

AMCF ENDOWMENT GUIDE: SUSTAINABLE INVESTING

**An Introductory Guide to
Building a Values-Aligned
Investment Strategy for
Muslim Endowments**

Written by

**Shahnawaz Malik &
Ola Mohamed**



American Muslim
Community Foundation

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About Us



Shahnawaz Malik

AMCF Investment
Committee Board
Member

[Shahnawaz Malik](#) is a senior investment professional with 15+ years of expertise across Capital Markets, Sustainable Investing, and Investor Relations. Throughout his career, Shahnawaz has held leadership positions at prestigious financial institutions in London, New York, and Hong Kong. He specializes in Sustainable Investing, having advised some of the world's most prominent institutional investors. Shahnawaz is a CFA charterholder and holds a Master of Science from the London School of Economics.



Ola Mohamed

AMCF's Director of
Nonprofits

[Ola Mohamed](#) is AMCF's Director of Nonprofits, where she oversees the management of AMCF's hosted nonprofit endowments. She also founded and organizes the National Muslim Endowment Council (NMEC) and leads AMCF's other efforts to promote strategic, values-aligned endowment-building for American Muslim and ally nonprofits. She received her J.D. from Emory University and her B.A. from UNC-Chapel Hill.

Report designed by: Habibat T. Shittu, Nonprofit Social Impact Fellow



Mission, Vision, & Core Values

Mission

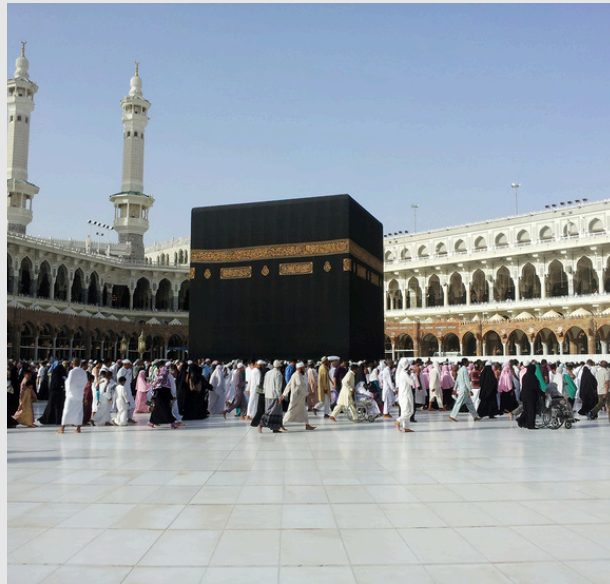
Cultivating donor giving
and diversifying funding to
advance charitable causes.

Vision

Leading sustainable &
strategic Muslim
philanthropy for today
and future generations.

Core Values

Sacred, Strategic,
Sustainable,
Collaborative, Diverse,
Inclusive, Integrity



AMCF's Endowment Services

Open an
endowment
with AMCF

National
Muslim
Endowment
Council

Endowment
Policy Guides

Endowment
Resources

For information and additional resources for developing your endowment's value-aligned investment strategy, check out the [American Muslim Community Foundation's endowment pages](#). Also, feel free to reach out to us at nonprofitengage@amuslimcf.org for further guidance on this topic.

— Muslim Endowments

Approaches to Responsible Investment

When establishing investment guidelines for Muslim endowments, organizations should understand that “Shariah compliance” and “sustainable investing” represent complementary, but distinct approaches to responsible investment. These frameworks share fundamental principles around being good stewards of society and the environment, yet they operate through different mechanisms and requirements. Thoughtfully integrating both approaches is key to creating a comprehensive values-aligned investment strategy.



Investment Approaches

Shariah-compliant Investing

Shariah-compliant investing encompasses the minimum standards and essential foundation that Muslim endowments should implement in their investment strategy in order to pursue investment returns while maintaining religious and charitable integrity.¹ This approach begins with negative screening to exclude prohibited industries and activities, but extends significantly further. Shariah compliance requires avoiding interest-based investments (riba), eliminating excessive uncertainty in contracts (gharar), and maintaining primarily equity-based, rather than debt-based, capital structures. It also includes purification, or the deduction of investment returns believed to be from impermissible or questionable sources.² The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) provides comprehensive standards that guide organizations in implementing these Islamic financial principles.

Sustainable Investing

Sustainable investing is a broad term but is fundamentally an investment approach that considers environmental, social, and governance (ESG) factors in portfolio selection and management. Sustainable investing encompasses a range of strategies, such as ESG integration, negative screening, positive screening, values-aligned investing, impact investing, and corporate engagement and shareholder action.³

Values-Aligned Investing

While Shariah compliance focuses on AAOIFI standards, sustainable investing advocates for a comprehensive analysis of investment securities to identify a broader set of risks and opportunities. This approach incorporates ESG factors into the investment decision-making process, allowing for a more holistic assessment of a company's long-term value creation potential. In considering these additional criteria, sustainable investing can help strengthen a Shariah-compliant portfolio by aligning it with the organization's mission, values, and broader societal concerns.

Furthermore, sustainable investing often involves active ownership practices, such as shareholder engagement and proxy voting, which enable endowments to influence corporate behavior on critical issues like human rights, diversity, equity, inclusion, and governance. **The combination of Shariah compliance and sustainable investing ensures that endowment portfolios reflect both religious requirements and wider institutional values, thereby promoting a more comprehensive approach to values-aligned investing.**⁴



Converging Shariah Compliance & Sustainable Investing

The convergence of Shariah compliance and sustainable investing requires organizations to first understand how each framework aligns with their fiduciary responsibilities. It also necessitates defining organizational values and conducting ESG analysis of the portfolio to ensure alignment with those values, which may involve making difficult decisions and trade-offs.⁵ This endeavor can be complex and requires collective commitment, but it is critically important to consider and discuss from the onset of establishing an endowment.

To ensure a comprehensive approach to values-aligned investing, it is highly recommended to include both Shariah compliance and sustainable investing in discussions with the Board, Endowment Committee, and Asset Manager from the outset. Furthermore, the organization's Investment Policy Statement (IPS) should clearly articulate both Shariah compliance requirements and sustainable investing objectives, creating a robust framework for values-aligned investment decision-making.





Guiding Questions

Exploring the following questions with your stakeholders can facilitate a productive discussion on aligning your endowment's investments with its mission and values:

1. What are the key values that define our organization, and how should they be reflected in our investment decisions? (Consider referencing a framework like [Adasina Social Capital's investing value matrix](#) and customizing with your organization's values)
2. What is our endowment's core purpose, and how can our investment portfolio best support it?
3. How will we formalize the alignment of our mission and values with our investment strategy in our Investment Policy Statement (IPS)?
4. What monitoring mechanisms should we establish to ensure ongoing alignment, and how frequently should we assess our portfolio's adherence to our values?
5. Does our IPS clearly articulate our Shariah compliance and sustainable investing standards and outline a process for regularly reviewing our portfolio's compliance with these standards?

Resources

By addressing the questions above, you can begin developing a comprehensive approach to values-aligned investing that incorporates both Shariah compliance and sustainable investing principles, ensuring your endowment's investments support its mission and values. In addition, here are some resources you can use to facilitate a values-aligned analysis of your portfolio:

American Friends Service Committee (AFSC) Investigate:

Search tool to look up companies invested in prisons, occupations and border control

Investor Advocates for Social Justice:

Organization representing investors with faith-based values with information on shareholder advocacy, engagement and “mission-aligned” investment

Interfaith Center on Corporate Responsibility (ICCR):

Coalition of faith- and values-based investors focused on shareholder engagement

Who Profits Research Center:

A research center with a company search tool dedicated to exposing commercial involvement in the Israeli occupation



Conclusion

Building a holistically values-aligned endowment portfolio requires clear policies that address both Shariah compliance and sustainable investing standards. This alignment ensures investments reflect your organization's core principles. The guiding questions and resources in this guide provide an excellent starting point for conversations with your endowment decision-makers, but implementation should be ongoing. Developing a robust portfolio demands continuous monitoring of asset allocations and security selections, and periodic refinement of standards as global practices evolve. For long-term success, both sustainable investing principles and Shariah compliance must be embedded within your organizational culture and governance structures, making these values integral to your endowment-building strategy rather than peripheral considerations.

For information and additional resources for developing your endowment's value-aligned investment strategy, check out the [American Muslim Community Foundation's endowment pages](#). Also, feel free to reach out to us at nonprofitengage@amuslimcf.org for further guidance on this topic.

Footnotes

1. [“Wealth and Investments: Islamic Finance.”](#) Mercer, 2025.
2. Elgari, Mohamed A. [“Purification of Islamic Equity Funds Methodology and Sharīca Foundation.”](#) Proceedings of the *Fourth Harvard University Forum on Islamic Finance: Islamic Finance: The Task Ahead*. Cambridge, Massachusetts. Center for Middle Eastern Studies, Harvard University, 2000 (pp. 77-80).
3. [“Introductory Guides to Responsible Investment.”](#) Principles for Responsible Investment.
4. Ali, Bia. [“Islamic Finance and Sustainable Investing,”](#) Dal-Andalus, 2025.
5. Kraus, Nicole W., Glaviano, Valentina and Yoder, Jay A. *Endowment Management for Foundations and Nonprofits*. Association of Governing Boards of Universities and Colleges (AGB), 2022 (pp. 51-65).



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Community Foundation



— Contact Us



nonprofitengage@amuslimcf.org



www.amuslimcf.org



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