessment requirements	High level summary of bank's response
<p>6.1 Progress on Implementing the Principles</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>General considerations:</p> <p>Reference your adoption or involvement with any new legislation, standards, guidelines or initiatives from Islamic finance industry development bodies focussed on sustainability (e.g., participation in the UKIFC Global Islamic Finance & UN SDGs Taskforce).</p>

4 Insights from IFIs and Leading Market Practice

This section shares insights attained from the review undertaken of the six IFIs who have signed up to the PRB and submitted self-assessment reports along with a review of ING's self-assessment report. ING is a conventional bank, active in the field of sustainability and a founding signatory of the PRB deemed to be leading market practice.

The IFIs had all approached the self-assessment reporting independently and had made varying disclosures. Many of the banks noted challenges around obtaining data and the granularity required to enable them to establish a baseline and then set sensible targets, but these challenges are not specific to IFIs. One of the banks noted there may be some broader considerations for IFIs located in the global south in aligning with the SDGs both in terms of economic growth and social norms. For example, managing the interplay between economic development and sustainability e.g. investing in high-carbon energy sources.

Leading Market Practice

Interestingly, the majority of IFIs either made limited or no reference to Islamic finance or Shariah in the high-level summary of the PRB self-assessment report. The references made were in relation to Islamic finance being a division, activity or product, for example noting the Islamic banking division or an Islamic savings account. Gatehouse Bank provided the most detail on Islamic finance and was the only IFI to include information on what being a Shariah-compliant bank means and how Islamic finance aligns with the PRB in the high-level summary, for example:

1.2: "Gatehouse Bank is a British Shariah-compliant Bank, meaning that we follow a set of principles derived from Islamic teachings which promote fair play and ensure that our customers' financial affairs are handled responsibly. We see a natural alignment with the principles of Islamic finance and society's goals as expressed in the UN Sustainable Development Goals and other national and international frameworks. This is because the Islamic economic model takes into account the concept of both excluding funding for certain activities that have the potential to cause harm (SDG 3 Good Health and Wellbeing) and not offering speculative financial products. (SDG 8 Decent Work and Economic Growth)."

3.1: "As a Shariah-compliant Bank, our core offering promotes fair play and transparency towards customers."

3.2: "Our core product offering enables sustainable economic activities through an exclusion list that prohibits the funding of sectors that are against Shariah Principles and risk counteracting society's goals. We never use our funds, customer savings or approve property finance if they support the weapons and military equipment industry, tobacco, alcohol, gambling or adult entertainment. Additionally, Islamic finance principles require that all of our investments involve real assets such as real estate. This helps enable more sustainable economic activity and buffer society from some of the well documented negative impact of higher risk investment products."

5.1: "As a Shariah-compliant Bank, we have policies and procedures in place that ensure our activities fulfil Shariah criteria, including never financing certain industries that have the potential to cause harm to society and risk counteracting society's goals. Our compliance with Islamic Finance Principles is maintained by a dedicated internal team who are overseen by an independent Shariah Supervisory Board."

In the relevant information for the PRB self-assessment, the main references to Islamic and Shariah were in relation to business sectors, products, partners and e-learning modules. Few IFIs referred to Shariah governance and Shariah filters, Jaiz Bank and Gatehouse Bank specifically explained the implications of being an Islamic bank and what Islamic finance meant e.g. what Maqasid of the Shariah is. Gatehouse Bank referenced this back to the PRB. We note that our review was limited to the self-assessment and the areas specifically referenced in therein. Accordingly, this will not cover details noted in other parts of the reports.

There was a challenge from some of the IFIs interviewed for IFIs to go further than the requirements of Islamic law and focus increasingly on environmental impact, giving back to communities and promoting sustainable choices. It was also raised that IFIs should consider the law and the spirit of Shariah, ensuring products comply with Islamic law but also the over-arching Islamic principles, thus aligning with the concept of Tayyib. Tayyib (wholesome) promotes the focus of Islamic finance on the evaluation of wider societal impact rather than an overly legalistic analysis of Shariah compliance.

During our review of the PRB self-assessments (both those of IFIs and ING) we identified the following good practice:

- Requirements of the PRB should be answered clearly and concisely in the high-level summary, rather than just providing generic sustainability information.
- Specific SDGs should be referred to rather than just broadly referring to the SDGs and clear links to the Paris Agreement and national and international priorities should be made, where possible.
- Achievements should be quantified, where possible, and the impact achieved should be stated.
- The use of other external sustainability tools and resources including internationally recognised reporting standards e.g. GRI, TCFD should be noted.
- Details of relevant GRI disclosures should be included either within the sustainability report or as a table in the Appendix.
- Key partnerships, industry platforms, forums, memberships and engagements should be stated.
- As much information as possible should be made publicly available and a link in the 'Reference(s)/Link(s) to bank's full response/ relevant information' column should be provided.
- The references provided in the PRB self-assessment report should be specific i.e. information can be found on page x rather than referencing a whole report and references should be included as embedded links so that the relevant information can easily be found.

Comprehensive guidance on completing the PRB self-assessment template has been provided by the PRB, a copy of which can be found [here](#).

5 Sustainable Reporting Standards and Tools

The Global Reporting Initiative (GRI) provides a good starting point for sustainability reporting and also the Task Force on Climate-Related Financial Disclosures (TCFD) is useful for climate related reporting. All of the six IFIs reviewed use GRI for sustainability reporting.

There is a PRB Working Group that has mapped GRI to PRB and identified areas of similarity and has provided [guidance](#) on how, and the extent to which, reporting on these requirements could be integrated. The PRB Working Group will also provide guidance on how reporting can be integrated with other frameworks including UN Global Compact and TCFD. The PRB Working Group will consider which other standards and frameworks to develop mappings for.

ING uses GRI and refers to conducting its materiality analysis in line with the Integrated Reporting Council (IIRC) principles and completing analysis in line with the UN Guiding Principles to identify salient human rights issues. ING is also making progress towards implementing the TCFD recommendations.

Work is currently underway by CDP (Carbon Disclosure Project), the Climate Disclosure Standards Board (CDSB), GRI, IIRC and the Sustainability Accounting Standards Board (SASB) to formulate a global, comprehensive corporate reporting system.

6 Conclusion

There is natural alignment between Islamic finance and the SDGs and this should be referenced in IFIs PRB self-assessment report through common disclosures.

The common disclosures suggested in this guidance note are based on our initial review and interpretation as well as insights provided by IFIs. We welcome any thoughts and feedback on these suggestions in accordance with SDG 17 - Partnership for the Goals.

If you are an IFI considering becoming a PRB signatory or you are already a PRB signatory we encourage you to get in touch with UKIFC (info@ukifc.com) who can facilitate collaboration with other IFIs and provide guidance on PRB.

The focus of this guidance is limited to the self-assessment reporting requirement for PRB and does not cover sustainability reporting frameworks e.g. GRI, SASB and IR. We recommend future research is completed to examine such existing, established reporting frameworks with an Islamic finance lens.

Appendix 1: The UKIFC

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 Shariah 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 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 who 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 Shariah, a lack of knowledge and understanding has held back widespread adoption of the SDGs by IFIs.

With assets currently at US \$2.5 trillion 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 SDGs.

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 IFIs, 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 PRB. Also in 2020, we launched a Global Islamic finance and UN SDGs 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 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 of the SDGs, this guidance note is intended to inspire IFIs to showcase the fact that the consideration for people, planet and purpose sits at the heart of Islamic finance in their PRB self-assessment report, acknowledging the natural alignment between Islamic finance, the SDGs and the Paris Agreement.

Through partnering with GEFI and the 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 responding to the challenges raised by the SDGs:

1. What is it? 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.

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

Appendix 2: Details of Institutions selected for review

These institutions were selected by the UKIFC on the basis that each institution is either fully Shariah-compliant or is a prominent Islamic 'window' within a conventional bank. The UKIFC has provided a summary below of each institution (based on publicly available information).

BANK	ISLAMIC FINANCE INFO	PRB SELF-ASSESSMENT REPORT AVAILABLE
ABSA	Absa Islamic banking has not only developed Shariah-compliant products, but it has adopted an end-to-end Shariah process with all products and detailed embedded processes approved and certified by an independent Shariah Supervisory Board.	Y
Ahli United Bank B.S.C.	Ahli United Bank's Shariah-compliant Islamic banking activities are offered through its Islamic Banking subsidiary AUBK, Islamic banking associate UBCI and dedicated Islamic banking branches/'windows' at AUB Bahrain, AUBUK and through its associate Ahli Bank S.A.O.G	N
Al Baraka	Al Baraka is licensed as an Islamic wholesale bank by the Central Bank of Bahrain and is listed on Bahrain Bourse and NasdaqDubai. It is a leading international Islamic banking group.	N
BPMB	BPMB's ambition is to become a full-fledged IFI. Islam offers guidelines and principles on how to manage economic development in a sustainable way for the betterment of human life while simultaneously preserving environmental interests. These tenets also cover banking practices, with Shariah-compliant financing and solutions that are in line with the national development agenda. As at 31 December 2019, 68.5% of BPMB's financing portfolio comprises Islamic financing.	N
Banque Misr	Banque Misr was the first Public Sector bank in Egypt to establish dedicated branches for Islamic transactions, to provide all banking, financial and trading activities for all sorts of economic and financial activities, according to the rules of Islamic Shariah. The funds of such branches are completely separate from those of the remainder of Banque Misr.	Y
CIMB	CIMB Islamic is CIMB Group's Islamic banking and financial services franchise, with an extensive suite of innovative Shariah-compliant products and services. It operates in parallel with the Group's universal banking platform.	Y
Gatehouse Bank	Gatehouse Bank follows a set of principles, derived from Islamic teachings, which promote fair play and ensure that customers' financial affairs are handled responsibly. The principles affect three main areas: Interest Use of funds Risk	Y
GIB UK	GIB UK operates an Islamic banking 'window', Gulf International Bank Islamic Banking.	Y
Jaiz Bank	Jaiz Bank Plc is a non-interest bank in Nigeria operating under Islamic banking principles. It is the first non-interest bank established in Nigeria.	Y

Appendix 3: Research Methodology

The UKIFC identified nine financial institutions that are PRB signatories which are either fully Shariah compliant or have a prominent Islamic 'window'; further details of these institutions can be found in Appendix 2. Of these nine institutions, the PRB self-assessment report of six are available online; they are as follows:

ABSA (South Africa)

Banque Misr (Egypt)

CIMB (Malaysia)

Gatehouse Bank (UK)

GIB UK (UK)

Jaiz Bank (Nigeria)

Text reviewed included the PRB self-assessment report and the relevant sections of any supporting documentation referenced. References to Islam, Islamic or Shariah were checked in the PRB self-assessment report and the supporting documentation to understand how the IFIs were articulating the Islamic aspects of their business and the alignment with PRB.

ING's self-assessment report was also reviewed which is deemed to represent industry 'best practice' that can be used as a benchmark.

To augment our desk-based research we also spoke to four of the IFIs institutions, namely CIMB, Gatehouse Bank, GIB UK and Jaiz Bank as well as representatives from CIBAFI, DDCAP and the Principles for Responsible Banking to gain further insights. We also spoke with BPMB, an IFI that is also a PRB signatory but is yet to submit its PRB self-assessment report. UKIFC is particularly thankful to these organisations for their time and contributions to this guidance note.

End notes and further information

[Global Islamic Finance SDG Taskforce - Islamic Finance Council UK \(ukifc.com\)](https://www.ukifc.com)

[Home - Islamic Finance Council UK \(ukifc.com\)](https://www.ukifc.com)

[Principles for Responsible Banking – United Nations Environment – Finance Initiative \(unepfi.org\)](https://www.unepfi.org)

[PRB-Reporting-Guidance-Document.pdf \(unepfi.org\)](https://www.unepfi.org)

[PRB-Reporting-Guidance-Document-8.pdf \(unepfi.org\)](https://www.unepfi.org)

[Signatories – United Nations Environment – Finance Initiative \(unepfi.org\)](https://www.unepfi.org)

[GRI - Home \(globalreporting.org\)](https://www.globalreporting.org)

[SASB](https://www.sasb.com)

[Integrated Reporting](https://www.integratedreporting.org)

[Task Force on Climate-Related Financial Disclosures | TCFD \(fsb-tcfd.org\)](https://www.fsb-tcfd.org)

[Homepage | UN Global Compact](https://www.un.org/globalcompact)

[UN Guiding Principles Reporting Framework \(ungpreporting.org\)](https://www.ungpreporting.org)

[Home - CDP](https://www.cdp.com)

[Homepage | Climate Disclosure Standards Board \(cdsb.net\)](https://www.cdsb.net)

Contributors



The UKIFC would like to thank Gatehouse Bank for sponsoring this work.

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).

We would also like to thank the following institutions for their contributions:



Page Break



GLOBAL ETHICAL FINANCE INITIATIVE

The world depends on global finance making the right choices to deliver positive change and achieve the UN's Sustainable Development Goals.

The Global Ethical Finance Initiative (GEFI) has become the hub of the centre of the ethical finance movement. We undertake advocacy through curating independent conversations across a broad coalition of financial services stakeholders, as well as research and delivering practical projects. We are the partner for action on ethical finance. @finance4change

www.globalethicalfinance.org



Islamic Finance Council

The UKFC 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 UKFC has been at the forefront of identifying synergies and co-ordinating activities between Islamic and conventional ethical finance. In so doing the UKFC 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 UKFC 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

www.ukifc.com