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# 14<sup>th</sup> International Forum on Islamic Capital Market Tehran, Islamic Republic of Iran 6-7 November 2022



By: Syed Shabbir Jafer Razvi , BA, MBA, FRSA, FPC



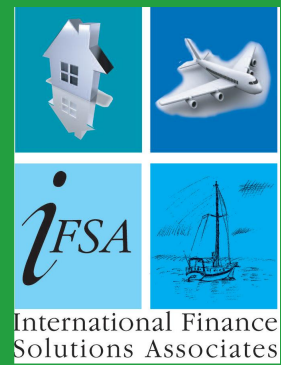
## Important information

The value of investments, and the income from them, can go down as well as up, so you may get back less than you invest. When investing in overseas markets, changes in currency exchange rates may affect the value of your investment.



# Iran – A New El Dorado

- SHEIKH/ AYATOLLAH GOOGLE DESCRIBE EL DORADO AS:
- A CITY OR COUNTRY OF FABULOUS RICHES HELD BY 16TH CENTURY EXPLORERS TO EXIST IN SOUTH AMERICA.
- A PLACE OF FABULOUS WEALTH OR OPPORTUNITY.



طہران ہو کر عالم مشرق کا جنیوا  
شاید کُروۃ ارض کی قسمت یر بدل جائے

Europe's imperialists dreamed—  
But their dream soothsayers soon may read a new way!  
Asia's Geneva let Tehran be—  
Earth's book of fate new statues may see.

Sir Muhammad Iqbal (Allama Iqbal)





# **Compatibility of ESG and Sharia Compliant Finance?**

**Does ESG have a future?**

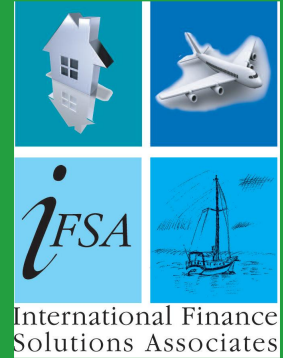
**ESG and “woke” capitalism.**

**Is ESG out of control?**

**Extreme Sinister Game**

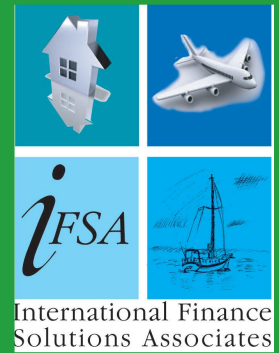


- Environmental, social and governance (ESG) considerations are now seen as an essential aspect of asset management by investors around the world.
- All categories of asset owners, from pension funds to sovereign wealth funds to retail investors, are calling on asset managers to consider ESG risks and opportunities, ranging from climate change to pay equity to board integrity and many other E, S and G concerns alongside more traditional investment analyses.
- Why? Because these issues affect the long-term sustainability of businesses and entire economies everywhere.

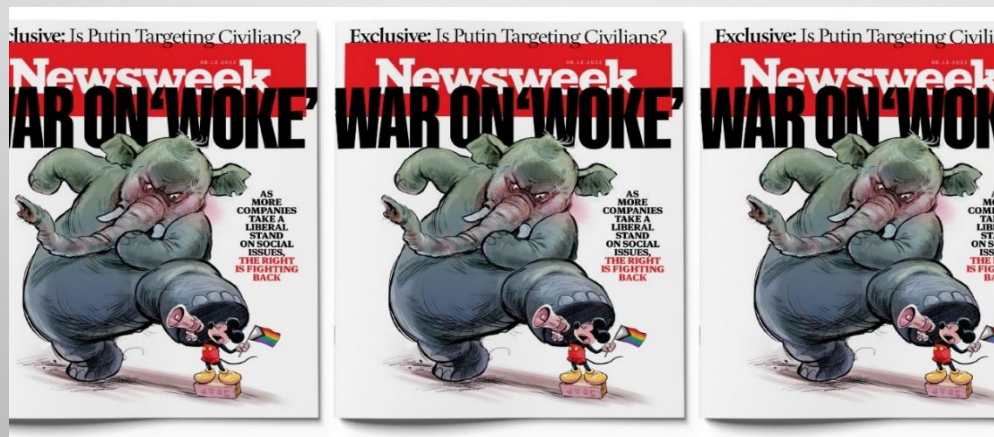




- The term ESG is in itself an evolution from the original 'ethical investing' concept, which focused on simply excluding companies that did harm and so was very subjective.
- It's a bit more difficult to explain or measure the S (social), most companies have been doing the G (governance) for years, and because they view that as normal, they aren't very good at highlighting it, so all of the focus has been on the E.
- Environmental, social and governance investing is gaining in popularity every day, but there are potential pitfalls for the unwary investor.



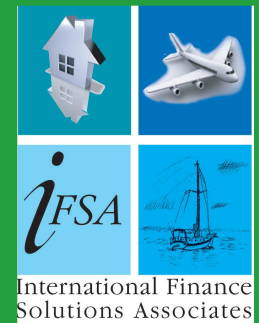
- Headline-making cases of businesses speaking out on social issues, such as Disney taking a stance on legislation in Florida restricting classroom instruction on sexual orientation and gender identity.
- The issue has taken centre stage recently as a number of high-profile companies—including [Disney](#), J.P. Morgan, Levi Strauss and Microsoft—announced plans to cover travel expenses for employees seeking an abortion in the wake of the [Supreme Court](#)'s reversal of *Roe v. Wade*.





- Under guise of Inclusion and Diversity, promoting LGBTQ+ and same sex marriage

- There are other indicators that could back up the argument LGBTQ+ inclusion is being taken increasingly seriously at the company level.
- For example, according to [All Street](#) SEVVA's ESG ratings platform Sevva.ai, LGBT+ corporate support programmes nearly doubled between 2017 and 2021, going from 727 companies globally to 1,365, respectively. Sevva.ai found large-cap companies are the most active, with 466 out of 2,317, or 20% reporting a programme last year

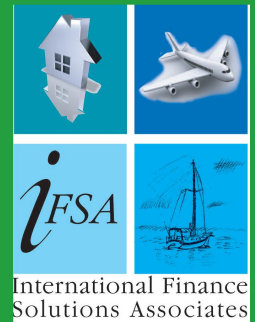


- Strive was founded in May by Vivek Ramaswamy, the author of Woke Inc.: Inside Corporate America's Social Justice Scam.
- It argues that asset managers such as State Street Corp., Vanguard Group and BlackRock Inc. are using client money to advocate for pet causes rather than prioritizing corporate performance.
- Among Strive's initial investors is Peter Thiel, the billionaire co-founder of PayPal, first outside investor in [Facebook](#) and bogeyman for Silicon Valley liberals.
- With a rating of 4.13 out of 5 is Chick-fil-A, which took a stand more than a decade ago when its CEO spoke out against same-sex marriage. While liberals called a boycott, it has still thrived. By sales, it has grown to rank as America's third biggest fast-food chain, according to the Restaurant Business website.





- Florida governor Ron DeSantis [effectively banned](#) the state's pensions from considering ESG factors in investment decisions and the Texas comptroller [published a blacklist](#) of fund providers and products.
- Recently, US SIF, the Forum for Sustainable and Responsible Investment, launched a campaign with a new website called ESG Truths, seeking to dispel a growing amount of misinformation about sustainable and responsible investing.



# The 10 Most 'Woke' Companies in America

Which big companies do conservative investors regard as "woke"—that is, advocating for liberal causes? To find out, *Newsweek* asked William Flaig, manager of the American Conservative Values Exchange Traded Fund, a basket of S&P 500 companies minus the ones that conservatives deem too liberal to support, to poll his 5,000 investors, asking each to name the three most "woke" companies in the S&P 500. Here are the results. **Note:** Netflix barely missed the Top 10, coming in at No. 11.

COMPANY	% OF 'WOKE' VOTES BY CONSERVATIVE INVESTORS	YEAR-TO-DATE PERFORMANCE
Walt Disney Co.	49.4%	-33.7%
Meta Platforms	38%	-49.7%
Alphabet	34.2%	-25.5%
BlackRock	27.8%	-29.8%
Twitter	16.5%	-7.8%
Amazon.com	13.9%	-26.6%
Starbucks Corp.	13.9%	-27.7%
Nike	12.7%	-34.2%
Target Corporation	10.1%	-31.3%
Coca-Cola Company	8.9%	-5.6%
American Conservative Values ETF		-15.9%
S&P 500		-16.2%

NOTES: Survey taken in mid-June 2022; year-to-date performance is through July 22, 2022.

SOURCE: American Conservative Values Exchange Traded Fund



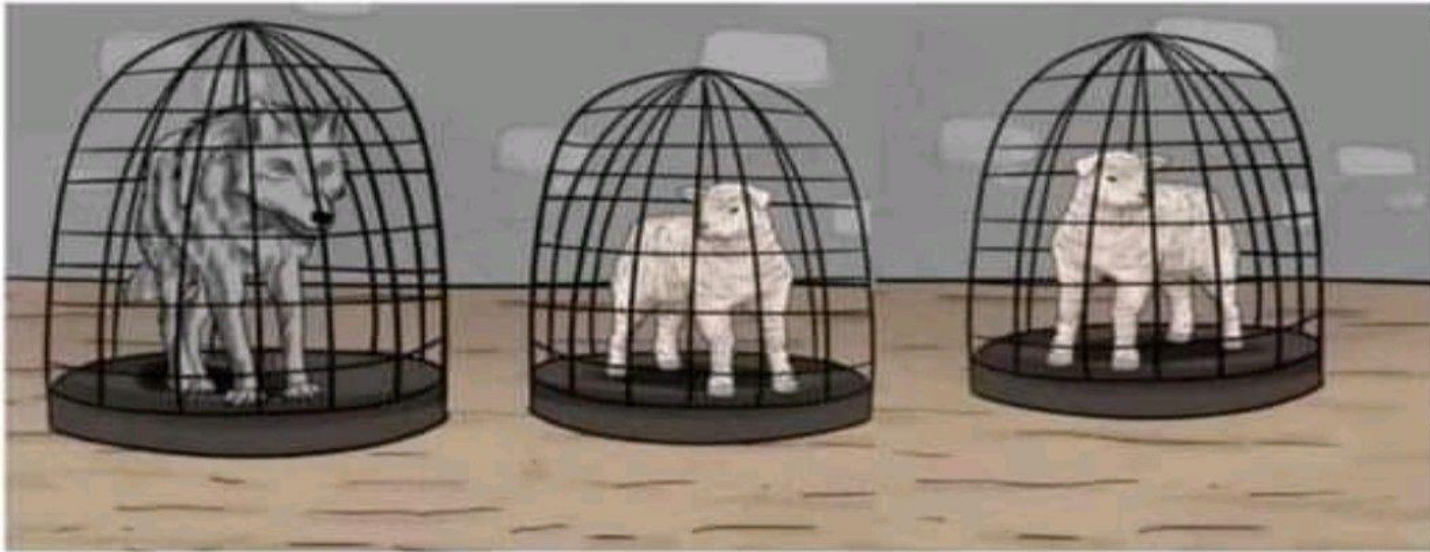


- With over 90% of the market value of the S&P 500 Index covered by intangible assets, such as brand image and intellectual property that depend on reputation and engaged employees.
- It is more important than ever to incorporate ESG into the investment process. ESG integration, focuses on financially material factors and is very much process-oriented
- Much of the pushback is seen at the state level, where some states are boycotting funds that exclude fossil fuels. That primarily affects exclusion/screening strategies.



# SUSTAINABLE DEVELOPMENT GOALS

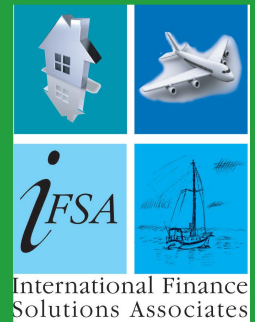




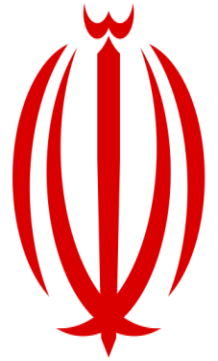
The campaign theme was very simple. The billboards had three panels and the panels were kept very simple. On the left most panel there was a very dirty cloth, the middle panel showed the dirty cloth being dipped in the detergent and the third or the right most panel showed the cloth coming out clean – Sparkling clean. A simple and very universal theme that catches the attention of all home makers of the world. So what is so wrong with this theme and campaign?



Unlike most languages in the world Arabic is read from right to left and not from left to right. While you wanted to convey the meaning of dirty cloth becoming sparkling clean, the exact opposite was being conveyed to the Arabic customers – that the clean cloth becomes dirty by using our detergent”







خیزند اگر کا مجھ جلوہ نشین فرزند  
سر ہے میری آنکھ خاکِ مدینہ و نجف

*the glitter of the West  
could never dazzle my eye;  
my eyes are touched by  
the dust of Madīna and Najaf!*

IQBĀL



**Thank you for your attention**



Any questions?

