

Emily Fuller, Deborah Low, Ellen McGinnis, Emma Russell in PrivateEquityWire: Shariah in the Spotlight II: How to be Environmentally Friendly and Socially Responsible Under Shariah Law

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Environmentally friendly investment guidelines have come to the fore recently due to increased focus on climate change and governmental action aimed at protecting our planet. With heightened focus on the economic impact and carbon footprint of corporations and industries, investors have an increased appetite to invest capital in sustainable projects such as renewable energy research, and development or real estate and infrastructure projects that seek to minimize environmental impact through sustainable construction.

At the same time, investors are also less inclined to invest in projects that are seen as harmful to the environment, such as coal power or development projects that displace or disrupt existing communities or green spaces. This shift in investor mindset, along with new regulation on many industries, has led investment funds to look for environmentally friendly investment opportunities in order to cater to investor demand and attract investors during the fundraising process.

The desire to make investments that promote sustainability closely correlates to the concept of stewardship under Shariah law, which states that humankind holds all property (including the Earth) in trust for God, and therefore, looking after the planet is humankind's duty in its role as "trustee." As a general rule, investing in compliance with Shariah law seeks to avoid causing harm, whether that is to others or the environment and, Islamic economics looks to efficiently allocate resources, with the aim of avoiding waste.

Excerpted from *PrivateEquityWire*. To read the full article, click [here](#).

This article is the second part of a series.