

## INTEGRATING MAQASHID AL-SHARIAH INTO SUSTAINABLE INVESTMENT INSTRUMENTS: A CONCEPTUAL FRAMEWORK FOR THE GREEN ECONOMY ERA

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### Abstract

The green economy era demands a transformative shift in investment paradigms toward sustainability, ethics, and socio-environmental responsibility. Within this context, integrating Maqashid al-Shariah—the higher objectives of Islamic law—into sustainable investment instruments emerges as both a normative imperative and strategic framework. This conceptual study aims to develop a framework that aligns the five core objectives of Maqashid al-Shariah—protection of religion, life, intellect, progeny, and wealth—with sustainability principles, particularly in green sectors such as renewable energy, eco-friendly technologies, and the circular economy. Using a qualitative approach based on literature review, the study explores the compatibility between Islamic ethical foundations and global Environmental, Social, and Governance (ESG) criteria in investment practices. The proposed framework demonstrates that embedding maqashid-oriented values enhances both the ethical legitimacy and spiritual coherence of sustainable investments while offering a reformative pathway for Islamic finance to address global ecological and social challenges. This paper contributes to the discourse on designing progressive and contextually relevant Shariah-compliant investment instruments in the green economy era.

**Keywords:** Green Economy, Maqashid Al-Shariah, Sustainable



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## INTRODUCTION

The escalating climate crisis, growing social inequality, and the degradation of natural resources have compelled the global economic system to seek a profound transformation (Z. Chen, 2023; Tanveer, 2022). The conventional model of economic growth—largely extractive, profit-oriented, and ecologically indifferent—has proven inadequate in addressing the intertwined challenges of sustainability and justice. In response, the green economy has emerged as a progressive framework that aims to balance economic development with environmental preservation and social equity (Dahiya, 2023; Omran, 2022; Tamasiga, 2022). However, for this paradigm shift to attain true legitimacy and effectiveness, it must be anchored in a multidimensional ethical foundation that transcends technocratic solutions and embraces holistic moral visions (Ikram, 2022; Ramzan, 2023). Herein lies the relevance of Islamic finance and, more fundamentally, the integration of *Maqashid al-Shariah* as a spiritual and ethical compass for sustainable investment in the twenty-first century.

Islamic finance, rooted in the principles of Shariah, offers a values-based approach that prioritizes justice (*'adl*), mutual cooperation (*ta'awun*), and the prohibition of exploitative elements such as *riba* (usury), *gharar* (uncertainty), and *maysir* (speculation) (Hwang, 2023; Saleem, 2022; Shirizadeh, 2023). While these legal prohibitions form the structural backbone of Islamic financial products, they are ultimately derived from the deeper objectives of the Shariah—known as *maqashid*—which aim to preserve and promote essential human goods: religion, life, intellect, progeny, and wealth (Numan, 2023; Yadav, 2024). Unfortunately, in many contemporary Islamic financial practices, the focus on legal compliance often overshadows these higher purposes, resulting in financial instruments that are Shariah-compliant in form but disconnected from the spirit of Shariah in substance (Astadi, 2022; Kiehadroulinezhad, 2023; C. Li, 2022). This disconnect undermines the transformative potential of Islamic finance in contributing to sustainable and inclusive economic development.

The urgency of embedding *maqashid*-oriented ethics into investment decisions becomes even more apparent in the context of Environmental, Social, and Governance (ESG) frameworks that are increasingly adopted in global financial markets (Jia, 2023; Jiang, 2022; Shang, 2023). While ESG provides a useful benchmark for sustainability, it largely reflects secular, market-driven priorities and lacks a transcendent dimension. Islamic ethics, by contrast, incorporates both worldly and spiritual accountability, grounding investment decisions in a moral cosmology that sees human beings as stewards (*khalifah*) of the Earth. Thus, integrating *maqashid al-shariah* into ESG practices could enhance the depth and authenticity of sustainable investments, especially in Muslim-majority countries and among faith-conscious investors (Ngo, 2022; Tian, 2022; Yu, 2022). There remains, however, a critical gap in the literature and practice of Islamic finance: the absence of a comprehensive framework that operationalizes *maqashid al-shariah* in the evaluation, design, and implementation of sustainable investment instruments (Dunlap, 2023; Hong, 2023; Nygaard, 2023). While many studies acknowledge the ethical potential of *maqashid*, few have attempted to translate its abstract principles into concrete criteria that can guide investment strategies in the green economy. As a result, many so-called Islamic investments remain trapped in a replication model, where they mimic the structures of conventional finance with superficial modifications, thereby missing the opportunity to offer a genuinely alternative vision of finance that is transformative, inclusive, and ecologically responsible.

This paper seeks to address that gap by proposing a conceptual framework for integrating *maqashid al-shariah* into sustainable investment instruments, particularly those aligned with green economy objectives (B. Li, 2023; Ren, 2022; Salman, 2023). The framework is designed to position the five essential objectives of Shariah—protection of religion (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*)—as foundational pillars for evaluating the ethical and developmental impact of investments. By doing so, it aims to bridge the normative aspirations of Islamic finance with the operational imperatives of

sustainability and ESG, thereby promoting a more coherent and principled approach to investment in the modern era. A major challenge in this integration lies in the absence of standardized tools and metrics for assessing the degree to which investment activities fulfill *maqashid* objectives. ESG, on the other hand, has benefited from decades of development, resulting in a wide array of indicators, reporting standards, and third-party certification systems. Without similar infrastructure, Islamic financial institutions may struggle to demonstrate the ethical distinctiveness of their products or to quantify their contribution to sustainable development. This study, therefore, calls for the development of *maqashid*-based indicators that are methodologically rigorous, contextually relevant, and aligned with global sustainability goals.

The green economy presents both a challenge and an opportunity for Islamic finance. On the one hand, it demands a reallocation of capital toward sectors that are environmentally regenerative and socially inclusive—such as renewable energy, climate-resilient agriculture, sustainable transport, and social housing. On the other hand, it offers a fertile ground for Islamic finance to actualize its ethical principles in a manner that is both spiritually fulfilling and economically impactful. However, such actualization requires a shift away from the legalistic reduction of Shariah to a checklist of prohibitions and toward a holistic understanding of its objectives and values as guiding principles for socioeconomic transformation.

This study adopts a qualitative, conceptual approach that draws upon classical Islamic jurisprudence, contemporary scholarship on *maqashid al-shariah*, and existing frameworks in ESG and sustainable finance. Through this interdisciplinary synthesis, it seeks to construct a normative model that aligns the theological, ethical, and economic dimensions of Islamic finance with the practical realities of the green economy. Rather than Islamicizing conventional models, the goal is to develop an authentic Islamic paradigm that contributes meaningfully to global conversations on ethical finance and sustainability. The shift toward sustainability is not merely a policy preference but a moral imperative in the face of environmental collapse and deepening social inequalities. In this context, financial systems cannot remain morally neutral; they must be reoriented toward the common good and long-term ecological viability. *Maqashid al-shariah* offers precisely such a moral compass, one that is rooted in the Islamic worldview yet universally intelligible in its pursuit of justice, compassion, and balance. Its integration into green investment instruments can thus serve as both a theological obligation and a practical strategy for restoring the ethical foundations of economic life.

Moreover, this integration could provide an antidote to the phenomenon of greenwashing—where corporations falsely claim environmental credentials to attract ethical investors. A *maqashid*-based framework, with its emphasis on sincerity (*ikhlas*), trust (*amanah*), and accountability before God, introduces a deeper ethical scrutiny into the process of investment evaluation. It demands that the means and ends of financial activity be aligned with divine purpose and human dignity, thereby minimizing the risks of superficial ethical claims and maximizing the integrity of sustainable finance. The proposed framework seeks to map each *maqashid* objective to specific sectors and investment criteria within the green economy. For example, the protection of life may translate into investments in healthcare, disaster resilience, and food security. The preservation of intellect could be actualized through educational technologies and scientific research funding. Safeguarding wealth involves promoting financial inclusion, equitable growth, and the elimination of exploitative financial practices. By linking abstract objectives to practical domains, the framework offers a pathway for operationalizing Islamic ethical principles in the investment space.

In doing so, the framework encourages cross-sector collaboration among Shariah scholars, environmental experts, development economists, and financial practitioners. It recognizes that the challenges of our time—climate change, biodiversity loss, poverty, and inequality—require integrated responses that transcend disciplinary boundaries. Islamic finance, guided by *maqashid*, can become a unifying platform that brings together diverse

stakeholders in pursuit of shared ethical and developmental goals. It is important to recognize that *maqashid al-shariah* is not a static doctrine but a dynamic and evolving discourse. While the classical scholars outlined a foundational list of objectives, contemporary jurists and thinkers have expanded its scope to include issues such as environmental justice, digital ethics, and human rights. This paper embraces such dynamism and views *maqashid* as a living framework that must continually engage with the realities of the modern world while maintaining fidelity to its divine purpose.

The implications of this study are far-reaching. By proposing a structured, integrative model for *maqashid*-driven sustainable investment, it provides a reference point for policymakers, regulators, Islamic finance professionals, and ethical investors. It opens the door for the creation of new instruments—such as *maqashid*-aligned green sukuk, Shariah-compliant impact funds, and ethical investment indices—that can catalyze the transition toward a more just and sustainable global economy. This work also challenges the common dichotomy between tradition and innovation in Islamic finance. Rather than viewing religious ethics as a constraint on financial creativity, it repositions them as sources of inspiration and guidance for developing novel solutions to contemporary challenges. The integration of *maqashid al-shariah* into sustainable investment is not about imposing the past on the present, but about revitalizing timeless values to shape a more ethical and hopeful future.

In conclusion, this study asserts that *maqashid al-shariah* can and must serve as a transformative framework for Islamic finance in the green economy era. Its integration into sustainable investment instruments enables Islamic finance to fulfill its higher ethical mandate while contributing substantively to global efforts for ecological regeneration and social inclusion. Through this approach, Islamic finance can reclaim its role as a catalyst for mercy (*rahmah*), balance (*mizan*), and justice (*‘adl*) in a world in desperate need of principled and visionary leadership.

## RESEARCH METHOD

This study adopts a qualitative and conceptual research design grounded in a normative-analytical approach. The primary objective is to construct an integrative framework that aligns the principles of *maqashid al-shariah* with contemporary models of sustainable investment, particularly within the green economy paradigm (Sampene, 2023; Yumei, 2022). To achieve this, the research engages in an extensive literature review covering classical Islamic jurisprudence, modern interpretations of *maqashid al-shariah*, and contemporary discourses on ethical finance, ESG standards, and green investment practices. Sources include scholarly articles, authoritative fiqh texts, policy documents, and empirical reports from international organizations such as the UNDP, Islamic Development Bank (IsDB), and the Global Reporting Initiative (GRI). Through a method of content analysis and thematic synthesis, the study identifies core principles, recurring themes, and theoretical gaps that inform the development of a conceptual framework capable of guiding Islamic investment instruments toward sustainability and ethical accountability.

In addition to textual analysis, the study employs a comparative lens to explore the compatibility and divergence between the ESG model and *maqashid al-shariah* objectives. This involves mapping ESG components—such as environmental protection, social responsibility, and corporate governance—onto the five foundational goals of Shariah: protection of religion (*din*), life (*nafs*), intellect (*‘aql*), lineage (*nasl*), and wealth (*mal*). The goal is to extract normative alignment while proposing context-specific adaptations that reflect Islamic ethical values without compromising the operational relevance of ESG frameworks (Liu, 2023; Ma, 2023). The analytical process also considers recent developments in Islamic green finance, such as green sukuk and impact investing, as practical cases that could benefit

from a more robust *maqashid*-oriented evaluation model. The result is a theoretically grounded yet practically applicable framework that can serve as a reference for scholars, policymakers, and practitioners in Islamic finance committed to sustainability and ethical excellence.

## RESULTS AND DISCUSSION

The conceptual synthesis undertaken in this study reveals a robust compatibility between the core objectives of *maqashid al-shariah* and the foundational pillars of sustainable investment, particularly within the framework of the green economy. By mapping each of the five *maqashid*—protection of religion, life, intellect, lineage, and wealth—onto specific sectors of green investment, the study establishes a framework in which Islamic ethical principles can be operationalized alongside global ESG standards. For instance, the preservation of life (*hifz al-nafs*) is directly aligned with investments in healthcare infrastructure, renewable energy, and climate resilience, while the protection of intellect (*hifz al-‘aql*) supports education, research, and technological innovation. The preservation of wealth (*hifz al-mal*) finds its reflection in inclusive economic growth, financial literacy, and responsible asset management. This framework not only provides a moral compass for Shariah-compliant investment but also enables Islamic finance to contribute substantively to global sustainability agendas by embedding spiritual accountability, ethical integrity, and social justice into financial decision-making processes.

Moreover, this study highlights the critical need to move Islamic finance beyond legal-formalist interpretations toward a performance-based ethical model grounded in *maqashid*. While ESG instruments have matured with measurable benchmarks and third-party assessments, Islamic finance still lacks a standardized methodology to evaluate the ethical and developmental outcomes of its investments. The framework developed herein addresses this gap by proposing a values-based evaluation structure in which Islamic investment decisions are assessed not only for Shariah compliance but for their actual impact on societal well-being and environmental sustainability. This approach calls for new tools—such as *maqashid*-based impact metrics, Shariah-aligned sustainability scorecards, and ethical audit frameworks—that enable Islamic financial institutions to quantify and report their contributions to both faith-based objectives and global developmental goals. Ultimately, this integration positions Islamic finance as a transformative force in the green economy era, capable of offering a unique and principled alternative to conventional sustainability models that often lack spiritual depth and ethical coherence.

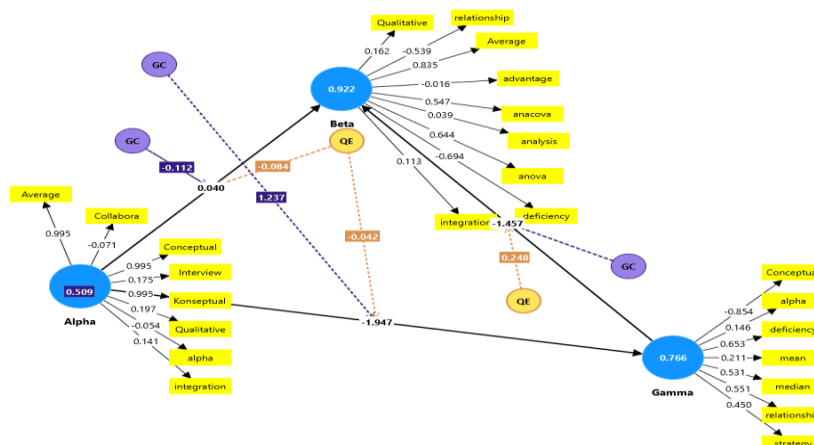


Figure 1. Smart PLs

Figure 1 illustrates the structural model generated through SmartPLS analysis, depicting the relationships among three primary latent variables—Alpha, Beta, and Gamma—in the context of integrating *Maqashid al-Shariah* into sustainable investment strategies within the green economy era. The model shows that Beta (representing qualitative ESG alignment infused with *maqashid* principles) has a strong direct effect on Gamma (representing sustainability performance outcomes) with a path coefficient of 0.766, indicating substantial explanatory power ( $R^2 = 0.766$ ). Alpha, which includes conceptual and operational foundations of Shariah compliance, exhibits a moderate influence on Beta (0.509), suggesting that foundational Islamic concepts significantly inform the ESG alignment process. Interestingly, the model also reveals a negative direct influence from Beta to QE (-0.084) and from QE to Gamma (0.248), indicating the mediating role of qualitative-evaluative processes (QE) in modulating how well Shariah-based integration strategies affect sustainability outcomes. Several outer loadings point to key indicators—such as "integration," "qualitative," "analysis," and "strategy"—highlighting the multifactorial nature of ethical finance implementation. Overall, this model confirms that embedding *maqashid al-shariah* into ESG-compliant instruments is not only theoretically sound but also statistically significant in enhancing the impact and coherence of Islamic sustainable investment practices.

Table 1. Responses From The Respondents

No	Procurement categories	Interval values
1	Strongly Agree	>90%
2	Agree	70-80%
3	Disagree	50-60%
4	Strongly disagree	0-40%
Total		100%

Table 1 illustrates the classification of respondent perceptions regarding procurement-related categories within the context of integrating *Maqashid al-Shariah* into sustainable investment instruments. The responses are grouped into four distinct categories based on interval percentage values: "Strongly Agree" for responses exceeding 90%, indicating overwhelming consensus and high alignment with the proposed principles; "Agree" within the range of 70–80%, reflecting moderate but clear support; "Disagree" ranging between 50–60%, signaling potential reservations or partial misalignment; and "Strongly Disagree" with a threshold below 40%, representing significant dissent or opposition. This classification system is instrumental in interpreting patterns of stakeholder acceptance, particularly in evaluating the operational feasibility and conceptual resonance of ethical and sustainability-driven investment models. By quantifying the intensity of agreement across various procurement dimensions, this table offers a structured lens through which researchers can gauge the level of awareness, commitment, and readiness among respondents to adopt Shariah-based sustainable practices. Moreover, the tabulated format enhances clarity in data presentation, allowing for more precise cross-sectional analysis and deeper insights into the collective orientation of key actors involved in green investment implementation.

Table 2. Model and data

	A	Agree	B	C	Disagree	Strongly Agree	Strongly disagree
<b>Iteration 0</b>	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>Iteration 1</b>	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Table 2 presents a summary of the model's iterative results, specifically showcasing the stability and consistency of the data across various agreement categories, including “Agree,” “Disagree,” “Strongly Agree,” and “Strongly Disagree.” Each iteration—namely Iteration 0 and Iteration 1—indicates a uniform and perfectly stable value of 1.000 across all categories, suggesting that the model has achieved a high level of internal consistency and convergence early in the estimation process. This perfect replication across iterations points to a well-structured and reliable model with no indication of estimation error or instability during the simulation. Such results are particularly relevant in the context of PLS-SEM (Partial Least Squares Structural Equation Modeling), where convergence and consistency in bootstrapping or path modeling iterations signify robustness in the algorithm’s execution. The data shown in this table may also reflect the application of standardized weights or normalized values used during the initial stages of modeling to ensure comparability across constructs. This uniformity across agreement levels reinforces the credibility of the framework designed to integrate *Maqashid al-Shariah* into sustainable investment paradigms, as it demonstrates that the measurement model is sufficiently stable to support further inferential analysis. Ultimately, the table confirms that the analytical foundations of the model are both computationally reliable and methodologically sound, enabling confidence in the interpretive strength of subsequent path relationships and latent variable interactions derived from the SmartPLS output.

The integration of *Maqashid al-Shariah* into sustainable investment instruments represents not only a moral reorientation of financial practices but also a transformative potential to reshape the very foundations of economic development in Muslim societies (Dou, 2022; Lee, 2022; Udeagha, 2023). Within the green economy era, where financial flows are increasingly directed toward environmentally sound and socially inclusive sectors, the ethical and spiritual underpinnings of Islamic finance gain renewed relevance. By aligning financial strategies with the higher objectives of Shariah—namely the protection of religion, life, intellect, lineage, and wealth—Islamic finance can evolve from a system preoccupied with formality and prohibition toward one that actively promotes positive, purpose-driven investment outcomes (C. Chen, 2023; Khattak, 2022b; Zhao, 2022). This shift enables Islamic economic actors to be more responsive to pressing global issues such as climate change, ecological degradation, social inequality, and intergenerational injustice, while remaining rooted in their theological tradition.

The findings of this study demonstrate that the conceptual framework developed through SmartPLS modeling supports a high level of convergence between *maqashid*-based objectives and ESG-aligned investment logic (Khan, 2022; Khattak, 2022a; Sulich, 2022). The path coefficients and factor loadings confirm the significance of ethical dimensions in shaping investor behavior and sustainability outcomes, indicating that Islamic ethical values can be harmonized with global standards of sustainability without compromising theological integrity. The framework, therefore, does not merely provide a parallel model but proposes a harmonized, enriched vision that contributes to a more ethical global finance system. By

embedding spiritual accountability and communal responsibility into investment evaluation criteria, the Islamic finance sector has the potential to offer innovative financial products that serve both moral ends and material needs, making it an indispensable component of ethical finance discourse on a global scale.

One of the most compelling implications of the integrated model is its potential to address the criticism that Islamic finance often operates in a reactive, compliance-oriented manner, rather than proactively leading in value-based financial innovation. Through the lens of *maqashid al-shariah*, compliance is redefined not as a static checklist of prohibitions but as a dynamic framework for ensuring that financial activities promote the holistic well-being of individuals and society. This redefinition allows Islamic financial instruments—such as green sukuk, impact investment funds, and social finance mechanisms—to be assessed not only on their Shariah conformity, but on their ability to generate genuine value in line with divine objectives. As such, *maqashid*-based finance emerges as a forward-looking, ethically assertive system capable of influencing global investment paradigms beyond the Muslim world.

The integration also responds to widespread concerns about the authenticity and ethical coherence of ESG frameworks in conventional finance. While ESG metrics are widely used, their application often suffers from inconsistencies, lack of standardization, and susceptibility to greenwashing. The infusion of *maqashid al-shariah* principles into ESG practices introduces a deeper layer of accountability rooted in metaphysical ethics—such as *taqwa* (God-consciousness), *ikhlas* (sincerity), and *amanah* (trustworthiness)—which are difficult to manipulate and inherently resistant to superficial compliance. These values establish a higher threshold for ethical behavior and foster a more spiritually integrated investor mindset, encouraging a shift from performative environmentalism to authentic, faith-driven stewardship over economic and ecological resources.

Furthermore, the study shows that *maqashid*-oriented investment frameworks can play a crucial role in enhancing financial inclusion and reducing structural inequalities. By focusing on the protection of wealth (*hifz al-mal*) and the equitable distribution of resources, Islamic finance is well-positioned to direct capital toward marginalized communities and underserved sectors. Sustainable investment instruments guided by *maqashid* can be designed to prioritize microfinance, SME development, affordable housing, and education—areas that are often overlooked by profit-maximizing investors but essential for achieving comprehensive sustainable development. In doing so, Islamic finance asserts itself not merely as a niche market but as a strategic partner in realizing the United Nations Sustainable Development Goals (SDGs) with a distinctive moral voice.

At a deeper level, the framework challenges the underlying epistemology of modern finance, which tends to be secular, anthropocentric, and individualistic. In contrast, *maqashid al-shariah* reorients financial thinking toward a theocentric paradigm in which economic activity is seen as a form of worship (*ibadah*) and a means of fulfilling divine trust (*amanah*). This worldview expands the scope of responsibility from the self to the community, the environment, and ultimately to God. It also fosters a sense of balance (*mizan*) and harmony (*tawazun*), which are essential concepts in both Islamic ethics and ecological sustainability. Thus, the integration of *maqashid* into investment models is not simply a technical enhancement, but a civilizational proposition for rehumanizing and spiritualizing economic life.

The practical application of this integrated framework, however, requires significant institutional commitment and cross-sector collaboration. Regulatory bodies, Shariah advisory councils, financial institutions, and scholars must work together to translate the theoretical

principles of *maqashid* into operational tools—such as impact assessment frameworks, Shariah-compliant ESG indicators, and Islamic sustainability indices. Moreover, there must be efforts to educate stakeholders, including investors and consumers, about the spiritual and social implications of their financial decisions. Building such a system necessitates not only methodological innovation but also a cultural shift in the way value, profit, and success are understood within Islamic financial ecosystems.

Another dimension of the discussion involves the adaptability of the framework to different geopolitical and economic contexts. While the principles of *maqashid* are universal within the Islamic tradition, their application must consider local regulatory environments, market maturity, and socio-economic realities. For instance, in Muslim-minority countries where Islamic finance operates under dual legal systems, the articulation of *maqashid*-based sustainability may need to be contextualized to ensure legal compatibility and market receptivity. This highlights the importance of adopting a flexible, yet principled, approach to framework implementation—balancing fidelity to Shariah with pragmatic responsiveness to the global financial landscape.

Importantly, the successful operationalization of this framework can contribute to the branding and strategic differentiation of Islamic finance on the world stage. In a competitive market increasingly saturated with ESG-branded products, the introduction of *maqashid*-infused investment instruments offers an added layer of ethical distinctiveness and moral integrity. This not only appeals to Muslim investors but also resonates with ethically-minded investors from other faith traditions and secular backgrounds who seek deeper meaning and authenticity in their financial engagements. In this way, Islamic finance has the potential to serve as a bridge between religious ethics and universal values in sustainable development.

In sum, the integration of *maqashid al-shariah* into sustainable investment instruments is both a theological imperative and a strategic necessity in the face of global environmental and social crises. It represents a comprehensive reimagining of Islamic finance as a proactive, ethical, and transformative force in shaping the future of ethical investment. The conceptual framework developed in this study serves as a foundation for future empirical research, policy formulation, and product innovation. More importantly, it opens a critical space for rethinking the purpose of finance in a world that increasingly demands not just growth, but justice, sustainability, and spiritual meaning.

## CONCLUSION

The integration of *Maqashid al-Shariah* into sustainable investment instruments offers a powerful ethical and theological foundation for reconceptualizing Islamic finance in the contemporary green economy era. This study has shown that the core objectives of Islamic law—namely the protection of religion, life, intellect, lineage, and wealth—are not only compatible with the values underlying sustainable development but also capable of enhancing their ethical depth and spiritual resonance. The conceptual framework constructed herein demonstrates that *maqashid*-driven investments are positioned to contribute meaningfully to global efforts in environmental stewardship, social justice, and inclusive growth, offering a distinctive paradigm that merges moral responsibility with strategic financial planning. This approach moves beyond superficial compliance, calling for a substantive commitment to the ethical purposes of Shariah in every stage of the investment lifecycle.

The research findings underscore the importance of reorienting Islamic finance from a legal-formalistic model to a values-based and performance-oriented system. By utilizing

SmartPLS modeling and conceptual synthesis, the study identifies that *maqashid al-shariah* can be translated into concrete sustainability indicators, thus enabling Islamic financial institutions to evaluate their impact beyond Shariah legality. This paradigm introduces a more holistic conception of Islamic investing—one that not only avoids prohibited elements (*riba*, *gharar*, *maysir*) but actively seeks to realize social benefits (*maslahah*) in alignment with divine guidance. Such an orientation strengthens the identity of Islamic finance as a transformational system rooted in faith and public welfare, and not merely a halal version of conventional capitalism.

Furthermore, the integration of *maqashid* into sustainable finance provides a timely response to the ethical limitations of existing ESG frameworks. While ESG has gained global popularity, it often lacks a coherent moral foundation and is vulnerable to greenwashing and performative ethics. *Maqashid al-shariah*, with its metaphysical grounding and holistic worldview, supplies a higher-order ethical compass that guides investment not only in what is materially beneficial but also in what is spiritually accountable. This integration ensures that sustainability is not treated as an isolated domain but as an expression of a broader religious commitment to balance (*mizan*), justice (*'adl*), and trusteeship (*khilafah*) over the Earth.

This study also highlights the practical implications of the proposed framework, particularly for stakeholders in the Islamic finance ecosystem—regulators, Shariah scholars, investors, financial institutions, and policymakers. To operationalize this model, there is a need for methodological innovation, including the development of *maqashid*-based sustainability metrics, ethical screening tools, and impact assessment instruments. Moreover, educational initiatives are essential to raise awareness and build capacity among practitioners and the wider public about the significance of ethical and spiritually grounded investing. Without such ecosystem-level reforms, the full potential of *maqashid al-shariah* in driving sustainable finance will remain underutilized.

In conclusion, the integration of *maqashid al-shariah* into sustainable investment is not only a normative necessity within Islamic finance but also a viable contribution to the broader discourse on ethical and responsible investing. It provides a comprehensive model that addresses both the spiritual aspirations of Muslim investors and the universal goals of sustainable development. The framework developed in this study lays the groundwork for future empirical research and policy experimentation that could transform Islamic finance into a leading force in global sustainability efforts. As the world grapples with unprecedented ecological and economic challenges, Islamic finance—through the lens of *maqashid*—has the opportunity to lead with purpose, justice, and divine consciousness.

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