Global consensus emphasizes the importance of achieving sustainability objectives and the paradigm shift needed to address environmental and social challenges. The financial sector has a significant role in enabling achieving sustainability objectives. The international community has taken important steps forward supporting financial sectors realizing the opportunities and the risks related to sustainable finance.

The Islamic finance industry emerged as a major stakeholder in the sustainable finance space, underscored by the synergies and commonalities between the principles and objectives of Islamic finance and sustainability finance. Islamic finance core principles encourage Islamic financial institutions to create positive impact beyond financial considerations. Nonetheless, the Islamic finance industry, due to its unique nature and business models, requires the development of further standards and guidelines in integrating evolving sustainability-related environmental, social, and governance considerations into Islamic finance frameworks.

To address these challenges, Islamic finance infrastructure organizations, based on their complementing mandates, collaborated to jointly provide the needed sustainability-related standards and guidelines to the Islamic finance industry. Based on the discussion facilitated and organized by the Central Bank of the UAE, and in conjunction with 28th Conference of the Parties (COP 28) hosted by the United Arab Emirates in 2023, Islamic finance infrastructure organizations namely, Islamic Financial Services Board (IFSB), the General Council for Islamic Banks and Financial Institutions (CIBAFI), and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) have jointly developed a roadmap for Islamic sustainable finance. The roadmap sets out a plan and indicative targets for prudential and governance standards, financial accounting standards, disclosure guidelines, market development initiatives, and capacity building and certification programs.

The successful commitment and implementation of these sustainability initiatives by Islamic finance infrastructure organizations is pivotal. Furthermore, a strong support from Islamic financial institutions and national regulatory and supervisory authorities is essential to ensure their effective adoption across the Islamic finance industry.

Islamic Finance Infrastructure Organizations’ Declaration by IFSB, CIBAFI and AAOIFI on the Roadmap for Islamic Sustainable Finance is a remarkable achievement and landmark for more collaboration and alignment between Islamic finance infrastructure organizations, regulatory and supervisory authorities and Islamic financial institutions in this regard. These initiatives will empower the Islamic finance industry to realize the immense potential of Islamic sustainable finance to contribute to sustainability goals.

The three organizations are also committed to periodically reviewing the targets and progress of the roadmap and revising or updating the initiatives and targets in response to evolving needs. Each Islamic Finance Infrastructure Organization is subject to its internal procedures and internal technical and governance committee’s approvals before developing and issuing the listed initiatives. Each Islamic Finance Infrastructure Organization reserves the right to revise the list of initiatives in line with the global regulatory and market developments regarding sustainability and in accordance with its internal governance procedures.

ISLAMIC FINANCE INFRASTRUCTURE ORGANIZATIONS’ DECLARATION:
ROADMAP FOR ISLAMIC SUSTAINABLE FINANCE

DR. Bello Lawal Danbatta
Secretary General
IFSB

DR. Abdelilah Belatik
Secretary General
CIBAFI

MR. Omar Mustafa Ansari
Secretary General
AAOIFI
<table>
<thead>
<tr>
<th>CIBAFI</th>
<th>Islamic Financial Services Board</th>
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<tbody>
<tr>
<td>TITLE</td>
<td>Guidance Note on Sustainability-related Issues and Disclosures in the Islamic Capital Markets</td>
</tr>
<tr>
<td>AREA</td>
<td>Prudential Regulation and Supervision; Disclosures (Islamic Capital Market)</td>
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<tr>
<td>INDICATIVE TIMELINE</td>
<td>Commenced in 2022 (ongoing)</td>
</tr>
<tr>
<td>SUMMARY</td>
<td>Recommendations on sustainability and climate-related disclosures as well as regulatory and supervisory issues specific to Islamic capital markets. The guidance complements ISSB standards and IOSCO recommendations.</td>
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| TITLE | CIBAFI Sustainability Guide: Guidelines for Islamic Banks |
| AREA | Market Development (Islamic Banking) |
| INDICATIVE TIMELINE | Issued 2022 |
| SUMMARY | The Sustainability Guide for Islamic Financial Institutions (IFIs) is developed to promote sustainable development in the Islamic banking industry by supporting Islamic banks in integrating sustainability in their business activities while considering environmental, social, and economic objectives. The Guide is designed as a guidance tool for Islamic banking practitioners working at various levels in Islamic banks. |

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### CIBAFI

**TITLE**
Mobilizing Islamic Banking for Climate Action

**AREA**
Market Development (Islamic Banking)

**INDICATIVE TIMELINE**
Issued 2023

**SUMMARY**
The report serves as an initial guide for Islamic banks looking to incorporate climate change efforts into their operations. It is structured around five key pillars:

1. Climate leadership for a sustainable future.
2. Strategic climate management to align long-term objectives with climate priorities.
3. Integration of climate-related operations.
4. Embedding green practices in day-to-day operations.
5. Performance measurement and accountability for monitoring progress.

### Islamic Financial Services Board

**TITLE**
Guidance Note on Effective Supervision and Management of Climate-related Risks for IIFS and Pillar III Disclosures for Islamic Banks

**AREA**
Prudential Regulation and Supervision; Disclosures (Islamic Banking)

**INDICATIVE TIMELINE**
Commenced in 2023 (ongoing)

**SUMMARY**
Recommendations on regulatory and supervisory issues for Islamic banks and disclosures on climate-related financial risks, addressing Islamic banking specificities. The guidance complements BCBS Principles and disclosure requirements.

### AAOIFI

**TITLE**
Integration of Maqasid Al Shari’ah and sustainability principles into the Shari’ah decision-making process

**AREA**
Capacity building

**INDICATIVE TIMELINE**
End 2023 (ongoing)

**SUMMARY**
This capacity building initiative seeks to empower stakeholders with the knowledge, skills and tools necessary to ensure that decision-making at institutions offering Islamic finance products and services not only align with the principles and rules of Shari’ah, but also its broader objectives and values. Participants gain practical insights into the application of Maqasid Al Shari’ah and sustainability principles within the business context.
Islamic Financial Services Board

TITLE Data Tracker on Sustainable Islamic Finance
AREA Data, Prudential and Structural Islamic Finance Indicators (PSIFIs) Database
INDICATIVE TIMELINE Proposed to commence in 2024
SUMMARY Development of Indicators and compilation guidance (along with capacity building) for reporting of Sustainable Islamic Finance Indicators as part of the IFSB PSIFIs Database.

AAOIFI

TITLE Shari’ah Decision-Making Process (SDM)
AREA Governance Standard (GS)
INDICATIVE TIMELINE Mid 2024
SUMMARY This standard establishes a comprehensive framework for Shari’ah decision-making process within Islamic financial institutions (IFIs). A significant aspect of SDM involves considering Maqasid Al-Shari’ah and pertinent principles of sustainability, responsible investments and responsible banking, in the decision-making process. By doing so, the standard seeks to enhance the overall value proposition of Islamic finance.

CIBAFI

TITLE CIBAFI Greenhouse Gas Emission Measurement Tool for IFIs
AREA Market Development (Islamic Banking)
INDICATIVE TIMELINE Mid 2024
SUMMARY CIBAFI, supported by the Islamic Development Bank (IsDB), is creating a global greenhouse gas (GHG) measurement and reporting tool for Islamic finance. This tool addresses the unique features of Islamic financial institutions (IFIs) and their operating environments, aligning with CIBAFI’s commitment to sustainability and global initiatives like the Paris Agreement.
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<tr>
<th><strong>AAOIFI</strong></th>
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<tr>
<td>Sustainable / responsible Islamic financial services</td>
<td>Guide for Shari’ah-compliant Products Development in Islamic Financial Institutions</td>
<td>CIBAFI Professional Certificate on Sustainability Integration</td>
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<td>Governance Standard (GS)</td>
<td>Market Development (Islamic Banking)</td>
<td>Capacity building</td>
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<td>This standard prescribes both mandatory and recommended requirements for policies and disclosures relating to environmental, social and governance (ESG) issues in all aspects of the provision of Islamic financial services, which include business strategy and operations and extending to financial services activities, including those with philanthropic or social finance objectives.</td>
<td>The prime objective of the project is to develop a practical Guide that can assist IFIs, from different jurisdictions, in developing Islamic financial products that are in accordance with Shari’ah guidelines and CIBAFI Principles of Sustainability. Moreover, the guide will draw the path for IFIs to achieve Maqasid Al Shariah in their practices and bridge them with a sustainability agenda for wider impact.</td>
<td>This comprehensive training program will build capacity among Islamic finance practitioners to implement sustainability practices based on the CIBAFI Sustainability Guide. The interactive curriculum will improve understanding of sustainability concepts, global best practices, policies and regulations relevant to Islamic finance. It will equip practitioners with strategies and tools to integrate sustainability across operations.</td>
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<td>Islamic Financial Services Board</td>
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<tr>
<td>Guidance on Regulatory and Supervisory Practices and Disclosures for Climate-related Financial Risks in the Takaful Segment</td>
<td>Comparative studies and industry best practices</td>
<td>Sustainability disclosure requirements and guidelines</td>
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<tr>
<td>Prudential Regulation and Supervision; Disclosures (Takaful/Islamic Insurance)</td>
<td>Market Development (Islamic Banking)</td>
<td>Financial Accounting Standard (FAS) / Guideline</td>
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<td>Mid 2025</td>
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<td><strong>SUMMARY</strong></td>
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<td>Recommendations on supervisory issues for Takaful Undertakings and disclosures on climate-related financial risks, addressing Takaful specificities. The guidance will complement IAIS guidance on supervisory practices for climate-related financial risks for insurance.</td>
<td>This project conducts comparative research to identify best practices for integrating sustainability and addressing climate change within the Islamic finance industry. Its purpose is to inform banks about these best practices and guide them in their journey of sustainability integration and mitigating climate-related risks based on existing experiences and industry best practices.</td>
<td>This standard tailors the generally accepted sustainability disclosure requirements and guidelines to the unique business model, needs and requirements of the institutions offering Shari'ah compliant products and services. The aim is to ensure that IFIs transparently communicate in a standardised format their sustainability initiatives and impact.</td>
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</tbody>
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### AAOIFI

**TITLE**
Governance and disclosure requirements for sustainable / responsible Islamic financial services

**AREA**
Capacity building

**INDICATIVE TIMELINE**
End 2025

**SUMMARY**
This capacity building initiative will focus on developing the correct understanding of the essential governance and disclosure requirements for Islamic financial institutions committed to sustainability and responsible business practices. Participants will gain practical insights into how to integrate these vital components into their operations based on the AAOIFI governance and financial accounting standards on the same.

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### Islamic Financial Services Board

**TITLE**
Capacity Building and Technical Assistance on Sustainability-related Issues and Disclosures for the Islamic Capital Markets

**AREA**
Capacity Building and Technical Assistance (Prudential Regulation) – Islamic Capital Markets

**INDICATIVE TIMELINE**
Commence in 2026

**SUMMARY**
Facilitating implementation of the Guidance Note on Sustainability-related issues and disclosures for the ICM through capacity-building workshops, technical assistance, policy advice and executive programmes after the implementation date of the GN.

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### Islamic Financial Services Board

**TITLE**
Capacity Building and Technical Assistance on Climate-related Financial Risks (CFR) and Disclosures for the Islamic Banking Segment

**AREA**
Capacity Building and Technical Assistance (Prudential Regulation) – Islamic Banking

**INDICATIVE TIMELINE**
Commence in 2027

**SUMMARY**
Facilitating implementation of the Guidance Note on CFR and disclosures for the Islamic banking sector through capacity-building workshops, technical assistance, policy advice and executive programmes after the implementation date of the GN.
IFSBB ROADMAP ON SUSTAINABILITY AND CLIMATE-RELATED FINANCIAL RISKS

PRUDENTIAL REGULATION AND SUPERVISION

ISLAMIC CAPITAL MARKETS

Guidance Note on Sustainability-related Issues and Disclosures in the Islamic Capital Markets
[2022 – 2024 (ongoing)]

PRUDENTIAL REGULATION AND SUPERVISION

ISLAMIC BANKING

Effective Supervision and Management of Climate-related Financial Risks (CFR) and Pillar III Disclosures on CFR for the Islamic Banking Segment
[2023 – 2025 (ongoing)]

DATA

PSIFIS DATABASE

Development of a Data Tracker on Sustainable Islamic Finance as part of the IFSB PSIFIs Database – Developing Indicators and a Compilation Guide
[Commence in 2024]
ABOUT IFSB

The Islamic Financial Services Board (IFSB) is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The IFSB also conducts research and coordinates initiatives on industry related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders.

PRUDENTIAL REGULATION AND SUPERVISION

ISLAMIC INSURANCE

Regulatory and Supervisory Practices and Disclosures for CFR in the Takaful Segment [Proposed to commence in 2025]

ISLAMIC CAPITAL MARKETS

Capacity Building and Technical Assistance (TA) on Sustainability-related Issues and Disclosures for ICM [Commence in 2026 after implementation date of the GN]

ISLAMIC BANKING

Capacity Building and TA on Regulation and Disclosures on CFR for the Islamic Banking Segment [Commence in 2027 after implementation date of the GN]
CIBAFI ROADMAP ON ISLAMIC SUSTAINABLE FINANCE

**MARKET DEVELOPMENT**

**ISLAMIC BANKING**

- CIBAFI Sustainability Guide: Guidelines for Islamic Banks [started in mid 2020 and issued in 2021]
- CIBAFI Greenhouse Gas emission Measurement Tool for IFIs [started in 2022 and will be issued in 2024]
- Mobilizing Islamic Banking for Climate Action [started in 2022 and issued 2023]
ABOUT CIBAFI

CIBAFI is an international non-profit organisation founded in 2001 by the Islamic Development Bank (IsDB) and a number of leading Islamic financial institutions. CIBAFI is affiliated with the Organisation of Islamic Cooperation (OIC).

With over 130 members from more than 30 jurisdictions all around the world, CIBAFI is recognised as a key piece in the international architecture of Islamic finance.

In its mission to support the Islamic financial services industry growth by providing specific activities and initiatives that leverage current opportunities while preserving the value proposition of Islamic finance, CIBAFI is guided by its Strategic Objectives, which are, 1) Advocacy of Islamic Finance Values and Related Policies & Regulations; 2) Sustainability and Innovation Integration; 3) Industry Research and Analysis; and 4) Professional Development.

MARKET DEVELOPMENT

ISLAMIC BANKING

2023

2024

2025

MARKET DEVELOPMENT

ISLAMIC BANKING

ISLAMIC FINANCE

Comparative studies and industry best practices
[Proposed to commence in 2025]

Guide for Shari‘ah-compliant Products Development in Islamic Financial Institutions
[2022 – 2024]

CIBAFI Professional Certificate on Sustainability Integration
[2023 – 2024]
AAIOFI ROADMAP
ON ISLAMIC SUSTAINABLE FINANCE

CAPACITY BUILDING
ISLAMIC FINANCE

Integration of Maqasid Al Shari’ah and sustainability principles into the Shari’ah decision-making process
[End 2023 – 2025 (ongoing)]

2023

GOVERNANCE STANDARD (GS)
ISLAMIC FINANCE

Shari’ah Decision-Making Process (SDM)
[Mid 2024]

2024

GOVERNANCE STANDARD (GS)
ISLAMIC FINANCE

Sustainable / responsible Islamic financial services
[End 2024]
ABOUT AAOIFI

The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), established in 1991 and headquartered in the Kingdom of Bahrain, is an international non-profit organisation primarily responsible for the development and issuance of standards for the global Islamic finance industry. It has 119* standards and technical pronouncements in issue in the areas of Shari’ah, accounting, auditing, governance and ethics. AAOIFI is supported by 165* institutional members, including central banks and regulatory authorities, Islamic financial institutions, accounting and auditing firms and Shari’ah advisory and legal firms, from over 45 countries. Its standards are currently followed by a large number of leading Islamic financial institutions across the world and have introduced a progressive degree of harmonisation of international Islamic finance practices.

* as at November 2023