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A Contemporary Framework for Integrating *Maqāṣid al-Sharī'ah* and ESG in Designing Sharia Capital Market Indices

Abstract: This study develops a contemporary framework for integrating *Maqāṣid al-Sharī'ah* with Environmental, Social, and Governance (ESG) principles in the design of Sharia capital market indices. It addresses the persistent gap between formalistic Sharia screening—primarily concerned with legal compliance—and the materiality-driven logic of ESG, which emphasizes sustainability impact. Employing a qualitative conceptual approach, the study constructs a Three-Tier Framework that repositions *Maqāṣid al-Sharī'ah* as the teleological foundation of sustainability assessment. The framework is operationalized into a systematic blueprint comprising four integrative themes and 22 measurable indicators. These indicators are derived from a thematic clustering of 45 elements from the *Maqāṣid al-Sharī'ah* Research Index (MSRI) and subsequently aligned with internationally recognized standards, including the Global Reporting Initiative (GRI) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The alignment process applies two criteria: dual relevance to both *Maqāṣid* and ESG dimensions, and the availability of verifiable public data. Preliminary validation through case studies of PT Bukit Asam and Unilever Indonesia demonstrates the framework's ability to differentiate sustainability performance across sectors while revealing substantive gaps in current Sharia reporting practices, particularly in narrative depth and impact orientation. Unlike prior studies that position *Maqāṣid* and ESG as parallel constructs, this research reconstructs the evaluative logic by embedding *Maqāṣid* as the ethical core of ESG integration. This study contributes both theoretically and practically by advancing an integrated paradigm for Islamic finance and offering a replicable model for index construction.

It provides a conceptual and operational foundation for transforming Sharia capital markets toward a more holistic, impact-oriented, and ethically grounded sustainability assessment system.

Keywords: ESG; Integrative Framework; *Maqāṣid al-Sharī'ah*; Operational Blueprint; Sharia Capital Market Index.

INTRODUCTION

The main criticism of the Environmental, Social, and Governance (ESG) framework is its narrow focus on the materiality of the secular market, thereby neglecting the ethical and holistic sustainability dimensions.¹ This weakness becomes increasingly problematic when ESG is applied to the Islamic capital market. Unlike CSR, which is voluntary and narrative-based, ESG emphasizes measurable indicators relevant to investors for assessing long-term risks and performance.² However, ESG is rooted in the logic of secular market materiality, so ethical aspects are often insufficiently considered.³ Criticism of ESG arises precisely because of its narrow focus on investment risk and returns, while sidelining the social and sustainability dimensions.

Meanwhile, Indonesia's Islamic capital market is showing strong growth. By 2025, the market capitalization of the Indonesia Sharia Stock Index (ISSI) reached Rp8,485.79 trillion (as of August 8, 2025), with a market share of approximately 62.99% of the total market capitalization of the Indonesia Stock Exchange (as of July 2025) and the proportion of sharia stocks reaching about 69% of total listed stocks (as of August 2025).⁴ However,

¹ Niken Yulian Yusuf et al., 'Community Rights Protection as a Pillar of Sustainable Mining in Indonesia: A Review of Government and CSR Roles From Environmental Law and Islamic Environmental Jurisprudence', *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi Dan Keagamaan* 12, no. 2 (July 2025): 432-446, <https://doi.org/10.29300/mzn.v12i2.8359>.

² Iain MacNeil and Irene-marié Esser, 'From a Financial to an Entity Model of ESG', *European Business Organization Law Review* 23, no. 1 (March 2022): 9-45, <https://doi.org/10.1007/s40804-021-00234-y>.

³ Henrik Nielsen and Kaspar Villadsen, 'The ESG Discourse is Neither Timeless nor Stable: How Danish Companies "Tactically" Embrace ESG Concepts', *Sustainability* 15, no. 3 (February 2023): 2766, <https://doi.org/10.3390/su15032766>.

⁴ Financial Services Authority, "Press Release: OJK Strengthens the Role of the Indonesian Capital Market for Indonesia's Economic Independence and Sovereignty, Celebrating the 48th Anniversary of the Reactivation of the Indonesian Capital Market," August 11, 2025; Financial Services Authority, "Infographic: A Resilient Financial Services Sector to Support Accelerated National Economic Growth,

this growth does not automatically guarantee that the assessment of sharia issuers has captured their contributions to *Maqasid al-Shariah*. The ISSI and other sharia instruments tend to focus on formal sharia compliance (*halal/haram*) and financial performance, without adequately considering social and sustainability impacts.⁵ This gap between formal compliance and substantive impact measurement reflects the same criticism leveled against ESG for being overly materialistic.⁶ This gap deepens when we examine the dominant sharia-based stock-screening practices currently in use. The approach used is formalistic, relying on negative screening criteria based on Islamic jurisprudence (*fiqh*), such as prohibitions on usury and gambling, as well as restrictions on certain financial ratios.⁷ This approach has been criticized as minimalist and mechanistic, merely preserving the “formal purity” of Sharia without truly realizing the *Maqasid al-Shariah*.⁸ A Maqasid study of global screening models indicates that existing models are legalistic and formalistic, and do not fully reflect economic justice, social sustainability, and business ethics; companies that substantially harm morality or exploit workers can still pass as long as financial ratios are met.⁹ A similar gap is also found in the practice of murabahah contracts, where formal *fiqh* procedures are followed but unequal risk distribution and a consumptive orientation result in the values of ‘*adl* and *maṣlahah*’ being realized only partially.¹⁰ At the level of legal methodology, a formalistic approach to *gharar* and *maysir* creates a rigid layer of Islamic

RDKB July 2025,” July 31, 2025; Indonesia Stock Exchange, “IDX Wins GIFA Championship Award for Islamic Capital Market 2025,” September 18, 2025.

⁵ Nur Fitriana Hamsyi, Fuad Rakhman, and Singgih Wijayana, ‘The Combined Impact of ESG and Sharia Compliance in Mitigating Stock Price Crash Risk’, *Pacific Accounting Review* 37, no. 4 (November 2025): 636–660, <https://doi.org/10.1108/PAR-10-2024-0266>.

⁶ Adnan Siddiqui, ‘Doing Good or Simply Avoiding Sins: A Study of Nifty 50 Shariah Compliant Stocks’, *Review of Economics and Finance* 20 (2023): 902–906, <https://doi.org/10.55365/1923.x2022.20.102>.

⁷ Mohd Fuad Md Sawari, Miszairi Sitoris, and Muntaha Artalim Zaim, ‘A Comparative Analysis of Shariah Stock Screening Methodology for Securities Commission Malaysia and Major International Shariah Index Providers’, *Journal of Islam in Asia (E-ISSN 2289-8077)* 21, no. 1 (June 2024): 230–276, <https://doi.org/10.31436/jia.v21i1.1213>.

⁸ R. Melda Maesarach et al., ‘Analisis Perbandingan Model Business Screening Dan Financial Screening Indeks Saham Syariah Global Berdasarkan Tinjauan Maqashid Syariah’, *AlUrban: Jurnal Ekonomi Syariah Dan Filantropi Islam* 9, no. 1 (June 2025): 19–31, https://doi.org/10.22236/alurban_vol9.i1/19955.

⁹ R. Melda Maesarach et al.

¹⁰ Djumadi et al., ‘Critical Review of *Murābahah* Financing in Contemporary Islamic Banking: A *Maqāṣid al-Sharī‘ah* Perspective’, *MILRev: Metro Islamic Law Review* 4, no. 2 (September 2025): 1152–1188, <https://doi.org/10.32332/milrev.v4i2.11087>.

regulation that often disregards the humanitarian objectives of Sharia;¹¹ the proposed solution is to adopt a Maqasid approach that emphasizes the spirit and objectives of the law, rather than merely the outward form of the contract.¹²

On the other hand, the global ESG framework offers a comprehensive yet secular evaluation. ESG standards such as GRI, SASB, and TCFD generally do not include Islamic normative dimensions such as halal-thayyib, the prohibition of riba, zakat, waqf, qard al-hasan, and the prevention of *ẓulm* as explicit indicators.¹³ The literature also confirms that Maqasid has a spiritual-ethical foundation (justice, *maṣlahah*, anti-exploitation) but has not yet been formulated into measurable standard indicators.¹⁴ A critical review indicates that the literature on the integration of Maqasid and ESG remains scattered and fragmented; robust studies exist in Islamic banking and microfinance, but are relatively weak regarding non-bank issuers and Islamic capital market instruments.¹⁵ Thus, there is a significant gap between formal halal compliance and the realization of Maqasid objectives, and no structured, operational Islamic-ESG Index model systematically integrates the five Maqasid (*ḥifẓ al-dīn, al-naḥs, al-aql, al-naṣl, al-māʿil*) into measurable ESG indicators.¹⁶

To address this gap, this article proposes a multi-level, integrative, evaluative model based on *Maqasid al-Shariah*, which is translated into an operational ESG indicator architecture. Two main research questions are posed: (1) How can the principles of *Maqasid al-Shariah* be implemented within the three pillars of ESG to form a coherent evaluation

¹¹ Mahmood Alaloosh, Ali Shaker Mahmood, and Sabir Hussien Eliwy, 'Securing Digital Trade: A Techno-Legal Analysis of E-Commerce Safeguards in Iraq's Regulation No. 4/2025', *Nusantara: Journal of Law Studies* 5, no. 1 (February 2026): 44-60, <https://doi.org/10.5281/zenodo.18452737>.

¹² Pejman Abedifar, 'Formalism versus Purposivism in Islamic Jurisprudence: The Case of Islamic Finance Law', *Religions* 14, no. 4 (April 2023): 465, <https://doi.org/10.3390/rel14040465>.

¹³ Muhammad Ejaz et al., 'Impact of Green Finance and ESG on the Sustainable Performance of Islamic Banks', *Sustainable Business and Society in Emerging Economies* 7, no. 2 (June 2025), <https://doi.org/10.26710/sbsee.v7i2.3353>.

¹⁴ Imamatin Listya Putri et al., 'Systematic Literature Review on the Integration of Maqashid Al-Shariah and ESG Principles in Islamic Financial Institutions', *International Journal of Research and Review* 12, no. 8 (August 2025): 515-522, <https://doi.org/10.52403/ijrr.20250861>.

¹⁵ Pupun Saepul Rohman et al., 'A Review on Literature of Islamic Microfinance from 2010-2020: Lesson for Practitioners and Future Directions', *Heliyon* 7, no. 12 (December 2021): e08549, <https://doi.org/10.1016/j.heliyon.2021.e08549>.

¹⁶ Necmeddin Güney, 'Maqāsid Al-Sharī'a in Islamic Finance: A Critical Analysis of Modern Discourses', *Religions* 15, no. 1 (January 2024): 114, <https://doi.org/10.3390/rel15010114>.

framework for Shariah-compliant issuers? (2) What key components form the operational blueprint of the Islamic-ESG Index derived from this framework? This article's contribution is conceptual, theoretical, and methodological, with a practical application in the form of a blueprint that maps each Maqasid into operational themes and measurable indicators.¹⁷ Unlike previous studies on Islamic ESG or Maqasid-based indices, the model we propose emphasizes a multi-level evaluative architecture that systematically links the normative foundation of Maqasid (objective level) with the operational ESG domain (indicator level), while providing indicator standards that can support index design and issuer assessment in the Islamic capital market.¹⁸ Thus, the novelty of this article lies in the development of a layered evaluative model that integrates Maqasid as a normative principle into operational ESG indicators, offering a unique contribution compared to previous Islamic ESG or Maqasid-based indices, both for advancing the theoretical literature on Islamic finance law and for regulatory reform in the Islamic capital market.

METHOD

This study is a qualitative-conceptual analysis aimed at developing an integrative evaluative model between *Maqasid al-Shariah* and Environmental, Social, and Governance (ESG), as well as formulating an operational blueprint for the design of an Islamic-ESG Index within the Islamic capital market. This study employs a structured literature review, combined with an analysis of normative documents and standard-setting bodies, to trace the principles of Maqasid, Shariah-compliance norms, and the logic of sustainability indicators.¹⁹ Research document sources include normative and standard documents, such as primary literature on *Maqasid al-Shariah*, Shariah standards, and Islamic governance

¹⁷See the conceptual framework proposed in this article; for a comparison with previous models, Listya Putri et al., 'Systematic Literature Review on the Integration of Maqashid Al-Shariah and ESG Principles in Islamic Financial Institutions'.

¹⁸The main difference from previous studies such as Güney, 'Maqāsid Al-Sharī'a in Islamic Finance'; Listya Putri et al., 'Systematic Literature Review on the Integration of Maqashid Al-Shariah and ESG Principles in Islamic Financial Institutions'. is that our model provides a multi-level architecture that explicitly maps each Maqasid to operational ESG indicators, rather than merely a high-level conceptual integration

¹⁹ Glenn A. Bowen, 'Document Analysis as a Qualitative Research Method', *Qualitative Research Journal* 9, no. 2 (August 2009): 27-40, <https://doi.org/10.3316/QRJ0902027>; Hannah Snyder, 'Literature Review as a Research Methodology: An Overview and Guidelines', *Journal of Business Research* 104 (November 2019): 333-339, <https://doi.org/10.1016/j.jbusres.2019.07.039>.

(AAOIFI, IFSB, and relevant DSN-MUI fatwas), as well as ESG reporting and materiality standards (GRI, SASB, and TCFD).²⁰ In addition, this study also utilizes academic literature in the form of peer-reviewed journal articles relevant to Maqasid-ESG integration, Islamic finance, the Shariah capital market, and sustainability assessment.²¹ The literature was systematically searched through relevant academic sources and selected based on substantive relevance, academic quality, and its connection to the research objectives. All documents were then qualitatively analyzed to identify core concepts, ethical objectives, governance principles, and potential operationalizations of indicators, which form the basis for developing the research framework and blueprint.²²

Data analysis was conducted in two main stages. The first stage aimed to build an integrative evaluative model between *Maqasid al-Shariah* and ESG. In this stage, thematic content analysis was used to identify core concepts, fundamental values, and operational dimensions from both the selected normative documents and academic literature.²³ The analysis was conducted through in-depth reading, manual open coding, and grouping codes into initial themes based on their recurring appearance and relevance to the research objectives. From the Maqasid perspective, the initial themes identified include justice,

²⁰ Accounting and Auditing Organization for Islamic Financial Institutions, *Shari'ah Standards* (Manama: AAOIFI, 2017); Islamic Financial Services Board, *Guiding Principles on Shari'ah Governance Systems for Institutions Offering Islamic Financial Services* (Kuala Lumpur: IFSB, 2009); Islamic Financial Services Board, *Guiding Principles on Disclosure Requirements for Islamic Capital Market Products (Sukūk and Islamic Collective Investment Schemes)* (Kuala Lumpur: IFSB, 2017); National Shari'ah Council- Indonesian Ulema Council, *Fatwa No. 40/DSN-MUI/X/2003 on the Capital Market and General Guidelines for the Application of Shari'ah Principles in the Capital Market Sector*; National Sharia Council- Indonesian Ulema Council, *Fatwa No. 80/DSN-MUI/III/2011 on the Application of Sharia Principles in the Trading Mechanism for Equity Securities in the Regular Market of the Stock Exchange*; Global Reporting Initiative, *GRI 1: Foundation 2021* (Amsterdam: Global Reporting Initiative, 2021); IFRS Foundation, *SASB Standards* (London: IFRS Foundation, 2023); Task Force on Climate-related Financial Disclosures, *Recommendations of the Task Force on Climate-related Financial Disclosures* (Basel: Financial Stability Board, 2017).

²¹ Fahru Azwa Mohd Zain et al., 'Integrating Environmental, Social and Governance (ESG) Principles with Maqasid al-Shariah: A Blueprint for Sustainable Takaful Operations', *International Journal of Islamic and Middle Eastern Finance and Management* 17, no. 3 (July 2024): 461-84, <https://doi.org/10.1108/IMEFM-11-2023-0422>.

²² Bowen, 'Document Analysis as a Qualitative Research Method'.

²³ Satu Elo and Helvi Kyngäs, 'The Qualitative Content Analysis Process', *Journal of Advanced Nursing* 62, no. 1 (April 2008): 107-115, <https://doi.org/10.1111/j.1365-2648.2007.04569.x>; Al Chapman, M. Hadfield, and Cj Chapman, 'Qualitative Research in Healthcare: An Introduction to Grounded Theory Using Thematic Analysis', *Journal of the Royal College of Physicians of Edinburgh* 45, no. 3 (September 2015): 201-205, <https://doi.org/10.4997/jrcpe.2015.305>.

public interest, protection of property, protection of life and human welfare, and anti-exploitation. In contrast, from the ESG perspective, the initial themes encompass environmental responsibility, social and labor welfare, governance and accountability, as well as the materiality and sustainability disclosure. Furthermore, constant comparative analysis was used to identify points of convergence, differences, and inconsistencies between the two domains, thereby enabling the systematic mapping of the relationship between the normative foundations of Maqasid and the operational domains of ESG.²⁴ In this way, the research adapts the integrative logic used in previous studies but directs it specifically toward the context of the Islamic capital market and the development of a multi-tiered evaluative model.²⁵

The second phase focuses on developing an operational blueprint for indicators. In this phase, each *Maqasid al-Shariah* objective is broken down into operational themes, then mapped to the most relevant ESG pillars, and subsequently translated into observable indicators in corporate disclosures. The operationalization framework used is: Maqasid → operational themes → ESG pillars → measurable indicators.²⁶ The selection of indicators is based on conceptual alignment with the Maqasid objectives, their connection to established ESG frameworks, and the availability of data in companies' public reports. The resulting blueprint is then applied through an illustrative case-based approach to assess initial applicability, cross-sectoral differentiation, and the sensitivity of indicators to variations in corporate disclosures, rather than for statistical validation.²⁷ Case selection was conducted in stages by defining an initial population consisting of issuers included in the Jakarta Islamic Index (JII), then applying purposive sampling to issuers consistently listed in the JII during the research period and publishing reports containing ESG aspects,

²⁴ Mohd Zain et al., 'Integrating Environmental, Social and Governance (ESG) Principles with Maqasid al-Shariah'.

²⁵ Mustafa Omar Mohammed, *Measuring the Performance of Islamic Banks Using Maqāṣid-Based Model*, n.d.

²⁶ Arya Priya, 'Case Study Methodology of Qualitative Research: Key Attributes and Navigating the Conundrums in Its Application', *Sociological Bulletin* 70, no. 1 (January 2021): 94-110, <https://doi.org/10.1177/0038022920970318>.

²⁷ Steve Campbell et al., 'Purposive Sampling: Complex or Simple? Research Case Examples', *Journal of Research in Nursing* 25, no. 8 (December 2020): 652-661, <https://doi.org/10.1177/1744987120927206>.

and finally selecting two cases through stratified purposive sampling to maximize sectoral contrast and variations in reporting structures.²⁸ Based on these criteria, PT Bukit Asam Tbk (PTBA) was selected to represent the energy sector and Unilever Indonesia Tbk (UNVR) to represent the consumer goods sector. In the case application, indicators were analyzed qualitatively and descriptively based on the presence of disclosures, the depth of the narrative, and their substantive relevance to the Maqasid and ESG themes. Therefore, the results of this stage are presented as a conceptual illustration to demonstrate the blueprint's initial feasibility and readability, not as a claim of generalizability to the entire population of Sharia-compliant issuers.²⁹

As a final step, this study conducts a critical-inductive analysis of academic literature and normative documents to assess the limitations of formalistic sharia screening approaches and to clarify the normative basis for the need for a new evaluative framework.³⁰ This analysis evaluated each evaluative approach against three criteria: its ability to capture the ethical objectives of Maqasid al-Shariah, its sensitivity to substantive social and environmental impacts, and its capacity to produce assessments that go beyond formal compliance. Using this framework, critiques of formalism were employed to identify areas not yet accommodated in conventional Sharia screening, which were then reintegrated into the development of thematic domains, the operational logic of indicators, and the final structure of the blueprint. The research process proceeded iteratively: a literature review shaped the initial themes, an analysis of normative documents refined the ethical and operational categories, and findings from case studies were used to assess the readability of the indicators and to refine the final blueprint. Thus, the framework synthesis was built through an iterative relationship between literature mapping, normative critique, conceptual construction, and illustrative application.

²⁸ Priya, 'Case Study Methodology of Qualitative Research'.

²⁹ David R. Thomas, 'A General Inductive Approach for Analyzing Qualitative Evaluation Data', *American Journal of Evaluation* 27, no. 2 (June 2006): 237-246, <https://doi.org/10.1177/1098214005283748>.

³⁰ Ameen Ahmed Abdullah Qasem Al-Nahari et al., 'Common Conceptual Flaws in Realizing Maqāṣid al-Sharīah Vis-à-Vis Islamic Finance', *ISRA International Journal of Islamic Finance* 14, no. 2 (September 2022): 190-205, <https://doi.org/10.1108/IJIF-12-2020-0259>.

RESULTS AND DISCUSSION

Three-Level Framework for the Integration of *Maqāṣid al-Sharī'ah* and ESG

The Tri-Level Framework stems from thematic analysis and continuous comparison between the *Maqāṣid al-Sharī'ah* literature and the ESG framework. In response to the research gap between formalistic sharia screening approaches and secular ESG frameworks, this analysis reveals that the relationship between these two domains is multidimensional, encompassing epistemological, structural, and teleological dimensions, and can be systematically organized into three interrelated layers, thereby forming a coherent conceptual architecture.³¹ Epistemologically, the normative and teleological character of *Maqāṣid al-Sharī'ah* (which pertain to the ultimate goals of Islamic law, namely the 'ought') fundamentally differ from the instrumental and materiality-based logic underpinning the conventional ESG framework (which focuses on measurable risks and returns, namely the 'is').³² Thus, the proposed framework does not merely combine these two domains as parallel or additive categories; rather, it hierarchically reorients ESG indicators to serve as operational tools for realizing the *Maqāṣid* objectives.³³ This three-tiered architecture, comprising (1) a normative foundation, (2) an enriched operational domain, and (3) an evaluative outcome layer, constitutes the primary theoretical innovation of this study, distinguishing it from previous integrative efforts.³⁴ By positioning *Maqāṣid al-Sharī'ah* as the guiding normative principle for selecting and interpreting indicators, this framework advances Islamic capital market theory beyond negative, compliance-based screening

³¹This synthesis is derived from the thematic analysis conducted in this study. For further discussion on the need to move beyond additive models toward a coherent conceptual architecture, see Rafiqi Rafiqi et al., 'Toward a Maqasid-Based ESG Framework: Reconceptualizing Sharia Investment Screening for Sustainable Finance', *Share: Jurnal Ekonomi Dan Keuangan Islam* 14, no. 2 (December 2025), <https://doi.org/10.22373/share.32259>.

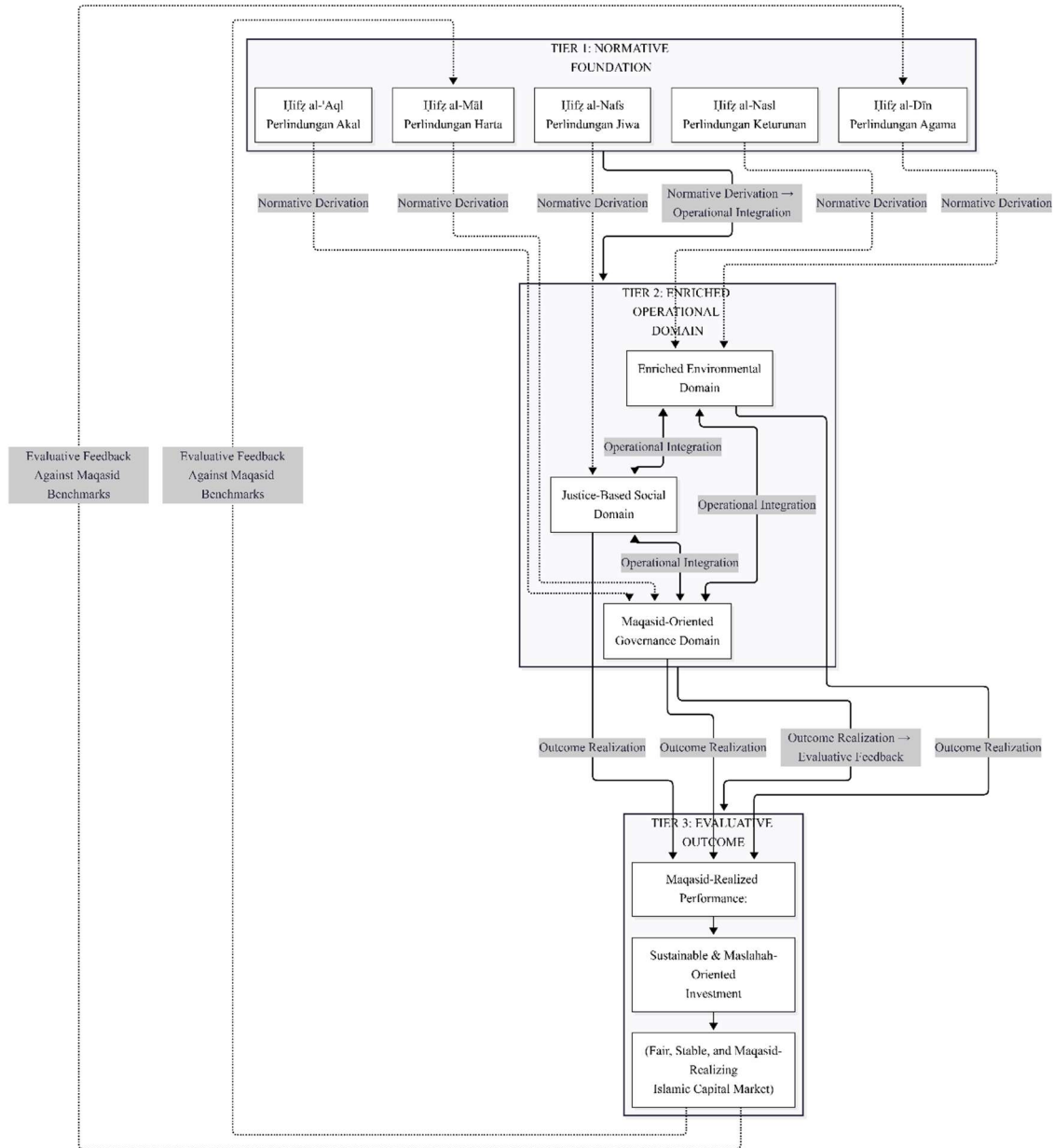
³² Al-Nahari et al., 'Common Conceptual Flaws in Realizing *Maqāṣid al-Sharī'ah* Vis-à-Vis Islamic Finance'; Rafiqi et al., 'Toward a Maqasid-Based ESG Framework'.

³³This hierarchical approach is a direct response to criticism of previous integration models that tended to place ESG and *Maqāṣid* on an equal footing. See Rafiqi et al., 'Toward a Maqasid-Based ESG Framework'.

³⁴ Nur Ainna Ramli et al., 'Application of Maqasid Al-Shariah in Responsible Investment (MSRI) and Practices towards ESG', *Journal of Infrastructure, Policy and Development* 8, no. 16 (December 2024): 5864, <https://doi.org/10.24294/jipd5864>

toward an impact-oriented evaluative model that assesses contributions to the five essential protections (*al-Darūriyyāt al-Khams*).³⁵

Figure I: A Tri-Level Architecture for Maqasid-ESG Integration: Normative Foundation, Enriched Operational Domain, and Evaluative Outcome



Source: Data processed by the researcher

³⁵ Norhidayah Abu Bakar et al., 'The Market Uncertainty of Ethically Compliant Equity: An Integrated Screening Approach', *Journal of International Financial Markets, Institutions and Money* 86 (July 2023): 101759, <https://doi.org/10.1016/j.intfin.2023.101759>.

Normative Foundation: *Maqāṣid al-Shariah*

In the academic tradition, *Maqāṣid al-Shari'ah* is understood as a discipline that examines the ultimate objectives of Islamic law, namely the teleological direction of the Shari'ah in realizing public interest (*maṣlahah*) and preventing harm (*mafsadah*) to human life.³⁶ The tradition of *uṣūl fiqh* pioneered by al-Ghazālī and later systematized by al-Shāṭibī formulates the core of *Maqāṣid* as the preservation of the five necessities (*al-darūriyyāt al-khamsah*), namely *ḥifẓ al-dīn* (religion), *ḥifẓ al-nafs* (life), *ḥifẓ al-'aql* (reason), *ḥifẓ al-nasl* (progeny), and *ḥifẓ al-māl* (property).³⁷ These five protections, in their expanded meaning for the contemporary socioeconomic landscape, can be reinterpreted as evaluative foundations that guide institutional governance standards: *ḥifẓ al-dīn* underpins ethical governance and value-based compliance; *ḥifẓ al-nafs* mandates the safeguarding of human dignity and well-being in business practices, *ḥifẓ al-'aql* ensures the protection of intellectual integrity and the advancement of knowledge, *ḥifẓ al-nasl* necessitates intergenerational sustainability and social responsibility, while *ḥifẓ al-māl* demands the protection of assets and economic justice.³⁸ With such an interpretation, the normative foundation of *Maqāṣid* does not remain merely an abstract legal doctrine. However, it transforms into an evaluative framework that inherently requires translation into measurable parameters capable of capturing the extent to which substantive public interest is realized. It is this transformation that subsequently positions *Maqāṣid* not merely as a classical intellectual legacy, but as a

³⁶ Muhammad Harfin Zuhdi and Mohamad Abdun Nasir, 'Al-Mashlahah and Reinterpretation of Islamic Law in Contemporary Context', *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam* 8, no. 3 (October 2024): 1818, <https://doi.org/10.22373/sjhk.v8i3.24918>.

³⁷ Marina Abu Bakar and Ahmad Khilmy Abdul Rahim, 'Maqasid Al-Shariah Theory: A Comparative Analysis Between The Thoughts Of Al-Shatibi And 'Izz Al-Din Ibn 'Abd Al-Salam', *International Journal of Academic Research in Business and Social Sciences* 11, no. 8 (August 2021): Pages 180-193, <https://doi.org/10.6007/IJARBS/v11-i8/10683>.

³⁸ This reinterpretation is based on Jasser Auda's systemic approach, which views *Maqāṣid* as an evaluative framework applicable to contemporary social systems. See Jasser Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law: A Systems Approach* (International Institute of Islamic Thought, 2008), <https://doi.org/10.2307/j.ctvkc67tg>; For the application of *Maqāṣid* in the context of economic institutions, Solahuddin Al-Ayubi dan Siti Halawatuddu'a, "Maqasid Al-Sharia In Islamic Finance," *Jurnal Al-Dustur* 4, no. 2 (2021): 197-215, <https://doi.org/10.30863/jad.v4i2.1823>.

living and relevant analytical lens for assessing the performance of contemporary institutions.

Substantively, the five *Maqāṣid* form a holistic and interrelated framework of well-being, encompassing the spiritual dimension (*ḥifẓ al-dīn*), the biological-physical dimension (*ḥifẓ al-nafs*), the intellectual-psychological dimension (*ḥifẓ al-‘aql*), the social-generational dimension (*ḥifẓ al-nasl*), and the material-economic dimension (*ḥifẓ al-māl*).³⁹ Contemporary literature indicates that *Maqāṣid* has evolved from a mere theoretical concept into a living framework in Islamic economics and finance, requiring that institutional structures, instruments, and policies tangibly contribute to justice, welfare, and the protection of human rights.⁴⁰ In this context, *Maqāṣid* functions as an ontological differentiator that is, a fundamental distinction that defines the nature of an entity as well as a principle of legitimacy because the validity of a Sharia institution or product is no longer assessed solely based on formal compliance with the text, but rather on the degree to which the five essential principles (*al-ḍarūriyyāt al-khamsah*) are actualized in its institutional practices. Such an evaluation assesses whether an entity’s operations concretely realize these five protections. Consequently, this logic of substantive legitimacy requires measurable indicators across the governance, social, and environmental spheres, a need that naturally finds expression in the pillars of Environmental, Social, and Governance (ESG).⁴¹ Thus, *Maqāṣid* does not remain merely a normative ideal but

³⁹ Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law*.

⁴⁰ Desy Rahmawati Anwar, Abdul Wahab, and Waris Waris, ‘Maqasid Syariah and Sustainable Development: Integrating Islamic Objectives into Economic Planning’, *Formosa Journal of Multidisciplinary Research* 4, no. 6 (June 2025): 2601–2618, <https://doi.org/10.55927/fjmr.v4i6.269>; Tarmizi Tahir and Syeikh Hasan Abdel Hamid, ‘Maqasid Al-Syari’ah Transformation in Law Implementation for Humanity’, *International Journal Ihya’ ‘Ulum al-Din* 26, no. 1 (June 2024): 119–131, <https://doi.org/10.21580/ihya.26.1.20248>. See also Securities Commission Malaysia, “SC Launches Two Initiatives to Drive Maqasid Al-Shariah Adoption in ICM,” *Bernama*, May 26, 2025, which reaffirms the regulator’s commitment to making *Maqāṣid* a fundamental framework in the Islamic capital market

⁴¹The need for these measurable indicators is also reflected in the development of various *Maqāṣid*-based indices, such as that undertaken by Ramli et al., ‘Application of Maqasid Al-Shariah in Responsible Investment (MSRI) and Practices towards ESG’. *Journal of Infrastructure, Policy and Development* 8 (2024), which developed an MSRI framework with 8 themes and 45 evaluation elements for public companies in the Malaysian capital market

transforms into an auditable and evaluable performance benchmark.⁴² For this evaluative function to operate systematically and avoid being trapped in interpretive subjectivity, a methodological architecture is required that explicitly positions *Maqāṣid* as the highest normative axis within the analytical framework as a whole.

Based on this understanding, *Maqāṣid al-Sharī'ah* is positioned as the highest normative axis structuring the entire analytical framework. The five *Maqāṣid* perform a dual function: as the “Supreme Ethical Compass” (Supreme Ethical Compass), providing comprehensive value orientation for the direction of criteria development, and as the “Substantive Benchmark” (Substantive Benchmark), serving as the final reference in assessing the validity, relevance, and appropriateness of every formulated operational parameter.⁴³ To ensure that this dual function is not merely declarative, an operational mechanism is required to guarantee methodological traceability between the normative and indicator layers. The downward translation mechanism is realized through a thematic mapping matrix that systematically translates each *Maqāṣid* objective into operational themes, then projects them onto the relevant ESG pillars, and finally concretizes them into observable indicators in corporate disclosures.⁴⁴ Conversely, the upward validation mechanism ensures that every resulting indicator can be methodologically traced back to its *Maqāṣid* foundation through a cross-reference coding protocol.⁴⁵ This hierarchical, bidirectional structure prevents normative dilution when *Maqāṣid* are translated into ESG metrics, as each indicator must be accountable for its connection to the Sharia objectives

⁴² ‘Eco-Governance Fiqh and Urban Waste Management: A Critical Study of Environmental Policy in Yogyakarta’, accessed 1 May 2026, <https://e-journal.iainptk.ac.id/index.php/jil/article/view/5167>.

⁴³ Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law*.

⁴⁴ This thematic mapping mechanism aligns with the approach developed in other *Maqāṣid*-ESG integration studies. See Maarif et al., ‘Designing Maqashid Index Measurement Models Integrated With Esg In Islamic Financial Institutions’; Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

⁴⁵ This two-way validation approach adopts the principles of *traceability* and *testability* proposed by Kazi Md Tarique, Rafikul Islam, and Mustafa Omar Mohammed, ‘Developing and Validating the Components of *Maqasid al-Shari’ah* -Based Performance Measurement Model for Islamic Banks’, *International Journal of Islamic and Middle Eastern Finance and Management* 14, no. 2 (April 2021): 366-390, <https://doi.org/10.1108/IMEFM-12-2018-0432>.

from which it derives.⁴⁶ It is this methodological circularity between the normative foundation, the operational domain, and such back-validation that maintains substantial consistency with the true objectives of Sharia throughout its operationalization chain.

Operational Domain (Enriched ESG)

The second layer of this framework constitutes the domain of operational convergence between the normative foundations of *Maqāṣid al-Sharī'ah* and contemporary business and investment practices. At this level, the Environmental, Social, and Governance (ESG) framework is established as a global standard for assessing corporate sustainability and governance; however, within the Sharia context, it is not merely passively adopted but is substantially reinterpreted and enriched by the principles of *Maqāṣid*.⁴⁷ This approach addresses two major shortcomings identified in the literature. First, the secular origins of ESG are rooted in universal values that are not explicitly grounded in Islamic norms.⁴⁸ This secular origin does not negate its ethical compatibility with Islamic teachings as affirmed by studies finding that Islamic financial principles rooted in the Quran, Hadith, and *Maqāṣid al-Sharī'ah* are significantly aligned with fundamental ESG values in promoting environmental protection (*Maqāṣid al-Sharī'ah*), social justice ('*adl*), and just governance (*amānah*), but rather indicates the absence of an explicit theological anchor, thereby leaving room for normative enrichment from the *Maqāṣid* perspective.⁴⁹ Second,

⁴⁶ Iwan Setiajie Anugrah et al., 'Legal Pluralism and Rural Welfare: Harmonizing Customary Law and Islamic Principles in Indonesia's Village Fund Allocation', *El-Mashlahah* 15, no. 2 (December 2025): 303-324, <https://doi.org/10.23971/el-mashlahah.v15i2.10429>.

⁴⁷ Sabariah Nordin, Sharmilawati Sabki, and Woei Wong Chyuan, 'An Evaluation of Environmental, Social, And Governance (Esg) From Islamic Perspectives', *International Journal of Islamic Business* 10, no. 2 (September 2025): 63-72, <https://doi.org/10.32890/ijib2025.10.2.5>; Rafiqi et al., 'Toward a Maqasid-Based ESG Framework'.

⁴⁸ Carla Del Gesso and Rab Nawaz Lodhi, 'Theories Underlying Environmental, Social and Governance (ESG) Disclosure: A Systematic Review of Accounting Studies', *Journal of Accounting Literature* 47, no. 2 (March 2025): 433-461, <https://doi.org/10.1108/JAL-08-2023-0143>; Manzhi Liu et al., 'Antecedents and Consequences of Environmental, Social, and Governance: A Bibliometric Analysis Based on the WEB of SCIENCE Database', *Corporate Social Responsibility and Environmental Management* 32, no. 1 (January 2025): 984-1001, <https://doi.org/10.1002/csr.2981>.

⁴⁹ Nordin, Sabki, and Chyuan, 'An Evaluation Of Environmental, Social, And Governance (Esg) From Islamic Perspectives'. This study confirms that Islamic finance principles rooted in the Quran, Hadith, and *Maqāṣid al-Sharī'ah* are significantly aligned with the fundamental ESG values in promoting environmental protection (*khalīfah*), social justice ('*adl*), and just governance (*amānah*).

Sharia screening practices tend to be legalistic and formalistic and have not yet systematically internalized the social, environmental, and governance dimensions that, in fact, constitute the primary focus of *Maqāṣid*.⁵⁰ Thus, this operational layer serves as a conceptual bridge, bringing together the two evaluative traditions of global ESG and Sharia *Maqāṣid* within a coherent, mutually reinforcing architecture.

Conventionally, the three ESG pillars are defined as a set of non-financial indicators that measure a company's sustainability performance.⁵¹ The Environmental (E) pillar focuses on a corporation's ecological footprint, covering natural resource management, carbon emissions, waste, pollution, and resilience to climate change risks and transitions.⁵² The Social (S) pillar assesses a company's relationships with people and society, covering workers' rights and safety, decent working conditions, responsibility toward local communities, and the protection of consumers and vulnerable groups. The Governance (G) pillar measures the quality of a corporation's decision-making structures and processes, including board composition and independence, transparency, accountability, risk management, business ethics, and compliance with regulations and reporting standards.⁵³ Within this integrative framework, these three pillars are not treated merely as a compliance checklist, but are enriched through a reorientation of their objectives and normative meanings based on the *al-ḍarūriyyāt al-khamsah*. Methodologically, the mapping between the five *Maqāṣid* and the three ESG pillars is conducted bidirectionally, as shown in the conceptual matrix in Table I.⁵⁴ The Environmental Pillar (E) is predominantly mapped to *ḥifẓ al-nafs* (protection of life from

⁵⁰ Abu Bakar et al., 'The Market Uncertainty of Ethically Compliant Equity'; Güney, 'Maqāṣid Al-Sharī'a in Islamic Finance'.

⁵¹ Dan Daugaard and Ashley Ding, 'Global Drivers for ESG Performance: The Body of Knowledge', *Sustainability* 14, no. 4 (February 2022): 2322, <https://doi.org/10.3390/su14042322>.

⁵² Siti Nur Shoimah, 'Freedom of Contract in the Digital Age: Perspectives on the Indonesian Civil Code and Fiqh Muamalah', *Trunojoyo Law Review* 8, no. 1 (February 2026): 59-94, <https://doi.org/10.21107/tlr.v8i1.32568>.

⁵³ Ruth V. Aguilera et al., 'The Corporate Governance of Environmental Sustainability: A Review and Proposal for More Integrated Research', *Journal of Management* 47, no. 6 (July 2021): 1468-1497, <https://doi.org/10.1177/0149206321991212>.

⁵⁴ Maarif et al., 'Designing Maqashid Index Measurement Models Integrated with ESG In Islamic Financial Institutions'; Ramli et al., 'Application of Maqasid Al-Shariah in Responsible Investment (MSRI) and Practices towards ESG'.

ecological damage), *ḥifẓ al-nasl* (intergenerational sustainability of natural resources), and *ḥifẓ al-māl* (efficiency and sustainability of economic resources). The Social Pillar (S) is mapped to *ḥifẓ al-nafs* (worker welfare and safety), *ḥifẓ al-ʿaql* (development of human intellectual capacity through education and training), *ḥifẓ al-nasl* (social justice and community cohesion), and *ḥifẓ al-māl* (fair distribution of economic benefits). The Governance (G) pillar is mapped to *ḥifẓ al-dīn* (ethical integrity and Sharia-based compliance), *ḥifẓ al-māl* (protection of shareholder assets and fraud prevention), and *ḥifẓ al-ʿaql* (rational, transparent, and responsible decision-making).⁵⁵ This methodological mapping marks a fundamental paradigm shift: from merely measuring compliance with global sustainability standards toward assessing the extent to which the E, S, and G dimensions genuinely serve the protection of religion, life, reason, lineage, and wealth as the highest objectives of Sharia. Thus, this enrichment process does not stop at declarative reinterpretation but yields a conceptually differentiated model, an “Enhanced Sharia-Embedded ESG” which serves as an integrated governance architecture grounded in *Maqāṣid*, rather than mere rhetorical alignment.⁵⁶

Islamic-ESG Environmental (E): From Risk to the Khalifah Mandate

The Environmental (E) pillar in the conventional ESG framework is generally treated instrumentally as a tool for risk mitigation and reputation management, with a focus on reducing pollution, emissions, and waste to minimize financial impacts.⁵⁷ The Enhanced Sharia-Embedded ESG approach shifts this fundamental paradigm from a risk-based logic to a stewardship ethic rooted in the Islamic concepts of *amānah* (trust) and *khilāfah* (stewardship/responsibility) over nature. This shift aligns with the discourse on Islamic sustainable development and *Maqāṣid al-Sharīʿah*, where humanity, as *Maqāṣid al-Sharīʿah*, is positioned not as an owner but as a steward responsible for maintaining balance

⁵⁵ Rafiqi et al., ‘Toward a Maqāṣid-Based ESG Framework’.

⁵⁶ Rafiqi et al.

⁵⁷ Ting-Ting Li et al., ‘ESG: Research Progress and Future Prospects’, *Sustainability* 13, no. 21 (October 2021): 11663, <https://doi.org/10.3390/su132111663>.

(*mīzān*), that is, the harmonious cosmic order of Allah’s creation.⁵⁸ Fundamental principles such as the prohibition of corruption (*ifsād*) and wastefulness (*isrāf*) provide a profound ethical foundation and, conceptually, precede and enrich the contemporary framework of sustainability.⁵⁹ The practical implication of this shift is a transition from an orientation of “minimizing harm” (do less harm) toward “maximizing positive contributions” (do more good). Active investment in renewable energy financing, energy efficiency, and green infrastructure is now promoted as a positive contribution to improving environmental quality, going beyond mere mitigation of negative impacts.⁶⁰ Restorative initiatives such as reforestation, land restoration, and biodiversity conservation are viewed as concrete manifestations of the fiqh principle “*lā ḍarara wa lā ḍirār*” (no harm to oneself or others) and efforts to realize *maṣlahah* (the public good).⁶¹

Methodologically, the *Maqāṣid* benchmarks are operationalized into environmental metrics using a matrix of measurable, verifiable indicators. *Hifẓ al-nafs* (protection of life) is measured through thresholds for air pollutant emissions (PM2.5, SOx, NOx), wastewater quality against environmental standards, and public health indicators in the vicinity of the operational area. *Hifẓ al-nasl* (protection of future generations) is operationalized through intergenerational sustainability metrics such as resource conservation ratios, investment in renewable energy as a percentage of total energy, and commitment to net-zero emissions targets aligned with the Sustainable Development Goals (SDGs). Meanwhile, *hifẓ al-māl* (protection of wealth) is reflected in resource efficiency metrics such as energy intensity per unit of production, the percentage of recycled materials, and cost savings from

⁵⁸ Burhanudin Harahap, Tastaftiyan Risfandy, and Inas Nurfadia Putri, ‘Islamic Law, Islamic Finance, and Sustainable Development Goals: A Systematic Literature Review’, *Sustainability* 15, no. 8 (April 2023): 6626, <https://doi.org/10.3390/su15086626>.

⁵⁹ Ismail Jalili et al., ‘Role of Qawā’id Fiqhiyyah in Promoting Green Investment within Islamic Economics: Theoretical and Practical Frameworks’, *Journal of Islamic Thought and Civilization* 15, no. 1 (April 2025): 202–23, <https://doi.org/10.32350/jitc.151.12>.

⁶⁰ Lukman Raimi, Ibrahim Adeniyi Abdur-Rauf, and Saheed Afolabi Ashafa, ‘Does Islamic Sustainable Finance Support Sustainable Development Goals to Avert Financial Risk in the Management of Islamic Finance Products? A Critical Literature Review’, *Journal of Risk and Financial Management* 17, no. 6 (June 2024): 236, <https://doi.org/10.3390/jrfm17060236>.

⁶¹ Jalili et al., ‘Role of Qawā’id Fiqhiyyah in Promoting Green Investment within Islamic Economics’.

environmental initiatives.⁶² This philosophical transition has begun to manifest in various instruments and operational practices, such as the issuance of green sukuk for renewable energy projects and the adoption of circular economy principles at the corporate level.⁶³ However, the authentic implementation of the Environmental pillar within the Shariah ESG framework faces significant challenges, particularly the risk of greenwashing and superficial green labeling that threaten the integrity of Islamic financial instruments, which are supposed to comply with the principle of *halālan ṭayyiban* (halal in law and good in substance).⁶⁴ To mitigate these risks, institutional safeguards are required, including: (1) oversight by a Sharia Supervisory Board with expertise in sustainability issues, (2) ESG audits by independent third parties, and (3) the adoption of an integrated reporting framework that explicitly links environmental metrics to the *Maqāṣid* benchmarks.⁶⁵ With these mechanisms, investors and regulators can assess issuers' substantive contributions beyond declarative claims, ensuring that the Islamic capital market becomes an authentic and sustainable investment channel.⁶⁶

The Social Pillar of Sharia ESG: From Labor Relations to Structural Justice (‘*adl*’) and *Halal-Ṭayyib* Products

Within the conventional ESG framework, the social pillar (S) is analyzed through the lens of reputation risk management and productivity, with a focus on harmonious labor relations and CSR that supports loyalty and brand image.⁶⁷ The Enhanced Sharia-Embedded ESG approach recontextualizes this dimension within the *Maqāṣid al-Sharī‘ah*, specifically *ḥifẓ al-nafs*, *ḥifẓ al-‘aql*, *ḥifẓ al-nasl*, and *ḥifẓ al-māl*, transforming them from managerial instruments into an architecture of structural justice rooted in ‘*adl*’ and the

⁶² Maarif et al., ‘Designing Maqashid Index Measurement Models Integrated With ESG In Islamic Financial Institutions’.

⁶³ Azhar Alam et al., ‘Development and Evaluation of Islamic Green Financing: A Systematic Review of Green Sukuk’, *Environmental Economics* 14, no. 1 (May 2023): 61–72, [https://doi.org/10.21511/ee.14\(1\).2023.06](https://doi.org/10.21511/ee.14(1).2023.06).

⁶⁴ Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

⁶⁵ Nordin, Sabki, and Chyuan, ‘An Evaluation of Environmental, Social, and Governance (ESG) From Islamic Perspectives’.

⁶⁶ Harahap, Risfandy, and Futri, ‘Islamic Law, Islamic Finance, and Sustainable Development Goals’.

⁶⁷ Li et al., ‘ESG’.

eradication of *ẓulm*.⁶⁸ In the terminology of operational governance, *‘adl* is realized through fairness thresholds such as a fair wage ratio and non-discrimination, while *ẓulm* is prevented through independent labor audits and transparent grievance mechanisms.⁶⁹ Three domains of justice form the analytical framework. First, workplace justice demands a living wage that reflects workers’ contributions and meets basic needs, as a manifestation of *ḥifẓ al-nafs* and *ḥifẓ al-māl*; studies affirm that Sharia compliance must extend beyond transactional forms to include fair treatment of workers.⁷⁰ Second, justice for consumers elevates the principle of *ḥalālān ṭayyiban* from mere halal certification to a comprehensive ethical benchmark: products are not only free from haram elements but also safe, high-quality, ethically produced, and sustainable, protecting *ḥifẓ al-nafs* and *ḥifẓ al-‘aql*.⁷¹ Third, justice for the community shifts CSR from a charitable model to one grounded in justice, through productive *zakat* and social *waqf*. A meta-analysis of 45 empirical studies shows that *zakat* reduces poverty by an average of 20–25%, thereby contributing directly to *ḥifẓ al-nafs* and *ḥifẓ al-māl*.⁷²

Methodologically, these three domains are operationalized into measurable metrics aligned with the ESG and SDG reporting frameworks: *ḥifẓ al-nafs* is measured through the wage to regional minimum wage ratio and the Lost Time Injury Rate; *ḥifẓ al-‘aql* through the average training hours per employee and product information transparency; *ḥifẓ al-nasl* through the percentage of women in managerial positions and intergenerational sustainability commitments; *ḥifẓ al-māl* through the CEO compensation to median employee ratio and corporate *zakat* contributions.⁷³ Findings in the Islamic banking

⁶⁸ Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

⁶⁹ Harahap, Risfandy, and Futri, ‘Islamic Law, Islamic Finance, and Sustainable Development Goals’.

⁷⁰ Maarif et al., ‘Designing Maqashid Index Measurement Models Integrated with ESG in Islamic Financial Institutions’.

⁷¹ Monsurat Ayojimi Salami, Aishath Muneeza, and Saeed Awadh Bin-Nashwan, ‘Commitment of the Islamic Banking Industry to ESG in Selected Countries: Evaluation from the Maqāṣid Al-Sharī‘ah Pyramid Perspective’, *International Journal of Islamic Finance and Sustainable Development* 17, no. 2 (June 2025), <https://doi.org/10.55188/ijifsd.v17i2.1015>.

⁷² Salami, Muneeza, and Bin-Nashwan.

⁷³ Maarif et al., ‘Designing Maqashid Index Measurement Models Integrated with ESG in Islamic Financial Institutions’.

industry indicate substantial attention to social aspects as *ḍarūriyyāt*, followed by governance as *ḥājjiyyāt*, and the environment as *taḥsīniyyāt*.⁷⁴ Thus, *maṣlahah* becomes the true measure of success, not merely a social score. However, the envisioned structural justice cannot stand alone: it requires the Governance (G) pillar as a guarantor of compliance and accountability. Without oversight by a Sharia Supervisory Board competent in sustainability issues, independent social audits, and integrated reporting that links social metrics to *Maqāṣid* benchmarks, structural justice will remain merely a normative aspiration. It is this SG interaction that forms the foundation of the complete Enhanced Sharia-Embedded ESG architecture.⁷⁵

Governance (G): From Formal Compliance to Maqasid-Oriented Integrity

The Governance (G) pillar within the Shariah ESG framework has undergone a fundamental transformation: from conventional governance focused on board structure and accountability to shareholders, toward Shariah Governance that integrates vertical (*ḥisāb*) and horizontal (*mas'ūliyyah*) accountability with a primary focus on the realization of *Maqāṣid al-Sharī'ah*.⁷⁶ The core of this pillar is the Shariah Governance System, which functions as the company's "normative heart," performing a dual role: ensuring religious legitimacy (Shariah-compliant) and overseeing substantive socioeconomic impacts (Shariah-based).⁷⁷ The independence of the Sharia Supervisory Board (SSB) is ensured through a ban on concurrent executive positions, appointment by the General Meeting of Shareholders, and fixed remuneration unrelated to financial performance; competence is ensured through qualification requirements in the fields of muamalah jurisprudence and Islamic finance.⁷⁸ Conflicts of interest are mitigated through a strict separation of supervisory and executive functions, as well as the requirement for independent Sharia

⁷⁴ Salami, Muneza, and Bin-Nashwan, 'Commitment of the Islamic Banking Industry to ESG in Selected Countries'.

⁷⁵ Rafiqi et al., 'Toward a Maqasid-Based ESG Framework'.

⁷⁶ Rafiqi et al.

⁷⁷ Harahap, Risfandy, and Futri, 'Islamic Law, Islamic Finance, and Sustainable Development Goals'.

⁷⁸ Rifqi Muhammad et al., *The Pivotal Role of Sharia Supervisory Boards in Enhancing ESG Performance: A Maqasid al-Shariah Perspective*, n.d.

audits in accordance with AAOIFI and IFSB standards.⁷⁹ The existence of an effective DPS reflects *hifz al-dīn* (integrity based on Islamic values), *hifz al-‘aql* (prevention of fraud), and *hifz al-māl* (asset protection).⁸⁰

The fundamental transformation of Pillar G is a shift from formalistic screening toward *Maqāṣid*-oriented governance. Three decades of Islamic accounting research have criticized Sharia governance for being trapped in the examination of financial ratios without questioning substantive contributions to social welfare and justice.⁸¹ This framework addresses these criticisms by operationalizing *Maqāṣid* into measurable metrics: a *Maqāṣid* performance index that aggregates contributions to the five protections, a profit allocation ratio for social impact (*zakat, waqf*), and metrics for ethical risk exposure. Empirical studies show that governance characteristics such as board independence and DPS reputation are positively correlated with more comprehensive levels of Sharia and *Maqāṣid* disclosure. At the same time, the Integrated Reporting framework and AAOIFI standards serve as reporting instruments that enable measurable verification.⁸² Thus, Pillar G serves as the backbone of enforcement for the entire Enhanced Sharia Embedded ESG architecture: without governance mechanisms that ensure DPS independence, credible Sharia- e audits, and integrated reporting that links E and S metrics to *Maqāṣid* benchmarks, environmental and social justice commitments will remain mere normative aspirations.⁸³

⁷⁹ Raja Rehan, Abdul Razak Abdul Hadi, and Auwal Adam Sa’ad, ‘Islamic Corporate Governance and Sustainable Financial Growth’, in *Islamic Finance and Corporate Governance: Synergies for Sustainable Growth*, ed. Muhammad Ali et al. (Emerald Publishing Limited, 2025), 1–22, <https://doi.org/10.1108/978-1-83662-346-520251003>.

⁸⁰ Salami, Muneza, and Bin-Nashwan, ‘Commitment of the Islamic Banking Industry to ESG in Selected Countries’.

⁸¹ Harahap, Risfandy, and Futri, ‘Islamic Law, Islamic Finance, and Sustainable Development Goals’.

⁸² Inon Listyorini et al., ‘The Role of Shariah Supervisory Board in Islamic Social Reporting Disclosure’, *Journal of Accounting Auditing and Business* 7, no. 2 (July 2024): 23–35, <https://doi.org/10.24198/jaab.v7i2.53207>.

⁸³ Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

Multidimensional Maqasid-ESG Network: From Separate Paradigms to an Integrated Framework

The relationship between *Maqāṣid al-Sharī'ah* and ESG is neither linear nor sectoral, but rather multidimensional and conceptually mutually reinforcing. A single *Maqāṣid* simultaneously guides several ESG pillars, creating a complex, non-reductive evaluative network. *Hifẓ al-nasl*, for example, not only directs the E pillar toward the conservation of natural resources but also demands that the S pillar ensure the health resilience of families and the sustainability of communities. Similarly, *Hifẓ al-māl* goes beyond the asset protection function in the G pillar (through risk management and anti-corruption) by insisting on distributive justice in the S pillar through fair wages and inclusive financing. *Hifẓ al-'aql* serves as a common foundation for governance transparency (G) and investment in education and literacy (S). This interplay underscores that the integration of *Maqāṣid*-ESG cannot be reduced to a one-to-one mapping but necessitates a multidimensional matrix approach capable of capturing thematic intersections while translating them into measurable performance indicators. Thus, this conceptual network forms the core of the Three-Tier Framework architecture: *Maqāṣid* serves as both a normative compass and a substantive benchmark, while Enriched ESG operates as a measurable and auditable domain of practice.

Table I. Three Tier Operational Model: *Maqāṣid* → Operational Themes → ESG Pillars
 → Measurable KPIs

<i>Maqāṣid</i>	Operational Themes	ESG Pillars	Measurable KPIs (Examples)
<i>Hifẓ al-dīn</i>	Ethical governance and values-based compliance	Governance (G)	DPS independence score (0-100); frequency of Sharia audits per year; existence of anti-usury and anti-gharar policies
	Exclusion of sectors that harm creation	Environmental (E)	Percentage of revenue from non-compliant sectors (0%); published a negative investment list
	Islamic work ethics and social responsibility	Social (S)	Existence of a Sharia-based code of ethics; percentage of employees who have received training in Islamic ethics

<i>Hifz al-nafs</i>	Environmental health protection	Environmental (E)	Carbon emissions intensity (tCO ₂ e/million USD in revenue); Air Quality Index (AQI) around operations; recycled water usage ratio (%)
	Occupational health and safety	Social (S)	Lost Time Injury Rate (LTIR); wage-to-regional minimum wage ratio; employee health insurance coverage (%)
	Operational risk management	Governance (G)	Risk management score (ISO 31000); incident reporting frequency; existence of a risk committee at the board level
<i>Hifz 'aql</i>	Environmental education and awareness	Environmental (E)	Number of environmental education programs per year; percentage of employees involved in sustainability initiatives
	Education and literacy	Social (S)	Average training hours per employee per year; investment in R&D (% of revenue); scholarship programs (number of recipients)
	Transparency and accountability	Governance (G)	ESG disclosure score (0–100); frequency of independent audits; existence of a whistleblowing policy
<i>Hifz al-nasl</i>	Conservation and sustainability of natural resources	Environmental (E)	Biodiversity conservation ratio (protected hectares/total operational area); percentage of renewable energy in the energy mix (%)
	Well-being of generations and communities	Social (S)	Percentage of women in managerial positions (%); family welfare programs (number of beneficiaries); investment in children's education
	Long-term policies and public protection	Governance (G)	Existence of net-zero emissions targets with clear timelines; percentage of board members with sustainability expertise
<i>Hifz al-māl</i>	Green investments and resource efficiency	Environmental (E)	Energy intensity (GJ/million USD in revenue); percentage of procurement from sustainable suppliers (%); value of green investments (USD)
	Economic justice and financial inclusion	Social (S)	CEO compensation ratio to median employee compensation; percentage of SME financing in total portfolio (%); corporate zakat contribution (% of net profit)
	Trustworthy governance and anti-corruption	Governance (G)	Anti-corruption score (0–100); number of fraud cases per year; percentage of independent directors (%); existence of a committee

Source: Author's Interpretation

Expected Outcome: A Substantial and Impactful Shariah Index

The implementation of this Three-Tier Framework is expected to produce a Shariah Capital Market Index that is not merely shariah-compliant, but shariah-driven and with substantive impact. The core of this architecture lies in a hierarchical, multi-tiered double-filtering mechanism. The first filter is binary (pass/fail) and rooted in muamalah fiqh: issuers must pass the exclusion criteria for haram sectors (tobacco, alcohol, gambling, etc.) and meet the thresholds for riba-based financial ratios and liquidity. The second filter is score-based and serves as an advanced evaluative layer, not merely an optional add-on.⁸⁴ At this stage, the issuer's substantive contribution to *Maqāṣid al-Sharī'ah* is assessed through the aggregation of 22 enriched ESG indicators, resulting in a *Maqāṣid*-ESG Score that reflects the degree of realization of the five fundamental protections. This score not only determines eligibility for index inclusion but also enables portfolio weighting that gives higher preference to issuers with superior *Maqāṣid*-ESG performance.

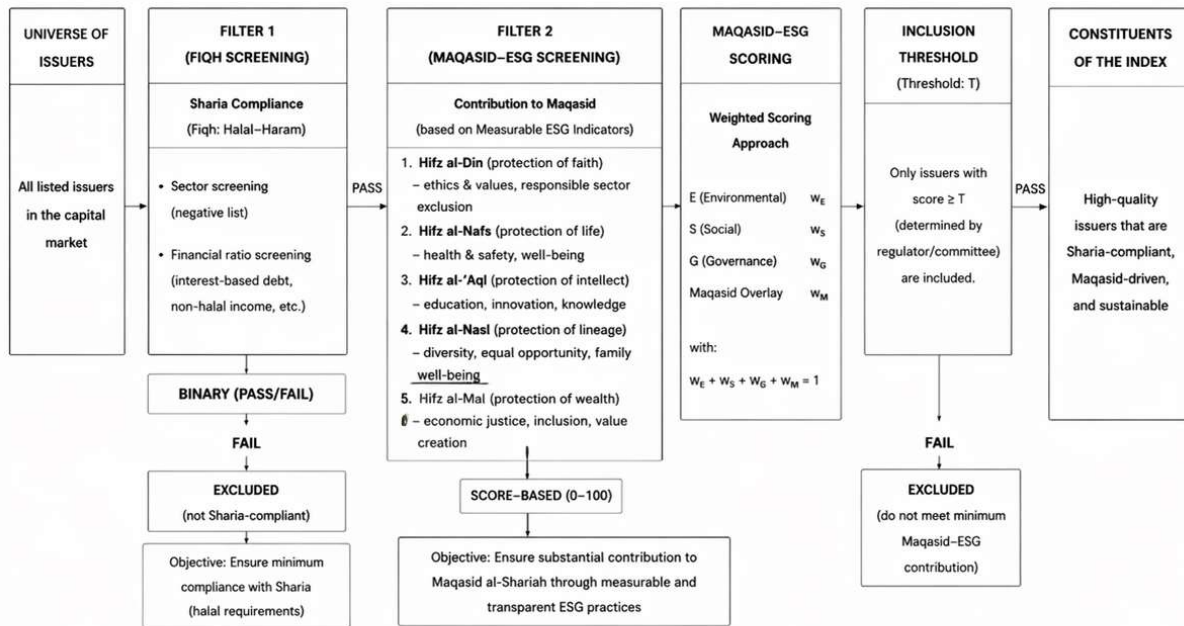
The benefits of this dual-screening mechanism are twofold. For issuers, integrating material ESG indicators has been empirically proven to drive long-term business planning and improve sustainability performance. Studies of Sharia-compliant companies in Indonesia and Malaysia show that higher ESG scores are positively and significantly correlated with market valuation (Tobin's Q), confirming that the market values measurable sustainability commitments.⁸⁵ Furthermore, an analysis of 4,185 companies in emerging markets found that strong ESG practices significantly improve future cash flows and long-term firm value by reducing the weighted average cost of capital and increasing return on invested capital.⁸⁶

⁸⁴The *score-based* approach for the second filter aligns with the *Hybrid Sustainability Performance Index* model developed by Mandira et al. (2025), which integrates *Maqāṣid* and ESG through Fuzzy Delphi weighting. I. Made Chandra Mandira, Nuhbatul Basyariah, and Eko Hariyadi, 'Developing A Hybrid Sustainability Performance Framework for Islamic Banks in Indonesia', *Ekonomi Islam* 16, no. 2 (November 2025): 312-330, <https://doi.org/10.22236/jei.v16i2.20049>.

⁸⁵ Ummu Salma al Azizah, "ESG Scores and Financial Performance of Shariah-Compliant Firms: Empirical Evidence on the Islamic Capital Markets of Indonesia and Malaysia" (Master's Thesis, International Islamic University Malaysia, 2025), 26-32.

⁸⁶ Lanlin Fang and Xuemeng Guo, 'From Responsibility to Value: ESG and Long-Term Corporate Value', *PLOS One* 20, no. 4 (April 2025): e0322018, <https://doi.org/10.1371/journal.pone.0322018>.

DOUBLE FILTERING MECHANISM Maqasid-ESG Based Sharia Capital Market Index



<p style="text-align: center;">1. NATURE OF THE FILTERING</p> <p>Filter 1 (Fiqh): BINARY (PASS/FAIL) Ensures minimum compliance with Sharia (halal-haram).</p> <p>Filter 2 (Maqasid-ESG): SCORE-BASED (0-100) Assesses quality of contribution based on ESG indicators and Maqasid objectives.</p>	<p style="text-align: center;">2. WEIGHTING SCHEME (EXAMPLE)</p> <p>Example of Weighting (adjustable):</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left;">Dimension</th> <th style="text-align: left;">Weight (w_i)</th> </tr> </thead> <tbody> <tr> <td>E (Environmental)</td> <td>0,25</td> </tr> <tr> <td>S (Social)</td> <td>0.30</td> </tr> <tr> <td>G (Governance)</td> <td>0,25</td> </tr> <tr> <td>Maqasid Overlay</td> <td>0,20</td> </tr> <tr> <td>Total</td> <td>1,00</td> </tr> </tbody> </table>	Dimension	Weight (w _i)	E (Environmental)	0,25	S (Social)	0.30	G (Governance)	0,25	Maqasid Overlay	0,20	Total	1,00	<p style="text-align: center;">3. MAQASID-ESG SCORE FORMULA</p> <p style="text-align: center;">Total Score = (w_E × Score_E) + (w_S × Score_S) + (w_G × Score_G) + (w_M × Score_M)</p> <p>where:</p> <ul style="list-style-type: none"> • Score_i = indicator score for dimension i (0-100) • w_i = weight for dimension i • Total Score is normalized to a scale of 0-100 <p>Inclusion Threshold (T): Issuers are included in the index if Total Score ≥ T (e.g., T = 60 out of 100).</p>
Dimension	Weight (w _i)													
E (Environmental)	0,25													
S (Social)	0.30													
G (Governance)	0,25													
Maqasid Overlay	0,20													
Total	1,00													

KEY NOTES	
Aspect	Explanation
Fiqh Screening	Ensures that issuers do not violate fundamental Sharia principles (sectors and financial criteria).
Maqasid-ESG Screening	Evaluates the extent to which issuers contribute to the objectives of Sharia (Maqasid) through measurable ESG performance.
Threshold (T)	Minimum total score required for inclusion in the index, determined by the index committee or regulator.
Source of Framework	Developed from Maqasid al-Shariah literature, ESG standards, and global Sharia index best practices.

Source: Processed data

This dual screening mechanism yields two strategic consequences. First, this framework ensures that capital flows are directed toward activities that contribute significantly to human well-being and planetary sustainability, with an explicit mapping of the *Maqāṣid* to the SDGs: *hifz al-nafs* (SDG 3, 6), *hifz al-'aql* (SDG 4), *hifz al-nasl* (SDG 5,

11), *ḥifẓ al-māl* (SDG 1, 8, 10), and *ḥifẓ al-dīn* (SDG 16).⁸⁷ The impact measurement system adopts an Outcome-Based KPIs approach with third-party verification, and the resulting scores influence the weighting of constituents in the index—not merely serving as informative disclosures—thereby creating direct incentives for issuers to improve their social and environmental performance.⁸⁸ Second, this integration builds a conceptual bridge between Islamic ethics and global sustainable investment principles, significantly expanding the investor base. Empirical data shows global sustainable fund assets reaching USD 16.7 trillion by 2025 (a 49% increase over two years), while the ESG sukuk market grows by over 60% to USD 18.5 billion, with Indonesia contributing 9% of global volume.⁸⁹ The competitive differentiation of this index lies in its dual normative foundation: religious legitimacy through Sharia compliance and substantive legitimacy through measurement of contributions to the *Maqāṣid*, which conventional ESG indices lack.⁹⁰

Islamic-ESG Index Blueprint: Core Indicator Framework and Operational Methods

Position and Foundation of the Blueprint Adaptation

This Blueprint for the Sharia ESG Index operationalizes the “Operational Domain (Enriched ESG)” layer within the Three-Tier Framework (Figure 1). This blueprint is intended as a proposed conceptual framework that can serve as a starting point for further development by regulators or index providers in the Indonesian Sharia capital market. The objective is to translate the *Maqāṣid* principles and ESG assessment logic into measurable indicators applicable to Shariah-compliant issuers, while addressing critiques of screening methods that focus solely on formal aspects. This blueprint was developed adaptively—not from scratch—but by simplifying the structure of an established *Maqāṣid* index, namely the *Maqasid al-Shariah*-based Research Index (MSRI), which consists of 8 themes and 45

⁸⁷ Harahap, Risfandy, and Futri, ‘Islamic Law, Islamic Finance, and Sustainable Development Goals’.

⁸⁸ Maarif et al., ‘Designing Maqashid Index Measurement Models Integrated with ESG In Islamic Financial Institutions’.

⁸⁹ GSIA, “Seventh Global Sustainable Investment Review”; Fitch Ratings, “ESG Sukuk Market Growth.”

⁹⁰ Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

detailed indicator elements.⁹¹ The reduction from 45 elements to 22 indicators was achieved through thematic clustering based on content analysis of annual and sustainability reports from sharia-compliant issuers in Indonesia, which were then verified for alignment with relevant international reporting standards and frameworks, such as GRI (Global Reporting Initiative), AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), and the principles of the IFSB (Islamic Financial Services Board).⁹² Two main criteria were used: (a) Data Availability—indicators were prioritized if the data could be accessed and verified through public documents; (b) Dual Relevance indicators must have a strong *Maqāṣid* component while aligning with material aspects within the global ESG framework.⁹³ The result is a core framework with 4 Integrative Themes that combine the *Maqāṣid* and ESG dimensions, consisting of 22 measurable indicators, thereby fulfilling the principle of operational feasibility without sacrificing substantive depth.

Four Integrative Themes

Based on an analysis of the 45 elements of the MSRI and the principles for selecting *Maqāṣid* indicators, four core themes were formulated to serve as conceptual bridges. These themes not only encompass the five classical *Maqāṣid* (*al-darūriyyāt al-khamsah*) but also accommodate contemporary expansions of the *Maqāṣid* that have been recognized in the

⁹¹ Ramli et al., 'Application of Maqasid Al-Shariah in Responsible Investment (MSRI) and Practices towards ESG'.

⁹² The GRI (*Global Reporting Initiative*) is a global best-practice standard for public reporting on various economic, environmental, and social impacts. See GRI, "GRI Standards English Language," Global Reporting Initiative, accessed April 20, 2026, <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>. AAOIFI has published a series of Sharia governance standards, including AAOIFI GS 1 (2024) on the Sharia governance framework and AAOIFI GS 19–22, which govern the appointment, composition, functions, and reporting of the Sharia Supervisory Board. See "AAOIFI Issues Five Governance Standards on Shari'ah Governance," *Pak Banker*, January 1, 2025, <https://pakbanker.com/aaofii-issues-five-governance-standards-on-shariah-governance/>. The IFSB has published guiding principles on corporate governance for institutions offering Islamic financial services (IFSB-3) and guiding principles on Shari'ah governance systems (IFSB-10). See IFSB, "The IFSB Publishes Frequently Asked Questions (FAQs) for Standards on Corporate Governance (IFSB-3)," November 23, 2020, <https://www.ifsb.org/press-releases/>.

⁹³The *thematic clustering* approach in sustainability reporting analysis has become a well-established methodology in the ESG literature. Recent studies have used topic modeling techniques to identify and cluster key ESG topics from corporate reports, providing significant insights into the reporting landscape. See, for example, "Textual analysis of corporate sustainability reporting and corporate ESG scores," *ScienceDirect*, October 18, 2024; "Mapping the Landscape of Sustainability Reporting: A Bibliometric Analysis Across ESG, Circular Economy, and Integrated Reporting," *EconPapers*, 2025.

literature: *ḥifẓ al-bī'ah* (environmental protection) as a derivation of the principles of *Maqāṣid al-Sharī'ah* and *mīzān*, as well as *ḥifẓ al-ta'līm* (protection of knowledge) as an extension of *ḥifẓ al-'aql* in the context of a knowledge-based economy.⁹⁴

Table II. Mapping of *Maqāṣid*-ESG Core Themes to ESG Pillars

Integrative Core Themes	Scope of Primary <i>Maqāṣid</i>	ESG Pillars	Rationale for Integration
Faith and Ethical Governance	<i>Ḥifẓ al-dīn</i> , <i>Ḥifẓ al-'aql</i> (in part)	G and S	Measuring religious legitimacy, integrity, and governance that form the foundation of trust
Human Well-being and Social Justice	<i>Ḥifẓ al-nafs</i> , <i>Ḥifẓ al-nasl</i>	S and G	Assessing tangible contributions to health, safety, justice, and social sustainability
Environmental Stewardship and Innovation	Environmental Stewardship, Educational Stewardship	E and S	Measuring commitment to ecological sustainability and support for innovation

Source: Processed data

These four themes form a clear path from normative foundations to measurable sustainability actions. For themes covered by both ESG pillars, weighting is applied proportionally based on the theme's dominance within each pillar, rather than an equal distribution. Faith & Ethical Governance (*ḥifẓ al-dīn* and part of *ḥifẓ al-'aql*) establishes Sharia compliance and the integrity of as the foundation of trustworthy governance.⁹⁵ This foundation extends to Human Well-being & Social Justice (*ḥifẓ al-nafs* and *ḥifẓ al-nasl*), which emphasizes tangible contributions to health and justice, in line with Islamic finance's role in advancing the humanitarian goals of the SDGs. Furthermore, this theme is bridged by Economic Wealth & Stewardship (*ḥifẓ al-māl* and part of *ḥifẓ al-'aql*), where the

⁹⁴The expansion of contemporary *Maqāṣid* to include *ḥifẓ al-bī'ah* and *ḥifẓ al-ta'līm* has been acknowledged in the literature. See "The Construction of Contemporary *Maqāṣid*: A Paradigm Shift from Textual to Contextual Approaches," *Ar-Raniry Journal* (2025), which asserts that the contemporary *Maqāṣid* paradigm not only expands *the al-kullīyyāt al-khamsah* but also accommodates the dimensions of human rights, gender justice, and environmental sustainability. See also Burhanudin Harahap et al., "Islamic Law, Islamic Finance, and Sustainable Development Goals: A Systematic Literature Review," *Sustainability* 15, no. 8 (2023): 6626, <https://doi.org/10.3390/su15086626>, which links *Maqāṣid* to the SDGs, including the environmental dimensions (SDGs 13–15) and education (SDG 4).

⁹⁵This logic of proportional weighting aligns with the approach developed by Maarif et al., "Designing *Maqāṣid* Index Measurement Models Integrated with ESG In Islamic Financial Institutions," 2025, which uses *the Analytic Network Process (ANP)* to determine the priority weights of indicators based on the interdependence among dimensions.

protection of wealth is achieved through green project financing and impact investing. This series culminates in Environmental Stewardship & Innovation (ḥifẓ al-bī'ah and ḥifẓ al-ta'lim), which affirms that environmental protection and green innovation are both the logical continuation and the operational manifestation of the preceding Sharia objectives.⁹⁶

Core Indicator Matrix and Assessment Method

The Sharia ESG Core Indicator Matrix consists of 22 selected indicators. Each indicator is grouped into four core themes, accompanied by a reference code, a 0–3 rating scale, and verifiable data sources. In this proposed framework, all indicators are assigned equal weighting, assuming that each indicator contributes equally to the aggregate achievement of the *Maqāṣid*.⁹⁷ This equal-weighting approach is commonly used in the initial development of indices. It can be further refined through analytical weighting methods such as the Analytic Hierarchy Process (AHP) or the Simple Additive Weighting (SAW) during regulators' adaptation or implementation phases.⁹⁸ Each indicator is assessed based on the depth of disclosure and evidence of implementation: Score 0: No disclosure or evidence; Score 1: Minimal disclosure, no policies or data; Score 2: Policies or programs exist, but no measurable data; Score 3: Policies, programs, measurable data, and outcome evaluations are available.

Table III. Core Shariah ESG Indicator Matrix (22 Indicators)

No.	Core Theme	Indicator	Code	Scale (0–3)	Data Verification Method
1	Faith and Ethical Governance	Sharia Compliance and Certification	FEG-01	0–3	Annual reports, Sharia reports, Sharia Supervisory Board

⁹⁶ The use of *equal weighting* as an initial assumption in index development is a common practice, especially when there is no strong empirical or theoretical justification for differential weighting. See OECD, *Handbook on Constructing Composite Indicators: Methodology and User Guide* (Paris: OECD Publishing, 2008), 21–23, which states that equal weighting is a neutral choice when there is no consensus on the relative priorities among indicators.

⁹⁷ The use of *equal weighting* as an initial assumption in index development is a common practice, especially when there is no strong empirical or theoretical justification for differential weighting. See OECD, *Handbook on Constructing Composite Indicators: Methodology and User Guide* (Paris: OECD Publishing, 2008), 21–23, which states that equal weighting is a neutral choice when there is no consensus on the relative priorities among indicators.

⁹⁸ For the application of ANP in determining the weights of *Maqāṣid*-ESG indicators, see Maarif et al., 'Designing *Maqāṣid* Index Measurement Models Integrated With Esg In Islamic Financial Institutions'.

						certification, Sharia audit
2	Faith and Ethical Governance	Transaction Transparency and Reports	FEG-02	0-3		Financial reports, sustainability reports, ESG disclosures
3	Faith and Ethical Governance	Board Structure and Independence	FEG-03	0-3		Board structure, governance policies, and board composition
4	Faith and Ethical Governance	Remuneration Policy and Shareholder Rights	FEG-04	0-3		Remuneration policy, annual reports, and General Meeting of Shareholders documents
5	Faith and Ethical Governance	Innovation and Intellectual Property	FEG-05	0-3		Training programs, R&D reports, and product innovation programs
6	Human Well-being and Social Justice	Human Rights and Employee Protection	HWSJ-01	0-3		Anti-discrimination policies, diversity reports
7	Human Well-being and Social Justice	Occupational Health and Safety	HWSJ-02	0-3		Occupational health and safety programs, workplace accident reports, and welfare programs
8	Human Well-being and Social Justice	Working Conditions and Freedom of Association	HWSJ-03	0-3		Employment agreements, labor union reports, and working hours policies
9	Human Well-being and Social Justice	Customer Relations and Data Privacy	HWSJ-04	0-3		Privacy policies, complaint mechanisms, and satisfaction surveys
10	Human Well-being and Social Justice	Social Contribution and Philanthropy	HWSJ-05	0-3		CSR reports, donation reports, scholarship programs, waqf reports
11	Human Well-being and Social Justice	Reputation Protection and Communication	HWSJ-06	0-3		Communication strategy, reputation reports, stakeholder surveys
12	Economic Wealth and Stewardship	Risk Management and Takaful Readiness	EWS-01	0-3		Risk management policies, takaful reports, and risk mitigation documents

13	Economic Wealth and Stewardship	Zakat and Tax Payments	EWS-02	0-3	Zakat reports, tax payment receipts, and financial reports
14	Economic Wealth and Stewardship	Philanthropy and Waqf	EWS-03	0-3	Donation reports, waqf documentation, and social program reports
15	Economic Wealth and Stewardship	Risk Sharing and Reinvestment	EWS-04	0-3	Financing contracts, investment reports, profit-sharing reports
16	Economic Wealth and Stewardship	Anti-Corruption and Prevention of Financial Distress	EWS-05	0-3	Anti-corruption policies, internal audit reports, and NPF ratio
17	Environmental Stewardship and Innovation	Cleanliness and Waste Management	ESI-01	0-3	Waste management programs, environmental reports, and ISO 14001
18	Environmental Stewardship and Innovation	Emissions Reduction and Energy Efficiency	ESI-02	0-3	Emissions data, reduction targets, and renewable energy reports
19	Environmental Stewardship and Innovation	Water Management and Biodiversity	ESI-03	0-3	Water usage reports, biodiversity programs, and environmental certification
20	Environmental Stewardship and Innovation	Green R&D and Environmentally Friendly Investment	ESI-04	0-3	R&D reports, green budget, green revenue reports
21	Environmental Stewardship and Innovation	Sustainable Supply Chain and Green Packaging	ESI-05	0-3	Supply chain policies, supplier audit reports, and green packaging
22	Environmental Stewardship and Innovation	Environmental Financial Education and Literacy	ESI-06	0-3	Internal training programs, educational modules, and financial literacy reports

Source: Processed Data

Classification of Sharia ESG Compliance Levels

Classification of Sharia ESG compliance levels using the *Maqāṣid* hierarchical framework: *ḍarūriyyāt* (basic needs), *ḥājjiyyāt* (supplementary needs), and *taḥṣīniyyāt*

(enhancements).⁹⁹

Table IV. Classification of Sharia ESG Compliance Levels

Category	Score Range (out of 66)	Compliance Description	Maqāṣid Level
Shariah Compliant	50–66	Fulfills the <i>ḍarūriyyāt</i> and <i>ḥājjiyyāt</i> indicators with measurable evidence, clear policies, and identifiable positive impact	Fulfills the essential and complementary requirements of Shariah
Hajiyat (Moderate)	30–49	Fulfills the <i>ḍarūriyyāt</i> indicators, but the <i>ḥājjiyyāt</i> indicators are not yet optimal. Implementation is limited, and the data are incomplete	Fulfills essential needs, but complementary needs remain insufficient
Shariah Non-Compliant	< 30	Does not adequately fulfill the <i>ḍarūriyyāt</i> indicators. Disclosure is minimal, and there are no formal policies	Does not fulfill the basic standards of Shariah

Source: Processed Data

The 50 point threshold for the Shariah Compliant category is set normatively, not statistically. This figure represents the minimum threshold to meet all *ḍarūriyyāt* indicators (approximately 15 key indicators) with an average score of 2 (“policy exists, data not yet measured”) and *ḥājjiyyāt* indicators with a minimum score of 1. In other words, 50 is the point at which a company not only meets formal compliance but also begins to demonstrate a measurable commitment to the *Maqāṣid*. This normative approach is common in the early stages of developing *Maqāṣid*-based indices, with the caveat that empirical validation through issuer panel data is required to calibrate this threshold in the future.¹⁰⁰

⁹⁹ Ahmad Syukran Baharuddin Asb, *An Appraisal of Maqāṣid Al-Shari‘ah Classic and Recent Literature: Systematic Analysis, Library Philosophy and Practice (EJournal)* 3730 (2019), accessed April 20, 2026, <https://digitalcommons.unl.edu/libphilprac/3730/>; Mohammad Hashim Kamali, “Ranks and Priorities of *Maqasid*,” dalam *Goals and Purposes of Shariah*, 1 ed., oleh Mohammad Hashim Kamali (Oxford University PressNew York, NY, 2025), <https://doi.org/10.1093/9780197786390.003.0006>.

¹⁰⁰The normative threshold in the *Maqāṣid* index classification is also used by Salami, Muneeza, and Bin-Nashwan, ‘Commitment of the Islamic Banking Industry to ESG in Selected Countries’. which categorizes the Islamic banking industry’s commitment to ESG based on the *Maqāṣid* pyramid perspective

Conceptual Validation

Conceptual validation is not a comprehensive empirical test; it was conducted through case studies of PT Bukit Asam Tbk (PTBA) in the energy sector and Unilever Indonesia Tbk (UNVR) in the consumer sector, by analyzing their 2024 sustainability and annual reports. Content analysis of the 22 blueprint indicators yielded a total score of 27/66 for PTBA and 43/66 for UNVR, confirming that the blueprint possesses strong discriminatory power to distinguish the reporting profiles and quality of the two issuers with vastly different business contexts.¹⁰¹

Table V. Scores and Analysis of the Distinctive Power of 22 Sharia ESG Indicators

No.	Indicator Code	Measurable Indicator	PTBA	UNVR	Differential Analysis and Key Findings
1	FEG-01	Sharia Compliance and Certification	1	0	General Shariah gap: Neither company discloses specific Shariah details, such as the Sharia Supervisory Board or Sharia audit. PTBA received a score of 1 only because it mentions general legal compliance.
2	FEG-02	Transaction and Reporting Transparency	2	2	Similarity at the basic level: Both companies describe reporting policies and structures, indicating that basic governance standards are met.
3	FEG-03	Board Structure and Independence	2	2	Governance similarity: The composition and roles of the boards are adequately disclosed by both issuers.
4	FEG-04	Remuneration Policy and Shareholder Rights	2	2	Policy similarity: Remuneration policies and shareholder rights are explained, although detailed data, such as wage ratios, remain limited.

¹⁰¹Case studies as conceptual validation, rather than empirical generalization, are the appropriate approach for the instrument development stage. See Rafiqi et al., 'Toward a Maqasid-Based ESG Framework', which emphasizes the need for a new evaluative framework that does not merely rely on conventional ESG metrics.

5	FEG-05	Innovation and Intellectual Development	2	2	Similarity in innovation narrative: Both companies describe innovation programs. PTBA focuses on energy and technology, while UNVR emphasizes products and R&D, but both provide limited quantitative impact data.
6	HWSJ-01	Human Rights and Employee Protection	1	2	Moderate difference: UNVR is more explicit in addressing human rights, diversity, and inclusion. PTBA mentions these only briefly.
7	HWSJ-02	Occupational Health and Safety (OHS)	3	3	Comparable strength: Both companies perform strongly, supported by measurable OHS data and targets, such as zero fatalities and LTIFR indicators.
8	HWSJ-03	Working Conditions and Freedom of Association	1	2	Moderate difference: UNVR discloses freedom of association, whereas PTBA does not discuss it in detail.
9	HWSJ-04	Customer Relations and Data Privacy	0	1	Contextual differentiation: Disclosure is minimal. PTBA scored 0 because of its B2B business model, while UNVR scored 1 for mentioning a general commitment to privacy.
10	HWSJ-05	Social Contribution and Philanthropy	2	3	Significant difference: UNVR performs better through documented collaboration with BAZNAS, defined targets, and measurable impacts. PTBA has CSR programs, but with less extensive evidence to support them.
11	HWSJ-06	Reputation Protection and Communication	1	2	Moderate differentiation: UNVR has a more structured communication strategy, whereas PTBA only mentions it briefly.
12	EWS-01	Risk Management and Takaful Readiness	2	2	Policy similarity: Both companies explain their risk management frameworks. However, Shariah insurance, or takaful, is not specifically mentioned.
13	EWS-02	Zakat and Tax Payments	1	1	Islamic economic data gap: Neither company explicitly discloses corporate zakat. A score of 1 is given only for general tax disclosure.

14	EWS-03	Philanthropy and Waqf	1	3	Maximum difference: UNVR has documented waqf and donation programs, whereas PTBA mentions them only briefly.
15	EWS-04	Risk Sharing and Reinvestment	0	1	Major gap: The principle of risk sharing is not disclosed. PTBA scored 0, while UNVR scored 1 because it mentions sustainable investment.
16	EWS-05	Anti-Corruption and Prevention of Financial Distress	2	2	Policy similarity: Both companies explain anti-corruption policies and reporting channels.
17	ESI-01	Cleanliness and Waste Management	2	3	Significant difference: UNVR performs better with quantitative data on waste and plastic management, whereas PTBA reports programs but with less measurable detail.
18	ESI-02	Emissions Reduction and Energy Efficiency	3	3	Comparable strength: Both companies present measurable targets and data. PTBA reports a net-zero roadmap, while UNVR reports a 92 percent reduction achieved.
19	ESI-03	Water Management and Biodiversity	2	3	Significant difference: UNVR performs better through regenerative programs and specific data, while PTBA reports reclamation programs.
20	ESI-04	Green R&D and Environmentally Friendly Investment	2	2	Similarity in commitment: Both companies describe green initiatives and investments, such as renewable energy and R&D, but do not provide detailed budget allocations.
21	ESI-05	Sustainable Supply Chain and Green Packaging	0	3	Maximum and contextual differentiation: This indicator is highly relevant to UNVR, which provides data on plastic reduction and certifications, but not to PTBA.
22	ESI-06	Environmental Education and Financial Literacy	1	2	Moderate differentiation: UNVR has documented external education programs, while PTBA has limited internal programs.
Total (Max 66)			27	43	Total Score: PTBA 41 percent, UNVR 65 percent. Average Score per Indicator: PTBA 1.23, UNVR 1.95.

Source: Processed Data

A thematic analysis of the four core pillars of the blueprint reveals distinct performance patterns and fundamental challenges. Under the theme of Faith & Ethical Governance, the most critical challenge was identified: not a single issuer disclosed specific Sharia-related information, such as the existence of a Sharia Supervisory Board, Sharia audits, or corporate *zakat* reporting.¹⁰² This highlights the gap between the Islamic normative framework and conventional sustainability reporting practices, particularly the *ḥifẓ al-dīn* dimension, which is the most difficult to measure directly from public reports. Under the theme of Human Well-being & Social Justice, although both companies demonstrated commitment, these social and safety programs were not explicitly linked to the objectives of *ḥifẓ al-nafs* and *ḥifẓ al-nasl* in the report narrative, thus requiring contextual analysis by the evaluator. Under the theme of Economic Wealth & Stewardship, a gap in Islamic economic data was identified: core principles, such as corporate *zakat* and risk-sharing financing, are rarely disclosed. Conversely, the Environmental Stewardship & Innovation theme is the area with the richest and most measurable ESG technical data. However, behind this data completeness, the most prominent challenge is conceptual integration: technical data and targets are not accompanied by narratives linking them to the values of *ḥifẓ al-bī'ah* or *amānah* as *Maqāṣid al-Sharī'ah*.¹⁰³

This finding reveals the article's key conceptual contribution: a fundamental dichotomy between modern ESG quantification and the qualification of *Maqāṣid* values.¹⁰⁴ The blueprint successfully maps performance, but simultaneously reveals that the availability of technical ESG data does not necessarily reflect the internalization of *Maqāṣid* values in corporate narratives and practices. In other words, companies can achieve high

¹⁰² Findings regarding the weak role of the Board of Commissioners in ESG disclosure align with empirical studies in Indonesia. See Muhammad Dedat Dingkoroci Akasumbawa, Abdul Qoyum, and Misnen Ardiansyah, 'Does Corporate Governance Influence Islamic Green Banking Disclosure? The Moderating Role of Bank Size', *International Journal of Islamic Finance and Sustainable Development (IJIFSD)*, n.d.

¹⁰³ The dichotomy between technical ESG data and the *Maqāṣid* values narrative is an original finding that reinforces the article's main argument. See Rafiqi et al., 'Toward a Maqasid-Based ESG Framework'.

¹⁰⁴ Muhammad Irkham Firdaus, May Shinta Retnowati, and M. Abdurrozaq, 'Settlement of Sharia Economic Disputes: Efficiency of Implementation in Indonesian Religious Courts', *Justicia Islamica* 21, no. 2 (November 2024): 335-56, <https://doi.org/10.21154/justicia.v21i2.9240>.

ESG scores without consciously articulating their contribution to *Maqāṣid*, a gap that is precisely the *raison d'être* of the proposed integrative framework. This dichotomy underscores that an authentic Sharia ESG index cannot be reduced to an aggregation of conventional ESG metrics “tagged” with a Sharia label; it requires a fundamental reorientation in how companies understand, measure, and report their sustainability impacts within the framework of the highest Sharia objectives.¹⁰⁵

Integrated Validation and Reframing of *Maqāṣid*-Based ESG: From Empirical Gaps to Conceptual, Methodological, and Policy Contributions

Conceptual validation of the blueprint through case studies of PTBA and UNVR yielded three preliminary findings that are indicative and reinforce the research gaps identified in this study.¹⁰⁶ First, the clear divergence in scores (27 vs. 43) demonstrates the blueprint’s sensitivity to sector-specific ESG materiality, affirming the instrument’s adaptive capacity beyond a rigid, uniform checklist.¹⁰⁷ Second, the analysis provides preliminary evidence of persistent assessment gaps: not a single JII constituent disclosed specific Sharia data such as DPS composition, corporate zakat, or profit-sharing mechanisms, indicating that current reporting practices remain largely formalistic.¹⁰⁸ Third, a narrative gap was revealed; despite being rich in technical ESG data, there was almost no explicit effort to link these metrics to *Maqāṣid* terminology or values, reflecting a discursive separation between the language of global sustainability and Islamic ethical identity.¹⁰⁹ Consequently, the blueprint functions not merely as a measurement tool but also as a “translation dictionary,” a conceptual bridge that aligns ESG indicators with the *Maqāṣid* value framework, thereby mitigating the risks of Shariah-washing and greenwashing.¹¹⁰

¹⁰⁵ Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

¹⁰⁶ Rafiqi et al.

¹⁰⁷ Liu et al., ‘Antecedents and Consequences of Environmental, Social, and Governance’.

¹⁰⁸ Akasumbawa, Qoyum, and Ardiansyah, ‘Does Corporate Governance Influence Islamic Green Banking Disclosure? The Moderating Role Of Bank Size’.

¹⁰⁹ Rafiqi et al., ‘Toward a Maqasid-Based ESG Framework’.

¹¹⁰ Harahap, Risfandy, and Putri, ‘Islamic Law, Islamic Finance, and Sustainable Development Goals’.

This study advances the *Maqāṣid*-ESG discourse through three interrelated contributions. Conceptually, unlike previous studies that predominantly mapped *Maqāṣid* values onto ESG categories in a parallel or additive manner, this study reconstructs the evaluative logic by positioning *Maqāṣid* as the teleological core of sustainability assessment.¹¹¹ The resulting four integrative themes unite the normative foundations of Islam with the materiality of modern sustainability, directly addressing the literature's finding that no integrated evaluative model currently exists while bridging the persistent dichotomy between formalistic fiqh approaches and secular ESG frameworks.¹¹² Methodologically, the transparent reduction of 45 MSRI elements into 22 core indicators was guided by the availability of public data and dual relevance to *Maqāṣid* and ESG, balancing theoretical completeness with empirical feasibility and offering a replicable operationalization process. Empirically, the case studies provide preliminary evidence of the blueprint's validity while mapping out real operational challenges, including Sharia data gaps and sectoral variations, thereby grounding theoretical propositions in observed reporting practices.¹¹³

These findings have potential policy¹¹⁴ and practical implications for key stakeholders.¹¹⁵ For regulators, the blueprint can serve as a reference for developing guidelines on Sharia sustainability reporting and an official Sharia ESG index framework, while the observed disclosure gaps indicate that encouraging issuers to disclose Sharia-specific data could enhance transparency. For index compilers, this indicator matrix is relatively ready-to-use and can be refined through sector-based weighting. For Sharia-

¹¹¹ Ramli et al., 'Application of Maqasid Al-Shariah in Responsible Investment (MSRI) and Practices towards ESG'.

¹¹² Al-Nahari et al., 'Common Conceptual Flaws in Realizing *Maqāṣid al-Sharī'ah* Vis-à-Vis Islamic Finance'.

¹¹³ Rafiqi et al., 'Toward a Maqasid-Based ESG Framework'.

¹¹⁴ Zainab Al-Mousawi, 'The Transformation of the Legal Basis of Administrative Liability for Public Employees' Errors in Administrative Contracts: A Comparative Study in Light of the Evolution of Administrative Judiciary and Public Governance', *Al-Biruni Journal of Humanities and Social Sciences*, 9 February 2026, 1, <https://doi.org/10.64440/BIRUNI/BIR0013>.

¹¹⁵ Thilini V. Mahanama et al., 'The Financial Market of Indices of Socioeconomic Well-Being', *Journal of Risk and Financial Management* 17, no. 1 (January 2024): 35, <https://doi.org/10.3390/jrfm17010035>.

compliant issuers, the case studies serve as benchmarks for improving disclosure quality and for actively linking ESG practices to the *Maqāṣid* narrative. For investors, this framework enables more in-depth due diligence beyond negative screening toward impact-aligned investing. Several limitations must be acknowledged: validation is limited to two strategically selected issuers and a single reporting year (2024); the equal-weighting scheme has not yet accommodated sectoral materiality; and this study did not conduct inter-rater reliability testing or involve an external validation panel to assess the consistency of the scoring protocol. Future research should apply the blueprint to a larger sample, develop more sophisticated weighting methods (e.g., AHP, PCA), conduct longitudinal studies, and integrate inter-rater reliability tests and expert panel validation to enhance the robustness of the framework.

CONCLUSION

This study proposes an integrative response to the dichotomies identified in the literature through a comprehensive conceptual framework. The resulting Three-Tier Framework provides a foundation for reorienting ESG interpretation—from a predominantly instrumental, risk-centered approach to a teleological sustainability ethic grounded in *Maqāṣid al-Sharī'ah*. This shift is operationalized through a Blueprint comprising four integrative themes and 22 measurable indicators, thereby translating normative values into practical, actionable metrics. The case study conducted for conceptual validation offers preliminary evidence supporting three key findings. First, the blueprint demonstrates distinctiveness by effectively capturing sector-specific differences in materiality. Second, an assessment gap is identified, namely the absence of specific Sharī'ah-related data disclosure by Sharia-compliant issuers, highlighting the limitations of existing evaluation frameworks. Third, a narrative gap emerges in which technical ESG data has not been explicitly linked to the terminology and value structure of *Maqāṣid*. These findings collectively reinforce the need for a new evaluative framework while demonstrating the feasibility of shifting from negative screening and fragmented ESG reporting toward an integrated, public-interest-oriented positive impact assessment.

In terms of contributions, this study offers value on three levels. Conceptually, it develops an integrative framework that unifies *Maqāṣid* and ESG within a coherent evaluative paradigm, providing an alternative to the dominant parallel-mapping approach found in prior literature. Methodologically, it introduces a structured and potentially replicable operationalization model based on data availability and dual relevance criteria, while remaining open to further empirical validation. Empirically, the case studies provide initial evidence and illuminate practical challenges that must be addressed in real-world implementation. Ultimately, the proposed Three-Tier Framework and Blueprint should be understood as a starting point rather than a final model. It opens avenues for regulatory refinement, corporate adoption, and the advancement of investor-oriented due diligence practices. In this regard, the integration of *Maqāṣid* and ESG extends beyond a market-driven strategy; it represents a broader effort to realign Islamic finance with its normative objectives of promoting justice, balance, and universal public interest.

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AUTHOR CONTRIBUTION STATEMENT

Lilis Renfiana, Misnen Ardiansyah and Mohammad Ridwan played a primary role in the study by leading the conceptualization of the research framework, designing the methodology, conducting data collection and analysis, and drafting the initial manuscript. They were also responsible for synthesizing theoretical perspectives and ensuring the coherence between the research objectives, findings, and discussion. Ali Akram Kadhim,

Saleem Asouli, and Noor Snober contributed by providing substantial input through critical review, academic editing, and language refinement. Their contributions helped improve the clarity, structure, and overall academic quality of the manuscript, as well as ensuring consistency with international scholarly standards. All authors have read and approved the final version of the manuscript and agree to be accountable for all aspects of the work, including the accuracy, integrity, and originality of the research.

CONFLICT OF INTEREST

The authors declare that the research and publication of this article were conducted in the absence of any commercial, financial, or personal relationships that could be construed as a potential conflict of interest. No external funding or institutional influence has affected the design of the study, data collection, analysis, interpretation of results, or the decision to publish. The authors affirm that the work presented is entirely original and has been carried out with full academic integrity and transparency.

AI USAGE STATEMENT

The authors declare that the use of artificial intelligence (AI) tools, including ChatGPT, was strictly limited to supporting functions, such as language refinement, grammar correction, and manuscript clarity and readability. These tools were not used to generate research ideas, formulate research questions, design the methodology, conduct data analysis, or interpret the findings. All substantive intellectual contributions—including conceptual development, theoretical framing, data interpretation, and the formulation of conclusions—were carried out independently by the authors. The authors affirm that the content of this article is entirely their own work and take full responsibility for its accuracy, originality, and academic integrity, in accordance with established ethical standards in scholarly publishing.

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