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Convergence of Sharia Maqashid and Environmental, Social, and Governance (ESG) in Sustainable Sharia Economic Development

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Abstract

The emergence of the Environmental, Social, and Governance (ESG) framework has established a new paradigm for achieving sustainable economic development. Meanwhile, Islamic economics possesses a strong normative foundation through the principles of Maqashid Sharia, which emphasize the realization of public welfare (maslahah). However, studies integrating these two frameworks remain limited, resulting in the absence of a comprehensive conceptual model that explains the relationship between ESG indicators and the objectives of Maqashid Sharia in contemporary Islamic economics. This study aims to analyze the convergence between ESG principles and the dimensions of Maqashid Sharia while formulating a conceptual framework for sustainable Islamic economic development. This research employs a normative legal research method using a conceptual approach and library research. The data were collected from the Qur'an, Hadith, classical and contemporary literature on Maqashid Sharia, regulations concerning sustainable finance, and relevant national and international scholarly publications. The collected data were analyzed using descriptive-analytical methods. The findings reveal that ESG principles substantially align with the five essential objectives of Maqashid Sharia (hifz al-din, hifz al-nafs, hifz al-'aql, hifz al-nasl, and hifz al-mal). The environmental dimension reflects sustainability in preserving ecological welfare, the social dimension promotes justice, human rights protection, and social prosperity, while the governance dimension reinforces trustworthiness, transparency, accountability, and justice within Islamic economic activities. This study proposes a conceptual model integrating ESG with Maqashid Sharia as a new paradigm for strengthening the competitiveness, sustainability, and global legitimacy of the Islamic economic system.

Keywords Maqashid Sharia; ESG; Islamic Economics; Sustainable Development; Sustainable Finance

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INTRODUCTION

Contemporary economic development is no longer measured only by income growth, increased investment, expansion of production activities, and profit generation, but also by its ability to maintain a balance between economic, social, and environmental interests. Climate change, exploitation of natural resources, increasing carbon emissions, social inequality, violations of workers' rights, irresponsible business practices, and weak corporate accountability have driven the development of a sustainable development paradigm. In this context, the Environmental, Social, and Governance (ESG) framework is increasingly used to evaluate the performance of companies and financial institutions based on their impact on the environment, society, and the quality of governance. ESG is not only seen as a risk management instrument, but also as part of a long-term value creation strategy, increasing stakeholder trust, and strengthening the resilience of financial institutions (Paltrinieri et al., 2020).

The environmental dimension in ESG emphasizes the importance of energy efficiency, emission reduction, responsible use of resources, waste management, green financing, and ecosystem protection. The social dimension is related to the protection of workers' rights, community welfare, equality, financial inclusion, consumer protection, and corporate social responsibility. Meanwhile, the governance dimension includes transparency, accountability, independence, management integrity, regulatory compliance, risk management, and prevention of corruption and conflicts of interest. Research on banking shows that ESG implementation can affect a company's financial performance, risk level, cost of capital, reputation, and sustainability. In the context of Islamic banking, the influence is also determined by the quality of corporate governance, Islamic governance, the institutional environment, and the bank's commitment to the sustainability agenda (Alghafes, 2024).

ESG developments have strong relevance to the basic character of the Islamic economy. Sharia economics not only regulates the validity of contracts and avoids transactions from the elements of riba, gharar, maysir, tadlis, ihtikar, and other forms of prohibited transactions. Furthermore, the sharia economy directs production, distribution, consumption, investment, and wealth management activities in order to be able to realize justice, balance, responsibility, and community welfare. Therefore, the identity of the sharia economy should not stop at the fulfillment of the legal-formal aspects of a contract, but needs to be proven through the social, environmental, ethical, and economic impacts produced. This approach is in line with the idea of Islamic moral economics which places human welfare and social welfare as the main goals of Islamic economic and financial activities (Hanic & Smolo, 2022).

The philosophical and normative basis for the achievement of these benefits is found in the concept of Maqashid Sharia. Maqashid Syariah can be understood as the purpose, wisdom, and value to be realized through the establishment of Islamic law, namely obtaining benefits and preventing harm. In the classical formulation, these benefits are reflected in the protection of the five basic human needs, namely religion (hifz al-din), soul (hifz al-nafs), intellect (hifz al-'aql), heredity (hifz al-nasl), and property (hifz al-mal). In the development of contemporary thought, maqashid is not only used to read legal provisions textually, but is also developed as a framework for analysis of economic, social, environmental, governance, technology, and sustainable development issues (Marzuki, 2021).

The application of maqashid in Islamic economics and finance shows a shift from the orientation of contractual compliance to the orientation of achieving results and impact (Alghafes, 2024), for example, developing a framework for measuring the performance of Islamic banking that includes ethical, social, environmental, and financial dimensions. The study shows that the performance of Islamic banks is inadequate if it is only assessed based on profitability and formal compliance, but must also reflect its contribution to human welfare (Alhammadi et al., 2022). It also shows that the measurement of maqashid's performance can be developed through the use of banking report data and the text mining approach. Meanwhile (Okumuş, 2024). develop the Maqashid al-Shariah Performance Index to assess the performance of participation banks using indicators derived from the five basic needs of maqashid.

In the context of contemporary sharia economics, the five dimensions of maqashid have a direct relationship with the sustainability agenda. Life protection requires that economic activities do not cause pollution, environmental damage, health hazards, and threats to public safety. The protection of reason is related to the fulfillment of the right to education, financial literacy, information disclosure, innovation, and the protection of the public from misleading information. The protection of offspring affirms intergenerational responsibility so that current economic growth does not come at the expense of the environment and the resources needed by future generations. Property protection requires the creation of transactions that are fair, safe, transparent, productive, and free from exploitation. The protection of religion provides an ethical orientation so that all economic

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activities are subject to the values of justice, trust, responsibility, and benefits (Raimi et al., 2024).

When analyzed substantively, there is a strong interplay between ESG and Maqashid Shariah. The environmental dimension has a relationship with the protection of life, offspring, property, and the environment as a prerequisite for the sustainability of human life. The social dimension is in line with the protection of souls, intellect, ancestry, religion, and property through poverty reduction, community empowerment, financial inclusion, fulfillment of workers' rights, consumer protection, and equitable distribution of wealth. Meanwhile, the governance dimension is related to the protection of property and the public interest through the implementation of mandate, transparency, accountability, independence, sharia supervision, risk management, and prevention of abuse of power. This alignment suggests that maqashid can provide an ethical and normative basis for ESG, while ESG can provide more operational indicators for translating maqashid values into sustainability policies, business activities, and reporting (Mohd Zain, 2024).

Despite having a strong alignment of values, the implementation of sharia economics still faces a gap between normative ideals and institutional practices. A number of Islamic financial institutions still place contract compliance as the main indicator of sharia, while social impact, wealth distribution, environmental protection, and community empowerment have not always been the main measure of performance. The success of Islamic banks is also often measured through asset growth, profit, financing, efficiency, and market share. These measures are still important, but they are not enough to describe the contribution of Islamic financial institutions to the achievement of multidimensional benefits. Research (Marzuki, 2021)It found that the level of disclosure of maqashid's performance in Islamic banks has increased, but it has still not reached best practices. Critical studies (Güney, 2024)It also shows that the use of maqashid in Islamic finance faces methodological problems, especially related to the determination, interpretation, limitations, and operationalization of maqashid indicators.

Similar problems arise in the implementation of ESG. ESG reporting can turn into an administrative activity or reputation strategy if it is not based on a strong ethical commitment. Companies can deliver environmental and social programs in a formal manner, while their business models and investment decisions have not been completely changed. These conditions pose a risk of greenwashing, social washing, and sustainability reporting that are symbolic. In the context of Islamic financial institutions, Islamic governance should be able to prevent such conditions by ensuring that ESG commitments are not only reflected in reports, but also manifested in financing policies, financial products, risk management, consumer protection, and investment sector selection Research (Kashi, 2024). shows that the institutional environment and corporate governance affect the quality of the sustainability of Islamic banks, while the study (Safiullah, 2024). emphasizing the importance of the relationship between the board of directors and the effectiveness of sharia governance.

A number of previous studies have discussed the relationship between sharia economics and sustainability from various perspectives (Paltrinieri et al., 2020). analyze the relationship between Islamic financial development and banking ESG scores (Mergaliyev et al., 2021). Develop a maqashid framework to measure the ethical, social, environmental, and financial performance of Islamic banks (Kolva, 2021). develop an empirical model of corporate social responsibility based on Islamic values (Hudaefi & Badeges, 2022). Examine the performance of Indonesian Islamic banking maqashid using a text mining approach (Hanic & Smolo, 2022). Offering an international model of social responsibility for Islamic banks (Hassan, 2023). examining the linkages of ESG, the concentration of Islamic stock markets, risks, and equity costs in developing countries. These studies show a growing academic interest in ethical values, social responsibility, governance, and sustainability in the sharia economy.

More recent research is starting to discuss the relationship between ESG and maqashid more explicitly (Miftahorrozi et al., 2022). develop a framework for integrating ESG principles and Sharia Maqashid to support the sustainability of takaful operations. (Raimi et al., 2024) analyze the role of sustainable Islamic finance in achieving the Sustainable Development Goals and risk management of Islamic financial products (Alghafes, 2024). examine the influence of ESG factors on the financial performance of Islamic banks in Gulf Cooperation Council countries (Kashi, 2024). Examining the influence of the institutional environment and governance on the sustainability of Islamic banks (Okumuş, 2024). formulate the maqashid performance index for participating banks, while (Shalhoob & Hussainey, 2025). linking ESG disclosures to financial performance and demonstrating the importance of maqashid in increasing transparency, stakeholder trust, and corporate resilience.

However, these studies still leave some gaps. First, most research still places ESG and Sharia Maqashid as two frameworks that run in parallel, rather than as one integrated conceptual construct. Second, empirical studies are more focused on

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Islamic banking, capital markets, and takaful, so that the convergence of ESG and maqashid has not been widely developed as a paradigm for the broader Islamic economy. Third, research that integrates the two frameworks still tends to be oriented towards mapping the similarity of values and has not fully formulated a hierarchical relationship between ethical foundations, objectives, dimensions, indicators, and results to be achieved. Fourth, there is no agreement on indicators that can be used to assess the extent to which ESG implementation truly reflects maqashid achievements, not just administrative compliance or corporate image strategies (Mergaliyev et al., 2021).

Based on these gaps, a conceptual framework is needed that is able to bring together universal ESG values with the normative goals of Maqashid Syariah in a systematic manner. In this integration, Maqashid Syariah can be placed as a philosophical and ethical foundation that determines the direction, goals, and limits of economic activity. Meanwhile, ESG can be used as an operational instrument to measure, implement, and disclose sustainability achievements. The convergence of the two can prevent the Islamic economy from being trapped in formal contract compliance, while preventing ESG from turning into a sustainability agenda that loses its moral basis and benefit orientation.

The novelty of this research lies in the formulation of the Maqashid-ESG Integrated Framework as a paradigm for sustainable sharia economic development. The framework not only maps the similarities between the five main protections of Maqashid Sharia and the three dimensions of ESG, but also explains the position of each concept in an integrated structure. Sharia maqashid is placed as the ethical-normative basis and ultimate goal, while ESG is placed as an operational dimension to measure the policies, processes, outputs, and impacts of sharia economic activities. Thus, the protection of religion, soul, intellect, ancestry, property, and the environment can be translated into measurable environmental, social, and governance indicators.

Based on this description, this study aims to analyze the meeting point between the principles of Environmental, Social, and Governance and the dimensions of Maqashid Sharia, explain the relevance of the integration of the two for the development of contemporary Islamic economics, and formulate the Maqashid-ESG Integrated Framework as a conceptual framework for sustainable Islamic economics. This research is expected to make a theoretical contribution by expanding the study of maqashid from the aspects of legal compliance and performance measurement to a multidimensional sustainability paradigm. Practically, the results of the research are expected to be a reference for Islamic financial institutions, companies, regulators, investors, and stakeholders in developing sustainability policies and indicators that not only meet ESG standards, but also reflect the values of fairness, trust, balance, and benefit.

METHODS

This research is a normative legal research that aims to analyze the convergence between Environmental, Social, and Governance (ESG) principles and Maqashid Syariah as a paradigm for sustainable sharia economic development. Normative legal research was chosen because the focus of research is not to test people's behavior or collect field data, but to examine norms, concepts, doctrines, theories, and developments of thought related to ESG and Sharia Maqashid in the perspective of contemporary Islamic economics. In legal research, a normative approach is used to find legal principles, doctrines, and legal arguments that can provide a prescription for the issue being researched (Marzuki, 2021).

This study uses a conceptual approach as the main approach. The conceptual approach is carried out by examining various concepts, theories, and doctrines that have developed regarding Sharia Maqashid, ESG, sustainable development, Islamic economics, corporate governance, and sustainable finance. This approach was chosen because the issue of ESG integration and Sharia Maqashid is still in the conceptual realm so it requires a comprehensive theoretical construction before it is applied in empirical research. In addition to the conceptual approach, this study also uses a comparative approach to compare the suitability of ESG dimensions with five main objectives (Okumuş, 2024). Maqashid Syariah (al-dharuriyyat al-khams), as well as an analytical approach to identify relationships, similarities, and differences between the conceptual variables studied. These approaches are commonly used in contemporary normative law research.

The source of research data comes entirely from secondary data consisting of primary legal materials, secondary legal materials, and tertiary legal materials. Primary legal materials include the Qur'an, Hadith, laws and regulations related to sustainable development, corporate governance, sustainable finance, and regulations on Islamic economics and finance. Secondary legal materials consist of scientific books, articles from reputable national and international journals, scientific proceedings, reports of international institutions, and the results of previous research that discuss Sharia Maqashid, ESG, Sustainable Development Goals (SDGs), Islamic finance, Islamic governance, and sustainability. The tertiary legal materials are in the form of legal dictionaries, encyclopedias, scientific indexes, and other reference

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sources that function to help explain the terms and concepts used in research (Qoyum, 2022).

The data collection technique is carried out through library research by browsing various scientific publications obtained through academic databases, such as Google Scholar, Scopus, Web of Science, ScienceDirect, SpringerLink, Emerald Insight, Wiley Online Library, Taylor & Francis, MDPI, as well as national journal portals SINTA and Garuda. The literature search used the keywords Maqashid Shariah, Maqasid al-Shariah, Environmental Social Governance, ESG, Islamic Finance, Islamic Banking, Sustainable Finance, Corporate Governance, Sustainable Development, and Islamic Economics. The literature used is prioritized from reputable scientific articles published in the range of 2020–2025, while classical literature is still used as the theoretical foundation of Maqashid Sharia. Literature selection was carried out based on the relevance of the topic, the quality of the publisher, the number of citations, and the relevance to the research objectives.

Data analysis was carried out qualitatively using descriptive-analytical techniques. The first stage is data reduction, which is to select various literature that is relevant to the research theme. The second stage is categorization, which is grouping data based on main themes which include the concept of ESG, the concept of Maqashid Sharia, principles of Islamic economics, governance, sustainability, and previous research. The third stage is conceptual analysis, which is to identify the relationship between each ESG (Environmental, Social, and Governance) dimension with the five main goals of Maqashid Sharia (hifz al-din, hifz al-nafs, hifz al-'aql, hifz al-nasl, and hifz al-mal). The last stage is conceptual synthesis, which is to develop an integration model that explains the relationship between the normative foundation of Maqashid Syariah and ESG operational indicators in building a sustainable sharia economic paradigm (Harahap et al., 2023).

To improve academic validity, the research applied triangulation of sources through the comparison of various scientific references from international journals, accredited national journals, academic books, regulations, and official documents of international institutions. In addition, a critical analysis of the results of previous research was carried out to identify similarities, differences, weaknesses, and research gaps. This stage is important to ensure that the resulting conceptual model has a strong theoretical basis while offering a scientific novelty compared to previous research.

The final results of the research were formulated in the form of the Maqashid–ESG Integrated Framework, which is a conceptual model that places Maqashid

Sharia as an ethical and philosophical foundation, while ESG functions as an instrument for the implementation and measurement of the sustainability of the Islamic economy. The model is further used to explain how the integration of the two concepts can strengthen governance, social responsibility, environmental protection, and the achievement of benefits in the contemporary Islamic economy (Menne, 2024).

FINDINGS AND DISCUSSION

Transformation of Sharia Economic Orientation Towards Sustainability

The results of the study show that contemporary sharia economics has undergone a shift in orientation from formal legal compliance to the achievement of more substantive sharia goals. In the formal paradigm, the sharia of an economic product is mainly assessed based on the suitability of the contract, the halalness of the transaction object, and its avoidance of the elements of riba, gharar, maysir, tadlis, ihtikar, and various forms of prohibited transactions. This approach remains important as the basis for the legal legitimacy of a transaction. However, formal compliance has not yet fully demonstrated that an economic activity has resulted in justice, welfare, environmental protection, and social benefits.

Maqashid Syariah provides an expansion of the meaning of obedience. Sharia is not only assessed based on the form of contracts, but also based on the goals, consequences, and impacts of economic activities (Mergaliyev et al., 2021). It shows that the performance of Islamic financial institutions should include ethical, social, environmental, and financial dimensions. Thus, the success of Islamic banks is not only measured through profitability, asset growth, efficiency, and contractual compliance, but also based on its contribution to human welfare. Hudaefi dan Badeges (Hudaefi & Badeges, 2022). strengthening this view by showing that the performance of Islamic banking can be analyzed through the Maqashid Sharia indicators contained in the institutional report. Maqashid-based measurement allows for a broader evaluation of the contribution of Islamic financial institutions in the development of education, justice, wealth distribution, and community welfare.

However, the use of sharia labels does not automatically guarantee the achievement of better environmental, social, and governance performance. Qoyum (Qoyum, 2022). found that sharia-labeled companies do not always have consistently higher ESG performance than other companies. Sharia screening that emphasizes the type of business activity, debt level, and non-halal income is not always accompanied by comprehensive environmental and social impact indicators. These findings show that there is a difference between formal sharia compliance and the substantive achievement of sharia goals. An institution can meet the requirements of sharia

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contracts and filtering, but it does not necessarily make an optimal contribution to poverty reduction, consumer protection, environmental conservation, community empowerment, and wealth distribution. Therefore, the development of the sharia economy requires a framework that brings together Sharia Maqashid with ESG.

The convergence has led to the transformation of the sharia economy from just Sharia compliance to Sharia-based sustainable value creation. Maqashid Syariah functions to set ethical goals and orientations, while ESG provides an operational dimension to translate these goals into policies, indicators, measurements, and reporting.

Conceptual Alignment of Maqashid Shariah and ESG

The results of the conceptual analysis show that Maqashid Syariah and ESG have alignment in the aspect of orientation, even though they come from different epistemological foundations. Maqashid Syariah is sourced from the goals and values of Islamic law, while ESG develops from awareness of environmental risks, social responsibility, corporate governance, responsible investment, and the need for long-term value creation. Maqashid Syariah is oriented towards the realization of benefits and prevention of harm. These goals are generally realized through the protection of religion (hifz al-din), soul (hifz al-nafs), reason (hifz al-'aql), heredity (hifz al-nasl), and property (hifz al-mal). Meanwhile, ESG assesses the sustainability of institutions through environmental dimensions, social responsibility, and governance quality.

Harahap(Harahap et al., 2023) explains that Islamic legal and financial principles have a strong relationship with the sustainable development agenda. Islamic finance can support the achievement of the SDGs through commercial and social instruments as long as it is directed at the productive sector, financial inclusion, poverty reduction, and environmental protection. Alhammadi(Alhammadi et al., 2022) also emphasized that development based on Sharia Maqashid must produce social, economic, and environmental welfare.

The alignment between the two frameworks can be mapped as follows.

ESG Dimension	Related Maqashid Syariah	Main Orientation
Environmental	*Hifz al-nafs, hifz al-nasl,* dan *hifz al-mal*	Protecting life, natural resources, wealth, and future generations
Social	*Hifz al-din, hifz al-nafs, hifz al-'aql, hifz al-nasl,* dan *hifz al-mal*	Realizing justice, well-being, education, rights protection, and inclusion
Governance	*Hifz al-din* dan *hifz al-mal*	Realizing trust, integrity, transparency, accountability, and wealth protection

Sustainability impact	All dimensions of maqashid	Achieving benefits and preventing harm

The mapping does not show a one-dimensional relationship between ESG and a single maqashid objective exclusively. The relationship between the two is multidimensional. Environmental damage, for example, not only threatens lives, but also threatens offspring, property, livelihoods, health, and the sustainability of social life. Maqashid Syariah and ESG also have different functions, but they complement each other. Maqashid Syariah provides a philosophical, moral, and final foundation, while ESG provides an implementation and measurement framework. If ESG is implemented without a maqashid basis, sustainability can potentially only be directed at the company's reputation and profits. On the other hand, maqashid without operational indicators risks becoming a normative principle that is difficult to measure and evaluate.

Environmental Dimension in the Perspective of Maqashid Syariah

The environmental dimension includes emission control, energy efficiency, waste reduction, biodiversity protection, responsible water use, climate change mitigation, and financing of environmentally friendly projects. In the perspective of Maqashid Shariah, this dimension is mainly related to the protection of souls, descendants, and property. First, environmental protection is part of hifz al-nafs. Environmental damage can lead to water and air pollution, food crises, the spread of diseases, ecological disasters, and a decrease in the quality of life. Economic activities that provide financial benefits but endanger human life are not in line with the purpose of life protection.

Second, environmental protection is related to hifz al-nasl. Uncontrolled exploitation of resources can reduce the ability of future generations to meet their needs. Maqashid Syariah contains the principle of intergenerational responsibility, so that the current generation is not allowed to take economic benefits at the expense of the sustainability of the next generation's lives. Third, the environmental dimension is related to hifz al-mal. Climate change, floods, droughts, forest fires, pollution, and land destruction can destroy people's assets and livelihoods. Environmental protection is therefore also a protection of private property and public wealth.

In Islamic finance practice, environmental orientation can be realized through renewable energy financing, sustainable agriculture, green buildings, waste management, environmentally friendly transportation, circular economy, and the issuance of green sukuk. Jaafar(Jaafar et al., 2022) suggests that the development of

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green and social finance has shifted the Islamic financial discourse from an emphasis on product structure to the purpose and impact of financing. Wan Zahari(Wan Zahari, 2025) Explains that green sukuk has the potential to mobilize funds for renewable energy, climate adaptation, and sustainable infrastructure. However, its effectiveness requires alignment between sharia compliance, environmental standards, governance, impact measurement, and information disclosure.

Green financial instruments also face the risk of greenwashing. Products can use the "green" label without demonstrating a measurable environmental impact. To prevent this, maqashid-based assessments need to question: whether projects produce real environmental benefits; whether the project prevents harm; how social and environmental risks are distributed; and whether the use of funds is reported transparently. In this context, the concept of hifz al-bi'ah or environmental protection can be developed as a dimension of contemporary maqashid. However, environmental protection does not have to be completely separated from the five main objectives. Hifz al-bi'ah can be positioned as a cross-purpose dimension because environmental sustainability supports the protection of souls, heredity, intellect, religion, and property.

Social and Governance Dimensions in the Perspective of Sharia Maqashid

The social dimensions in ESG include workers' rights, occupational health and safety, consumer protection, equality, community empowerment, financial inclusion, access to education, and respect for human rights. This dimension has a relationship with all the main objectives of Maqashid Sharia. Life protection is realized through work safety, health insurance, safe products, and the fulfillment of basic needs. The protection of reason is realized through education, increasing financial literacy, information disclosure, and human resource development. Offspring protection includes family welfare, child protection, and social sustainability. Property protection is realized through fair wages, transaction security, consumer protection, and access to productive resources.

In the sharia economy, the social dimension can be realized through MSME financing, education financing, affordable housing, agricultural financing, strengthening women's economy, and Islamic social finance development. Zakat, waqf, infaq, almsgiving, and qard al-hasan instruments can complement commercial financing to reach groups that do not have access to formal financial institutions. Raimi et al.(Raimi et al., 2024) demonstrating that sustainable Islamic finance can support the achievement of the SDGs, especially through financing geared towards community welfare, risk reduction, poverty alleviation, and economic empowerment. Islamic finance thus has the potential to integrate commercial goals with social responsibility.

Koleva (Kolva, 2021) develop an Islamic corporate social responsibility model by emphasizing that CSR in an Islamic perspective is not only driven by reputational interests, but also by moral responsibility, fairness, and obligations to stakeholders. This means that the social dimension in the sharia economy is not enough to be realized through philanthropic activities that are momentary. Social programs need to be geared towards empowerment and sustainable change. The measure of social performance should not only be in the form of the amount of social funds disbursed, but also an increase in the income of beneficiaries, the development of micro-enterprises, the expansion of access to education, the increase in literacy, the creation of decent jobs, and the reduction of economic vulnerability. Consumer protection is also an important element. Islamic financial products must be delivered with clear information, not misleading, not containing hidden costs, and not disproportionately burdening consumers. The validity of the contract must be accompanied by substantive justice so that the transaction truly reflects the protection of reason and property.

In the aspect of governance which is the foundation for the implementation of environmental and social dimensions. Without effective governance, ESG commitments can cease to be administrative reports and imaging strategies. The governance dimension includes transparency, accountability, board independence, internal control, audit, risk management, business ethics, compliance, and corruption prevention. In Islamic financial institutions, governance has an additional character in the form of sharia governance. Sharia governance involves a sharia supervisory board, sharia compliance function, sharia audit, product review, and supervision of the implementation of fatwas. The goal is to ensure that the institution's operations comply not only with general regulations, but also with sharia principles.

The governance dimension is closely related to hifz al-mal. Transparency, audit, internal controls, and risk management are necessary to protect the assets of customers, investors, shareholders, and the public. Governance is also related to hifz al-din because the use of sharia identity carries a moral responsibility to maintain integrity and avoid manipulation of religious symbols. The values of Islamic governance include trust, justice, honesty, responsibility, openness, and the prohibition of abuse of power. This principle requires institutional managers to be accountable not only to capital owners, but also to the community and sharia values.

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Paltrinieri (Paltrinieri et al., 2020). shows the relationship between the development of Islamic finance and the ESG performance of banks. The findings indicate that institutional characteristics and state contexts affect the level of integration of sustainability in the Islamic financial sector. Alghafes (Alghafes, 2024). also found that environmental, social, and governance factors can affect the financial performance of Islamic banks in Gulf Cooperation Council countries. However, the influence of each dimension can be different, so the implementation of ESG cannot only be understood as an addition to social or environmental activities, but must be accompanied by consistent governance and institutional strategies.

Within the framework of Maqashid-ESG, the role of the sharia supervisory board needs to be developed beyond the ratification of the contract. Sharia supervision should ideally also consider the impact of financing on society, the environment, consumer protection, and wealth distribution. This expansion does not mean that the sharia supervisory board takes over the management function, but establishes coordination with the audit committee, risk committee, and sustainability unit.

The New Maqashid to ESG Integrated Framework

The novelty of MEIF lies in three aspects. First, this model not only maps the value equation between Sharia Maqashid and ESG, but establishes the hierarchical position of both. Maqashid is an ethical-normative goal, while ESG is an implementation instrument. Second, MEIF is not limited to Islamic banking. This framework can be applied to the Islamic capital market, takaful, Islamic fintech, Islamic cooperatives, halal industries, productive waqf, and Islamic social financial institutions. Third, MEIF combines compliance, performance, and impact. This model does not consider an institution to be successful just because it already has sharia products or published a sustainability report. Success needs to be proven through the impact on welfare, justice, the environment, and stakeholder protection. Previous studies have largely discussed the relationship between Islamic finance and the SDGs, measuring the performance of maqashid, and the influence of ESG on institutional performance. However, there are still limited studies that build a conceptual sequence of sharia values, maqashid goals, ESG implementation, and the impact of benefits. This space is the main contribution of this research.

Theoretically, this study expands the use of Maqashid Syariah from compliance and performance assessment instruments to a sustainability paradigm. Sharia maqashid is used to direct ESG goals, while ESG helps operationalize maqashid through evaluable indicators. Practically, MEIF can be used as a basis for financing policy formulation, risk assessment, product development, sharia audits, and sustainability reports. Islamic economic institutions need to include social and environmental risks in the financing process, not just the ability to pay and the legality of contracts.

Regulators can also develop disclosure guidelines that link ESG programs to Maqashid Sharia goals. Disclosures should include targets, achievements, impacts, constraints, and follow-ups, not just a list of activities. Sharia supervisory boards need to improve their understanding of environmental risks, sustainable finance, consumer protection, and impact measurement. At the same time, ESG practitioners need to understand Maqashid Syariah so that sustainability indicators are not applied mechanically without considering the characteristics of Islamic economics. Thus, the convergence of Sharia Maqashid and ESG can strengthen the substantive identity of the Islamic economy. The differences in the sharia economy are not enough to be shown only through the form of contracts, but must also be reflected in governance, distribution of benefits, social responsibility, environmental protection, and the impact of the benefits produced.

CONCLUSION

This study reveals that Environmental, Social, and Governance (ESG) principles have strong conceptual alignment with the objectives of Maqashid Syariah in developing a sustainable Islamic economy. Both concepts share a common orientation that goes beyond economic profit by emphasizing human protection, social justice, environmental sustainability, responsible governance, and long-term welfare. Although originating from different epistemological backgrounds, Maqashid Syariah and ESG can be integrated as complementary frameworks to create benefit-oriented economic activities. The environmental dimension of ESG supports the protection of life, descendants, and wealth by addressing environmental risks that affect human well-being and future generations. The social dimension aligns with Maqashid Syariah through workers' rights, empowerment, inclusion, education, consumer protection, and equitable wealth distribution. Meanwhile, governance principles reflect Islamic values of trust, justice, transparency, accountability, and prevention of misuse of authority. The study highlights that formal sharia compliance, contract validity, and profitability do not automatically guarantee optimal sustainability performance. Therefore, Islamic economic institutions require broader evaluation based on compliance, performance, and real social-environmental impact. This research proposes the Maqashid–ESG Integrated Framework (MEIF), which positions sharia values as the foundation, Maqashid

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Syariah as ethical objectives, ESG as implementation and measurement instruments, and benefits as the ultimate outcome. MEIF contributes a comprehensive approach to strengthening the substantive identity and sustainability of Islamic economics.

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