

# Methodology for Screening

Beyond standard Shariah compliance screens, Wahed applies an additional discretionary Islamic values-based screen. This screen references four independent, well-recognised sources that flag companies linked to specific, serious human-rights risks:

1. **OHCHR (UN Office of the High Commissioner for Human Rights)**
2. **AFSC Investigate database (American Friends Service Committee)**
3. **UFLPA Entity List (Uyghur Forced Labor Prevention Act)**
4. **KLP Council on Ethics Exclusion List (Norway's largest pension fund)**

These sources are generally considered credible, transparent about scope and methods, and regularly updated by reputable institutions. We reference them and verify exclusions internally, to complement Shariah screens to create a more holistic approach to our holdings.

## What are these sources?

### OHCHR database (UN)

The OHCHR database was created under a mandate from the UN Human Rights Council to identify companies involved in specific activities related to Israeli settlements in the Occupied Palestinian Territory. Its methodology is highly structured. OHCHR defines categories of business activities (such as settlement construction, banking support, resource extraction, and transport services), reviewed submissions from states, NGOs, and companies themselves, and cross-verified evidence before naming a company. Updates are periodic, with OHCHR publishing both methodology papers and status reports, and companies have the right to respond before inclusion or removal. ([This can be seen here](#))

### AFSC Investigate

The American Friends Service Committee (AFSC) operates the "Investigate" database as an independent research project. Its methodology combines desk research, company filings, NGO reports, and local monitoring to identify corporate involvement in human rights violations. AFSC categories findings into activities such as settlement infrastructure, military or security service. Each entry provides a case narrative, sources, and documentation. The methodology is deliberately transparent and replicable, and cases are updated or archived when circumstances change. ([This can be seen here](#))

### UFLPA Entity List

The UFLPA Entity List is maintained by the U.S. Department of Homeland Security (through the Forced Labor Enforcement Task Force). The methodology is legally binding and tied to U.S.

customs enforcement: entities are added to the list if there is credible evidence that they participate in, or support, forced labour practices in Xinjiang or related supply chains. Sources include U.S. government investigations, NGO and academic reports, trade data, and open-source intelligence. Entities can be added or removed through Federal Register notices, and affected companies have the right to submit information contesting inclusion. Being listed results in a statutory presumption that goods from that entity are made with forced labour and are barred from import. ([This can be seen here](#))

## KLP Council on Ethics Exclusion List (Norway)

KLP's exclusion list is part of its Responsible Investment Guidelines. Methodologically, KLP uses a committee-based process to review companies against ethical criteria such as human rights, labour rights, environmental damage, and international humanitarian law. Research is sourced from ESG data providers, NGOs, academic studies, and sometimes direct company engagement. Cases are escalated to KLP's Advisory Committee on Responsible Investment, which issues recommendations. KLP then makes public decisions to exclude, place under observation, or re-include companies, publishing its rationale and underlying evidence biannually. This transparency and structured review process makes KLP's list one of the most credible investor-led exclusion frameworks. ([This can be seen here](#))

## Why we reference them

Our governance framework draws on four complementary sources. Each source brings unique strengths, and together they form a robust, multidimensional base for screening.

- **Intergovernmental authority (OHCHR):** Offers impartiality and legitimacy, as the UN applies a formal mandate with clearly defined categories of prohibited activities.
- **Granular NGO research (AFSC):** Provides timely, on-the-ground detail and narrative context that may surface issues before they reach intergovernmental bodies.
- **Legal and regulatory force (UFLPA):** Directly impacts the ability of companies to trade, which makes it highly material for compliance and risk management.
- **Market peer validation (KLP):** Demonstrates how mainstream institutional investors are operationalising ethical exclusions and sets a benchmark for industry best practice.

By referencing these sources as a source for screening, and then applying an Islamic values-based assessment our screening is:

1. **Authoritative**, grounded in respected global and national institutions.
2. **Objective**,
3. **Credible**, based on transparent methodologies and published evidence.

4. **Comprehensive**, covering different vectors of human-rights risk (settlement activity, forced labour, investor ethics).
5. **Dynamic**, regularly updated through formal channels (UN reports, Federal Register, NGO case updates, and KLP's biannual reviews).

This layered approach strengthens our ethical filter beyond rules-based Shariah compliance implementation. It reduces blind spots, anticipates regulatory and reputational risks, and ensures that our clients' investments reflect both their faith values and wider ethical concerns with rigor and credibility.

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