



Global Ethical Finance FORUM

13 & 14 SEPTEMBER 2017, RBS CONFERENCE CENTRE, EDINBURGH, SCOTLAND

Under the Patronage of



Scottish Government
Riaghaltas na h-Alba
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ETHICAL FINANCE: MERGING PROFIT & PURPOSE

Convened by



GLOBALADVISORS

Hosted by



Strategic Partner



CONCEPT NOTE

THE OPPORTUNITY

Following the global Financial crisis of 2008-09, a watershed moment that amplified the need to imbue the finance sector with ethical considerations, there was growing interest in the need for collaboration and convergence between stakeholders across the entire ethical finance universe. The global ethical finance industry constitutes approximately USD 22.89 trillion worth of assets under management, an increase of 25% from 2014.

However, this is seen for institutions and assets within developed markets. Ethical finance is on track to developing its global value proposition. However, catalyzing the wider adoption requires concerted efforts to build meaningful dialogue between the two main areas of ethical finance: one segment that integrates environmental, social and governance (ESG) factors, and Islamic finance which is expected to rise from USD 2 trillion to USD 3.5 trillion by 2021.

There is a unique opportunity for ethical finance players in developed markets to connect with the Islamic/faith-based financial sector which enjoys a strong foothold in Muslim-majority emerging market. For traditional responsible finance, in particular, this means a concerted effort to grow within emerging markets. In doing so, there is significant opportunity to leverage on and cooperate with Islamic finance which has developed an expansive emerging market footprint across Africa, Asia and the Middle East.

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The long-term aim of the forum is to support the development of common practices and ultimately promote the adoption of global standards in the industry.

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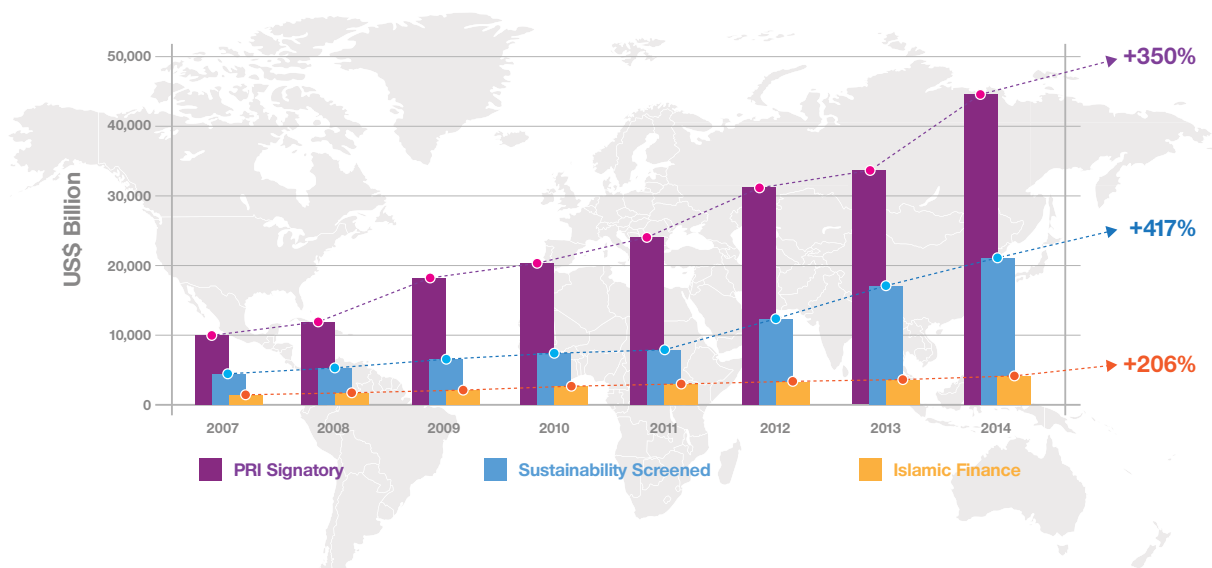
KEY CONSIDERATION

For Islamic finance, its strength in emerging markets has been held back by limited development within asset management. It also faces an excitement gap among younger consumers who are a key demographic within its core Muslim market.

THE WAY FORWARD

By leveraging on the experience of other forms of responsible finance, particularly in the asset management sector, Islamic finance can identify new ways of delivering impact that supports the ethical imperatives derived from Shariah.

Together the responsible finance industry has much to tackle: it must expand its measurement of impact to meet external stakeholder expectations. It also has to focus on expanding financial inclusion, an area of particular importance in Muslim majority countries since they are home to 72% of Muslims who are unbanked..





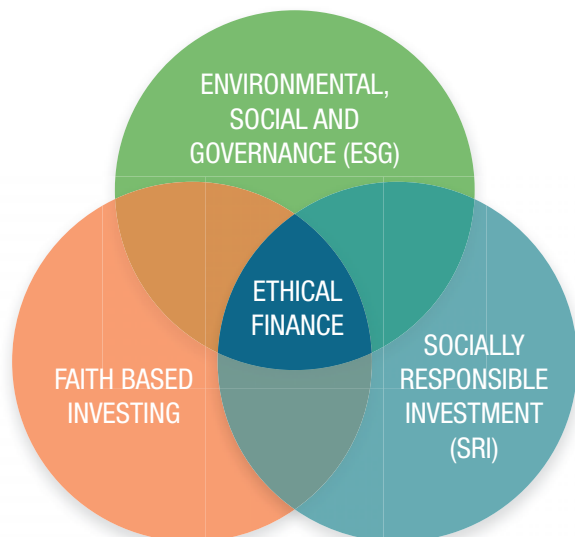
THE VISION

The Global Ethical Finance Forum is an initiative of Middle East Global Advisors and the UK Islamic Finance Council (IFC), two leading institutions spearheading the agenda of sustainable and inclusive economy and of forging connections with the broader ethical finance industry, encompassing Sustainable, Responsible and Impact Investing (SRI), Environmental, Social and Governance (ESG), and Islamic/faith-based Finance.

At its inaugural edition in September 2015, the vision ascribed to GEFF is to become a catalyst for a new, all-encompassing form of inclusive finance that connects key stakeholders from the various ethical finance sectors and facilitates previously untapped opportunities for convergence & collaboration.

GEFF 2017 endeavors to play a critical role in enabling stakeholders from the traditional responsible and Islamic finance sectors to forge and nurture new relationships aimed at building cooperation across various sectors and geographies.

This September, join the ethical finance movement and build a more equitable and inclusive financial sector.



TESTIMONIALS



“Conventional banking is currently being encouraged by governments, regulators and even the media to get back to basics following the global financial crisis. There is an increasing demand for a banking model that will provide simple solutions, speak a language everyone understands and manages their funds in a fair and transparent way with no hidden charges or unexplained risks. The Islamic banking model speaks to these concepts and is increasingly gaining traction across the world. The convergence of Islamic finance with the West comes together in the form of ethical finance.

ADIB is helping to redefine the business model for finance and is striving to make sure that the ideas it puts forward conform to the expectations and aspirations of its main stakeholders. The Global Ethical Finance Forum will be a great platform to facilitate a dialogue about the development of the universal appeal of Islamic finance in the changing landscape of ethical finance”.

Tirad Al Mahmoud, Chief Executive Officer, Abu Dhabi Islamic Bank



At the Global Alliance for Banking on Values we are working to ensure banking is more inclusive and serves society. As an independent network of banks and banking cooperatives, we share a mission to use finance to deliver sustainable economic, social and environmental development. This forum will address the importance of values-based banking and I am delighted to be participating”.

Dr. Marcos Eguiguren, Executive Director, Global Alliance for Banking on Values



ESG integration is not only widely regarded as instrumental in improving the long term financial performance but also a key tool to effective risk management in investment portfolios. Undoubtedly it helps in building portfolio for long term. At GEFF, I look forward to meeting leaders from the responsible finance industry to discuss the strategic role of ESG screens as an integral part of the mainstream investment processes.”

Sasja Beslik, Head of Responsible Investments, Nordea Asset Management



“SEDCO capital is the first Saudi asset manager and also the first Sharia Asset Manager to sign United Nations Principles for Responsible Investing (UNPRI) and incorporate Environmental, Social and Governance (ESG) considerations into our investment approach that is entirely Shariah compliant. The reason for this was simple – both Islamic finance and socially responsible investing (SRI) are values-based and share many common objectives. I am glad that this sentiment is shared by key stakeholders in the financial industry who gather under one platform at the Global Ethical Finance Forum. I am hopeful that the forum will help in bridging the gap between SRI and Islamic finance and we will see more collaboration among these two investment methodologies in the near future.”

Hasan AlJabri, CEO, SEDCO Capital, Chairman, Sedco Capital Luxembourg





"No benevolent man ever lost altogether the fruits of his benevolence."

Adam Smith

"To restore trust, we need a shift toward greater integrity and accountability. We need a stronger and systematic ethical dimension [in finance]."

Christine Lagarde, Managing Director, IMF, 2014

"To maintain the balance of an inclusive social contract, it is necessary to recognise the importance of values and beliefs in economic life."

Mark Carney, Governor, Bank of England, 2014

"Deal not unjustly, and you shall not be dealt with unjustly."

Qur'an 2:279

"For what will it profit a man if he gains the whole world and forfeits his soul? Or what shall a man give in return for his soul?"

Matthew 16:26

"God has permitted for you trade and prohibited interest."

Qur'an 2:275

OUR HOST: SCOTTISH GOVERNMENT

Scotland is the ideal destination for the historic talks across ethical finance divides due to its strong heritage in ethical finance and its immeasurable contribution to the creation of financial institutions and early professional bodies specialising in ethical finance. This dates back to a rich financial heritage that includes the development of the world's very first savings banks by Rev. Henry Duncan (Ruthwell Parish Bank) and the development of the mutual assurance industry, in which Scottish firms were amongst the early pioneers. This model was also used as the blueprint for the early Islamic banking attempts in the 1960s, which makes it particularly poignant that this new initiative is being led in Scotland.

In March 2016, the Church of Scotland and the IFC joined forces to develop ethical financial services aimed at tackling inequality and poverty, including a product that would appeal to investors of both faith-based and traditional responsible finance. This constituted the world's first interfaith joint financial services initiative.

The ethical finance debate in Scotland has centred on the UKIFC's Edinburgh Ethical Finance Round Table (EFRT) series which has become the UK's leading ethical finance discussion platform.

A direct output of the EFRT series has been the establishment of a Government-backed steering group tasked with assessing the feasibility of establishing a Scottish Ethical Finance Hub which would facilitate commercial investment, R&D and thought leadership as required for developing and testing ethics-based models of banking and finance, and enhance international engagement. The Hub opened at the Riccarton Campus of Herriot-Watt Universe, home of the Edinburgh Business School.



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The Christian and Islamic faith traditions share a commitment to economic justice and a call to an equal distribution of the gifts of God. By collaborating and 'putting our money where our morals are' we have an opportunity to live out our common values and make a tangible change for those most affected by poverty.

Rev Dr Angus Morrison, moderator of the General Assembly of the Church of Scotland

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Sir Ewan Brown, Chairman of Scottish Financial Enterprise, "[Edinburgh Ethical Finance Round Table have] commanded support across the UK and beyond – perhaps unsurprising, given Scotland's long history of creating financial services. Scotland is therefore ideally placed to facilitate the wider ethical finance discussion."

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Notable active organisations in encouraging sustainability include the Commissioner for Ethical Standards in Public Life and the Scottish Goldsmith Trust in encouraging sustainability.

Collectively these are testament to a commitment to safeguarding the interest of people and their social environment in Scotland.

GEFF's strategic partner, the UKIFC, based in Glasgow, has played a key role in developing Scotland's growing reputation in ethical finance, winning the Ethical Finance Innovation and Challenge Award in the UAE and liaising with Al Rayan Bank, a Sharia-compliant bank, to establish a presence in Glasgow.





THE THEME: “ETHICAL FINANCE: MERGING PROFIT & PURPOSE”

The theme for GEFF 2017 is “Ethical Finance: Merging Profit & Purpose”, reflecting the spirit of convergence and collaboration across the responsible finance universe, as well as a call for a more inclusive financial sector, that inspired the inaugural forum back in September 2015.

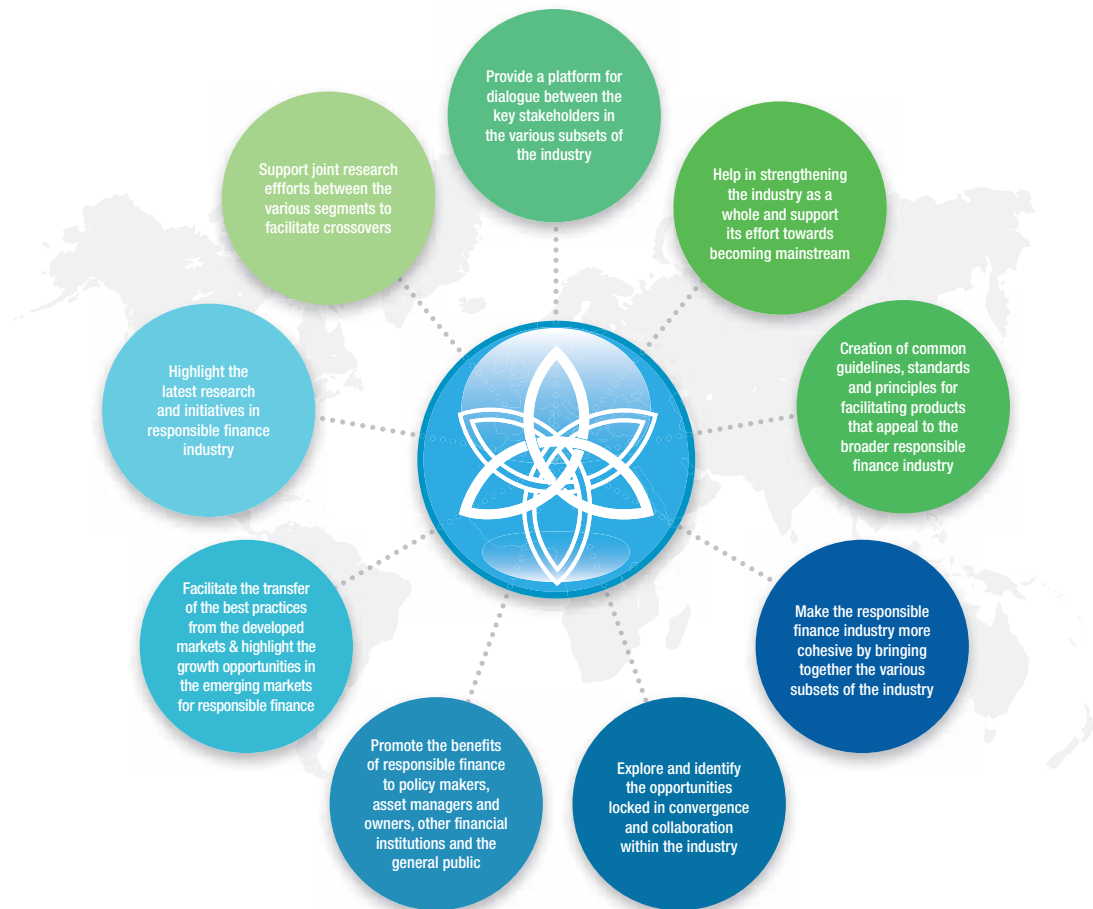
GEFF 2015 was historic for inaugurating a dialogue where one did not exist before—between Sustainable, Responsible and Impact Investing (SRI), Environmental, Social and Governance (ESG), and Islamic/faith-based Finance. Nonetheless, these discussions are in the early stages of encouraging the mainstreaming of ethical finance. Further, whilst these 3 segments share the same values-based approach, they are separated by boundaries of geography, perception and methodology. There is much work to be done to bear the fruits of these nascent connections.

The discussions at GEFF 2017 this September are also occurring in the context of unprecedented political and economic times. Political developments in the US, UK and Europe have sparked domestic debates about the forces of globalization and protectionism, with ultimate roots found in financial deregulation that has been occurred since the 1990s and well into and past the Global Financial Crisis of 2008-9. Certain segments of society feel they have missed out on the benefits of globalization, culminating in protests in the UK and US against the financial elite and professional classes.

As traditional ESG investors broaden their scope geographically (which in some places requires providing a Shariah-compliant offering), adopt things like the leverage-limiting ‘prudence’ screens from Islamic finance and as the Islamic finance adopts positive screening, there is much work to do marry the ethical underpinnings of responsible finance with profit motivations. GEFF 2017 will build on developments in responsible finance since September 2015 and forge a roadmap for the future trajectory of ethical finance.



GEFF OBJECTIVES



KEY FEATURES

01. BESPOKE CONTENT

The content is crafted by a panel of leading experts in the industry aided by quality research on the industry's most pressing issues.

02. IMPRESSIVE LINE-UP OF SPEAKERS

The forum will gather dignitaries, policy makers, practitioners, global thought leaders and academia from across the world providing a truly global experience.

03. INTERACTIVE EXPERIENCE

Unique features such as Live Voting on key issues and the interactive Web Connect App aim to provide a truly immersive experience for participants.

04. THOUGHT LEADERSHIP

Partnering with world leading research firms, the forum helps in providing fresh perspectives and thought leadership to the industry.

05. STAKEHOLDER ENGAGEMENT

The forum has secured the patronage of the Scottish Government as the official host of the forum which will help in supporting the ethical finance industry.

06. CIVIC RECEPTION

The forum will conclude with a reception hosted by the Scottish Government at the historic and famed Edinburgh Castle.



GLOBAL ETHICAL FINANCE FORUM 2015: INAUGURATING DIALOGUE WHERE ONE DID NOT EXIST BEFORE

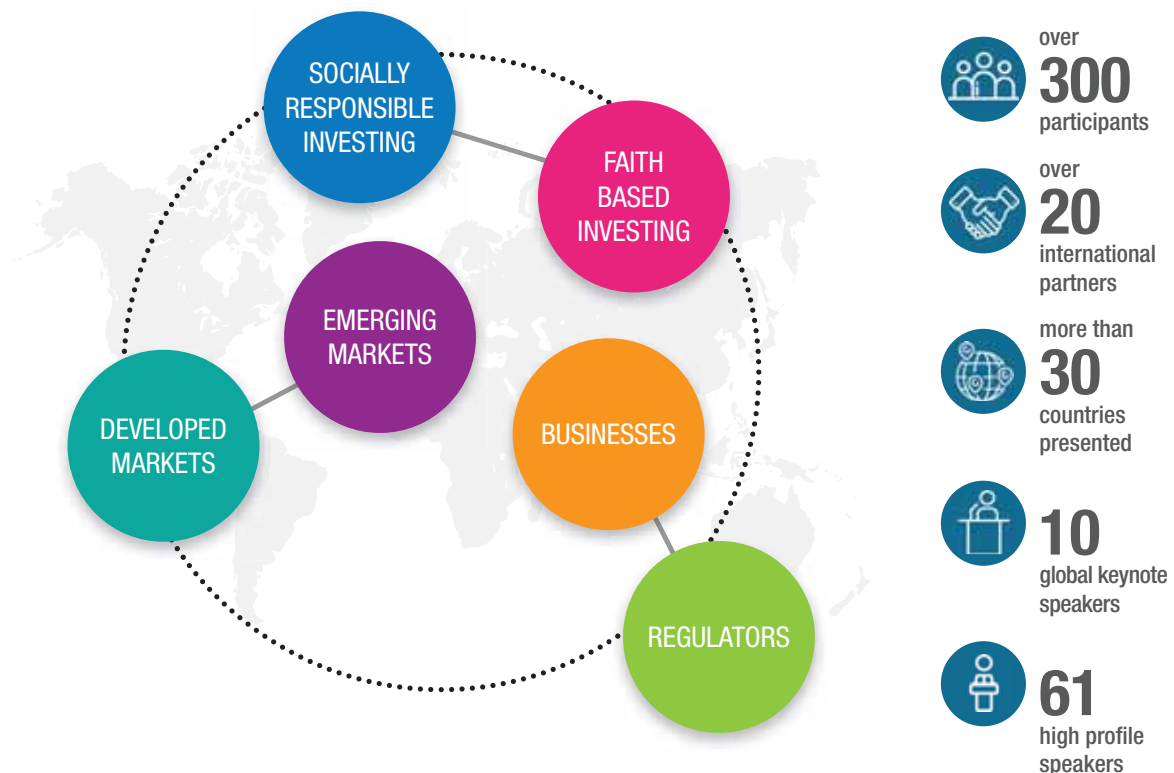
Hosted by the Scottish Government in September 2015, the inaugural Global Ethical Finance Forum was a defining gathering of the most distinguished leaders in the Responsible Finance Industry. Aimed as serving as a bridge to connect emerging markets with the developed ones, GEFF attracted players from across the ethical finance universe:

- Sustainable, Responsible and Impact Investing (SRI)
- Environmental, Social and Governance (ESG), and
- Islamic/faith-based Finance

Whilst these 3 segments share the same values-based approach, they are separated by boundaries of geography, perception and methodology.

GEFF 2015 was both timely and topical. The financial crisis of 2008-2009 highlighted the need for ethical finance to play a more significant role in the overall financial system. One of the key factors in the financial crisis was the decoupling between systemic risks being taken by the financial sector and the benefit it provided to the non-financial economy. In short, the disconnect between individual and societal returns was accentuated by and was also a cause of unethical behavior that were only recognized after they had wrought significant damage to the financial sector and the global economy.

GEFF was premised on the idea that convergence and collaboration will facilitate towards the mainstreaming of ethical finance. The esteemed Forum hosted critical conversations across several worlds – ESG, SRI, UNPRI, Islamic finance and other Responsible Finance Services Sectors. GEFF was conceived to reinforce the ethical finance movement, one edition at a time.





The Forum attracted distinguished leaders from around the world – ranging from Ministers and Central Bank Governors to CEOs of multibillion dollar asset managers, world's largest ethical banks, multilateral institutions, and leaders in research, amongst others.



SOME OF OUR DISTINGUISHED SPEAKERS AT GEFF 2015 INCLUDED:



HRH Emir Muhammad Sanusi II
Emir of Kano



Keith Brown
Cabinet Secretary for
Economy, Jobs and Fair Work,
Scottish Government



Hamza Yousaf
Minister for Transport and the
Islands, Scottish Government



Lord Mohamed Sheikh
Baron Sheikh of Cornhill



Dr. Zeti Akhtar Aziz
Former Governor
Bank Negara Malaysia



Abdulla Al Awar
CEO
Dubai Islamic Economy
Development Centre



Tirad Al Mahmoud
CEO
Abu Dhabi Islamic Bank



Michael Bennett
Head (Derivatives &
Structured Finance)
World Bank



Jaseem Ahmed
Former Secretary General
Islamic Financial Services
Board



Ted Roosevelt Malloch
Professor and Senior Fellow
in Management Practice,
University of Oxford



Edward Mason,
Head of Responsible
Investment
Church Commissioners for
England



Sasja Beslik
Head of Responsible
Investments & Identity
Nordea Asset Management



Amanda Young
Head of Responsible
Investment, Standard Life
Investments



Will Martindale
Head of Policy
UN PRI



Marcos Eguiguren
Executive Director
The Global Alliance for Banking
on Values



Herwig Peeters,
General Director,
Forum ETHIBEL



Nadia Laine
Vice President and Head of
Screening
MSCI ESG Research



Michel Maquil
Chairman
Inclusive Finance Network
Luxembourg



GEFF 2015 PARTNERS



Some of the organizations that joined us at the prestigious Balmoral Hotel in Edinburgh came from across North America, Europe, the Middle East, East Asia and Africa:

- Aberdeen Asset Management
- Abu Dhabi Islamic Bank
- ADIB UK
- Africa Practice
- Al Rayan Bank
- Alliance Trust
- Arabesque Asset Management
- Baillie Gifford
- Bank Negara Malaysia
- Bank of Ghana
- Bank of Khartoum
- Barclays
- Beehive
- Big Society capital
- Borsa Istanbul
- Capital Markets Board of Turkey
- Central Bank of Nigeria
- CFA Institute
- Church Commissioners for England
- Church Investors Group
- Climate Bonds
- Daily Record
- DDCAP Group
- Deloitte
- Dubai Islamic Economy Development Centre
- Ecobank
- Edale Group
- Eethiq Advisors
- Eiger Trading
- EIIB-Rasmala
- EIRIS
- Enhancing Financial Innovation & Access
- Equitable Financial Solution
- Ernst & Young LLP
- Ethical Futures LLP
- Ethix SRI Advisors
- Euroasia Industry
- European Bank for Reconstruction and Development
- European Investment Bank
- Fair Finance Fund Foundation
- Financial Escape Ltd
- FINCA/Right Angles
- First State Investments
- Forum Ethibel
- FundingLab
- Global Alliance for Banking on Values
- GRAMEEN in the UK
- Halocline Private Capital, Ltd.
- Heriot Watt University
- Hikmah Capital Corp.
- HSBC Amanah Malaysia
- Hudaibiya Relief and Humanitarian Services
- IBFD Fund
- ICMA Centre, Henley Business School
- Ideal Ratings
- IFAAS (Islamic Finance Advisory & Assurance Services)
- Impact Investment Partners
- Inclusive Finance Network Luxembourg
- Interactive Investor
- International Bank of Azerbaijan
- International Centre for Education in Islamic Finance (INCEIF)
- International Monetary Fund
- International Shari'ah Research Academy for Islamic Finance (ISRA)
- Investment Trust
- Islamic Banker
- Islamic Finance Council UK / Hudson Global Resources
- Islamic Financial Services Board (IFSB)
- Islamic Relief Worldwide
- Jenson Solutions Ltd
- Johns Hopkins University
- Kempen Capital Management (UK)Ltd
- Kingdom Capital Partners
- King's College London
- Lancaster University
- Lintel Bank Ltd.
- Luxembourg Fund Labelling Agency (Luxflag)
- MacLay Murray & Spens LLP
- Malaysia International Islamic Financial Centre (MIFC)
- Markfield Institute of Higher Education
- Mena Fund Manager
- Mercy Corps
- Middle East Global Advisors
- MSCI
- Muslim Council of Scotland
- NBAD
- Newcastle University
- Nordea Asset Management
- Path Solutions UK
- Responsible Investor
- RHT Partners
- Risk.Net (Incisive Media)
- Saïd Business School, University of Oxford
- Salford Business School
- Saturna Sdn. Bhd.
- SCIEF
- Scottish Community
- Scottish Financial Enterprise
- Scottish Government Business Directorate
- Scotwest Credit Union
- Securities Commission Malaysia (SC)
- SEDCO Capital
- Shariah Review Bureau
- Shepherd and Wedderburn LLP
- SI Partners - oekom research, UK
- Simply Sharia Limited
- SinCo
- SN Editions Online publications
- Social Building
- Social Investment Scotland
- Social Stock Exchange
- Solas Foundation
- SRI-CONNECT
- Standard Charter Bank Dubai
- Standard Life Investments
- Sunday Times
- Sustainalytics
- Sycomore Asset Management
- Tanmia Capital
- Tawreeq Holdings
- The Business Year
- The European Financial Review
- The Fletcher School of Law and Diplomacy Tufts University
- The International Interest
- The Islamic Finance Council UK (IFC)
- The Royal Bank of Ghana
- Thomson Reuters
- Turkish Embassy UK
- UKSIF
- UN PRI
- University of Bedfordshire, Business School
- University of Edinburgh
- University of Glasgow
- University of Hull
- University of St. Andrews
- Virtuo Wealth Management Ltd
- Wall Street Journal
- Weber Shandwick
- WHEB Listed Equity
- William Fry Solicitor
- World Bank
- 570 Asset Management

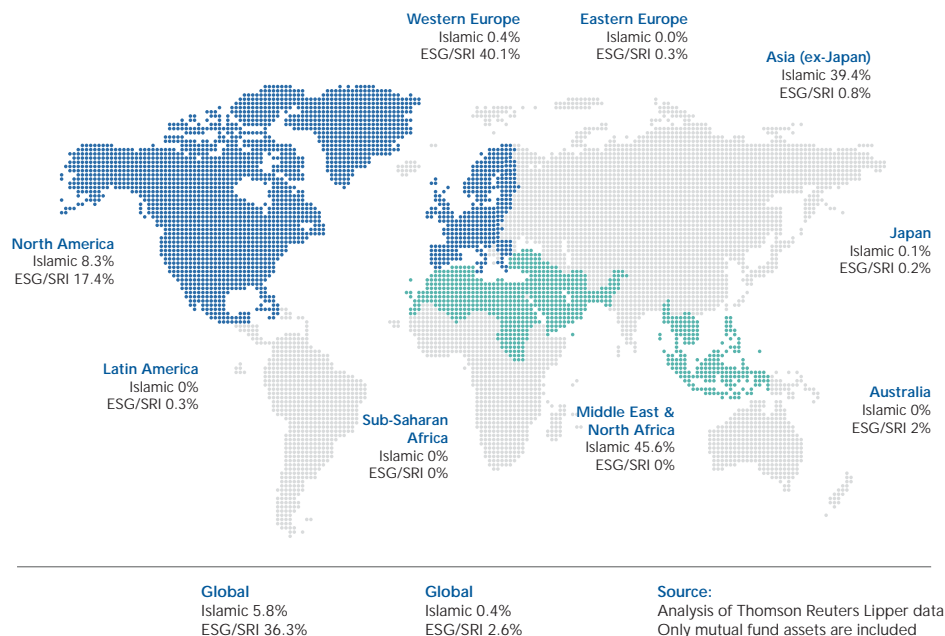
WHAT IS ETHICAL FINANCE?

Ethical finance, as it is often defined, traces its origins back to the Religious Society of Friends (Quakers) who, in 1761, prohibited its members from participating in the slave trade. In parallel, the Methodist Church also exercised its opposition to the slave trade, preventing its followers from being involved in these dehumanizing commercial transactions. Collectively, these forms of protest to unethical practices spurred new norms around investment screens. From the 18th through to the middle of the 20th century, religiously-inspired opposition entered the public arena in a wider fashion, spurring, amongst other things, movements in support of the women's suffragette in the US and the limiting of alcohol consumption, and morphing into the anti-Apartheid movement and eventually into the frameworks such as UN-back Principles for Responsible Investment.

Responsible finance has been dominated by western markets, however, there are also untapped opportunities in other parts of the world. With a population of 1.65 billion Muslims, many of whom live in emerging markets across the Organisation of Islamic Cooperation (OIC) countries, there is a unique opportunity to offer financial products which resonate with the values of Muslims. There has been a burgeoning interest toward SRI sukuk or green sukuk lately, reflected in the growing number of sukuk of this nature being issued in the global market to finance environmentally-friendly projects. In 2007 the European Investment Bank (EIB) launched a EUR 600 million climate-awareness bond premised around renewable energy and energy efficiency. Subsequently in 2008, the World Bank issued a total of USD440 million green bonds to support a climate-focused program for the Scandinavian pension fund. In 2013, the African Development Bank issued a USD500 million green bond to finance climate change solution in Africa. As of June 2015, World Bank has issued in excess of 100 green bonds that are valued at USD8.5 billion. Until January 2016, there was approximately USD 65.9 billion worth of green bonds circulated in the market.

The global ethical finance industry has reached a significant market size, growing by 11.9% CAGR. In the UK, it is projected to add economic value of approximately worth USD 17 billion by 2020. While the Islamic assets are set to grow at a rate of 19.7% by 2018 as per a study by EY. The increasing demand for responsible financial services is largely driven by changing public perception and prompted by the effects of the past financial crisis. Such increased interest presents new opportunities for the industry and in order to capitalize on these opportunities, there is a growing need for convergence and collaboration among the various subsets of ethical finance.

GEOGRAPHICAL BREAKDOWN OF RESPONSIBLE INVESTMENTS



KEY FACTS ON ETHICAL FINANCE

1

The UN-supported Principles for Responsible Investment has attracted signatories totaling USD 62 trillion in assets as of November 2016. PRI signatories commit to incorporate the Six Principles into their investment decision-making and ownership.

2

There are USD22.89 trillion of assets globally that are professionally managed under responsible investment strategies, demonstrating an increase of 25% since 2014, according to the Global Sustainable Investment Alliance. Europe accounts for over half of these assets (54%) and the US accounts for 38%.

3

According to the Global Sustainable Investment Alliance, the largest sustainable investment strategy globally is negative/exclusionary screening (USD 15.02 trillion in assets), followed by the integration of Environmental, Social and Governance (ESG) issues (USD 10.37 trillion in assets), and then corporate engagement/shareholder action (USD 8.37 trillion in assets). Negative screening is the predominant strategy in Europe.

4

According to Thomson Reuters' projections, Islamic finance assets are projected to grow to \$3.2 trillion by 2020.

7

The growing global concern over climate change has spurred rising interest in green finance, including climate aligned bonds, with China showing leadership in this regard as the world's largest issuer of climate-aligned bonds, with USD 220 billion in issuance according to the Climate Bonds Initiative

5

The nerve-centres for Islamic fund assets are the Middle East & North Africa and Asia (ex-Japan), with very few actually operating globally, representing an opportunity for global asset managers to leverage and spur the growth of ethical finance.

6

A research by TD Direct Investing revealed that 78% of UK investors are more likely to invest in a company with ethical practices and 64% will invest in ethical funds.



WHO IS ATTENDING?

1. International business leaders in the responsible and Islamic finance industry
2. Dignitaries, Policymakers and Regulators
3. CIOs, Economists, Strategists, Business Specialists and Professionals, Mid-level Management, Business
4. Development Managers, Analysts.
5. Leaders in rating, accounting and professional services
6. Global thought leaders and research leaders
7. Lawyers and legal experts
8. Professors, academics and journalists



ABOUT UK IFC



The Islamic Finance Council UK (UKIFC) is a specialist advisory and development body focused on promoting and enhancing the global Islamic and ethical finance industry. As a dynamic and forward-thinking not-for-profit the UKIFC Advisory Board brings together seasoned practitioners who are recognised leaders in the Islamic finance market. The UKIFC's core service areas are: Ethical Finance, Advisory, Training and Awareness and Thought Leadership.

Within the ethical finance work stream the UKIFC is proud to have been working to position Scotland as a global leader in this field. The ethical finance round table series, initiated in 2010, have helped the UKIFC to:

- bring the inaugural GEFF to Scotland
- win the Ethical Finance Innovation and Challenge Award in Dubai
- establish the Ethical Finance Hub
- launch a joint financial services initiative with the Church of Scotland
- attract Al Rayan Bank to establish a presence in Scotland.

The Global Ethical Finance Forum (GEFF) is proudly brought to you by:



Connecting Markets with Intelligent Insights & Strategic Execution Since 1993

WHO WE ARE

Middle East Global Advisors is the gateway for connectivity and intelligence on opportunities in the dynamic countries from Morocco in the West to Indonesia in the East - The Middle East North Africa Southeast Asia (MENASEA) connection. We are building on our history in these rapidly emerging markets for the past 24 years as we chart the way forward.

VISION

To be the leading independent intelligence platform for the high growth MENASEA markets spanning from Morocco in the West to Indonesia in the East.

MISSION

To facilitate the development of knowledge based economies in the MENASEA region through the production of forward looking research and insights and technology and connectivity platforms that accelerate the dissemination of information and knowledge.

STRATEGIC OBJECTIVES

To connect industry professionals in the MENASEA region with the latest advances in technology, research and thinking.





MIDDLE
EAST

GLOBALADVISORS

Connecting Markets with Intelligent Insights & Strategic Execution Since 1993
www.meglobaladvisors.com

Do let us know how we can assist you in joining the Scottish Government at
GEFF 2017

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