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Article

Green Sukuk and Islamic ESG Finance: Aligning Shariah Compliance with Global Sustainability Goals (SDGs)

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Abstract

This study explores the intersection of Green Sukuk, Islamic ESG finance, and the United Nations Sustainable Development Goals (SDGs) to understand how Shariah-compliant financial practices align with global sustainability objectives. Using a qualitative exploratory design and interpretivist philosophy, the research draws insights from semi-structured interviews with Shariah scholars, regulators, and practitioners in Malaysia, Indonesia, and the United Arab Emirates—three leading jurisdictions in Islamic sustainable finance. Thematic analysis reveals that *maqasid al-shariah* (the objectives of Islamic law) provides a moral foundation that naturally complements the SDGs by promoting justice, welfare, and environmental stewardship. Findings highlight that while Green Sukuk have emerged as an effective instrument linking Islamic ethics with sustainable development, their broader impact is constrained by regulatory fragmentation, inconsistent Shariah interpretations, and the absence of standardized ESG frameworks. Respondents emphasized the need for a unified Islamic ESG taxonomy that integrates faith-based principles with measurable sustainability metrics. The study concludes that Islamic finance holds significant potential to advance global sustainability when institutionalized through harmonized standards, transparent impact assessment, and strong Shariah governance. By embedding *maqasid al-shariah* within ESG and SDG frameworks, Islamic finance can transition from compliance-oriented operations to a transformative model of ethical and sustainable development.

Keywords
Green Sukuk; Islamic ESG Finance; *Maqasid Al-Shariah*; Sustainability; Shariah Compliance; Sdgs; Ethical Finance

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Introduction

In recent decades, the global financial system has undergone a fundamental transformation driven by increasing awareness of environmental degradation, social inequality, and governance failures (Saif-Alyousfi & Alshammari,2025). The emergence of sustainable finance has redefined how capital is mobilized and allocated, encouraging institutions to pursue not only profit but also social and ecological value (Chui,2021). Among the most influential frameworks guiding this transition is the Environmental, Social, and Governance (ESG) model, which promotes responsible investment through measurable non-financial indicators (Popescu et al., 2022). In parallel, the United Nations Sustainable Development Goals (SDGs) have become a universal blueprint for achieving inclusive and sustainable growth by 2030 (Saxena et al., 2021). Yet, as sustainability becomes a global priority, the Islamic finance industry valued at over USD 3 trillion has sought to demonstrate how Shariah principles can serve as an authentic foundation for sustainable development (World Bank, 2022; IFSB, 2023; Habib,2023). Islamic finance, rooted in the ethical and moral teachings of Islam, is inherently aligned with the values underpinning sustainability. Its prohibition of *riba* (interest), *gharar* (excessive uncertainty),and *maysir* (speculation) ensures that financial transactions remain tied to real economic activities, promoting justice and equitable wealth distribution (Asari, 2024). Furthermore, the guiding objectives of Islamic law, known as *maqasid al-shariah*, aim to preserve faith (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*) (Zailani et al., 2022). These five objectives provide a moral compass that corresponds closely with the environmental and social dimensions of sustainable development (Chapra, 2016; Dusuki & Abdullah, 2007; Zhanbayev et al., 2023). In this sense, Islamic finance can be regarded as a faith-based sustainability system, long before the term "ESG" entered mainstream financial discourse (Putra & Arifin, 2022). Within this ethical landscape, Green Sukuk has emerged as a powerful instrument that bridges Islamic finance with global sustainability goals (Faizi &et al., 2024). Green Sukuk are Shariah-compliant bonds specifically designed to finance environmentally friendly projects such as renewable energy, waste management, sustainable agriculture, and green infrastructure (Hakim, 2024). The first Green Sukuk was issued in Malaysia in 2017, marking a historic milestone that demonstrated the potential of Islamic capital markets to mobilize resources for climate action (Liu & Lai, 2021). Since then, countries like Indonesia, Saudi Arabia, the UAE, and even non-Muslim jurisdictions such as the UK and Luxembourg have followed suit, signaling the universal relevance of this instrument (MIFC, 2022; ASEAN Capital Markets Forum, 2023) (Devi, 2023). By integrating Islamic ethical principles with global sustainability standards, Green Sukuk serve as a tangible manifestation of how financial systems can embody both spiritual and environmental consciousness (Bin-Armia, 2025). Despite this promising convergence, the integration of Islamic finance,ESG frameworks, and SDGS remains conceptually complex and institutionally fragmented (Hadi et al., 2025) .One of the main challenges lies in harmonizing Shariah compliancewhich emphasizes ethical behavior based on divine injunctions with ESG criteria, which are often grounded in secular and market-driven sustainability metrics. While both share common goals of transparency, justice, and stewardship, their underlying epistemological foundations differ. Shariah compliance is guided by the divine objective of achieving *maslahah* (public good), whereas ESG frameworks focus on risk mitigation and stakeholder accountability from a material perspective (Rizvi, 2021; Hassan & Aliyu, 2018). This conceptual divergence raises important questions about whether Islamic finance should adapt to global ESG standards or develop its own Islamic ESG framework rooted in *maqasid al-shariah* principles. Furthermore, existing research and industry practices suggest that Islamic ESG finance is still in its formative stages. While conventional ESG frameworks use quantitative metrics to evaluate environmental and social impact, Islamic finance institutions often rely on qualitative assessments of Shariah compliance without standardized sustainability reporting mechanisms. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB) have initiated discussions on developing Shariah-aligned sustainability guidelines; yet a unified standard remains absent. This gap presents both a challenge and an opportunity: the challenge of integrating Shariah authenticity with global best practices, and the opportunity to create a distinctive Islamic sustainability model that reflects the spirit of *tawhid* (oneness), *adl* (justice), and *amanah* (trustworthiness) (Sairally, 2019; Kamla, 2020).

The intersection between Green Sukuk and the SDGs also highlights the strategic potential of Islamic finance in addressing global development priorities. Sukuk structures inherently promote asset-backed financing, ensuring that funds are linked to tangible projects that generate social and economic value. When these structures are "green," they further align with SDG goals such as affordable and clean energy (SDG 7), climate action (SDG 13), sustainable cities (SDG 11), and responsible consumption (SDG 12). Empirical evidence from Malaysia and Indonesia suggests that Green Sukuk have attracted both conventional and faith-based investors, expanding the investor base while contributing to carbon neutrality and green transition efforts (World Bank, 2022; ASEAN Green Bond Standards, 2023). However, the broader effectiveness of Green Sukuk in achieving measurable sustainability outcomes remains underexplored. There is a need to examine whether Green Sukuk issuances genuinely deliver long-term environmental benefits or primarily serve as financial innovations with symbolic value. Given these complexities, this research is designed to explore how Green Sukuk and Islamic ESG finance can be effectively aligned with the SDGs through Shariah-compliant principles. It seeks to understand the mechanisms through which *maqasid al-shariah* can be operationalized within ESG investment frameworks, and how Islamic finance institutions can strengthen their contribution to the SDGs. Specifically, the study examines the theoretical and practical linkages between Shariah objectives, ESG dimensions, and sustainability performance. It also investigates how governance structures, disclosure standards, and Shariah certification processes can enhance accountability and impact measurement in Islamic sustainable finance.

This study is significant for several reasons.Theoretically, it enriches the discourse on Islamic sustainable finance by integrating *maqasid al-shariah* with the contemporary ESG paradigm. Practically, it provides policymakers, regulators, and financial institutions with a structured framework for designing Shariah-compliant sustainability instruments that are globally recognized. In policy terms, aligning Islamic finance with the SDGs can position Muslim-majority countries as key contributors to the global sustainability agenda, supporting both economic development and environmental stewardship. For investors, the emergence of standardized Islamic ESG products like Green Sukuk offers an ethical and impactful investment alternative that resonates with both spiritual values and sustainability goals. In summary, the convergence of Green Sukuk, Islamic ESG finance, and SDGs represents a promising pathway for realizing a holistic model of sustainable development that integrates ethical, environmental, and economic dimensions. Yet achieving this alignment requires more than financial innovation it demands a deep philosophical synthesis between Shariah principles and global sustainability standards. This research therefore seeks to construct a conceptual and empirical understanding of how Islamic finance can serve as a catalyst for sustainable development, ensuring that the pursuit of economic prosperity remains anchored in divine ethics, social justice, and ecological balance. Through the exploration of this nexus, the study contributes to the evolving narrative that Islamic finance is not merely a faith-based alternative but a viable blueprint for ethical and sustainable global finance.

Methods

Research Philosophy

This study adopts an interpretivist research philosophy, which assumes that social reality is constructed through human understanding and interpretation rather than existing as an objective, measurable entity. Within the context of Islamic finance, phenomena such as Shariah compliance, ethical investment, and sustainability are socially and religiously defined concepts that are interpreted differently by scholars, regulators, and practitioners. The interpretivist stance is therefore appropriate as it seeks to explore how these actors perceive, construct, and operationalize the relationship between Green Sukuk, Islamic ESG finance, and the Sustainable Development Goals (SDGs). Unlike the positivist paradigm, which emphasizes quantification, hypothesis testing, and objective measurement, interpretivism focuses on understanding the meaning and context of participants lived experiences. This philosophical orientation aligns with the study's aim to uncover how *maqasid al-shariah* (objectives of Islamic law) are embedded within sustainable finance practices and how Islamic institutions reconcile Shariah ethics with global sustainability frameworks. Through interpretive reasoning, the study aims to generate a conceptual framework that reflects the integration of faith-based values and contemporary ESG principles, providing a nuanced understanding of how Islamic finance contributes to the realization of global sustainability objectives.

Research Design

The study employs a qualitative exploratory design to investigate the evolving intersection between Islamic finance and sustainability, as this approach allows for an in-depth examination of complex and underexplored phenomena that lack comprehensive theoretical models. Since Islamic ESG finance and Green Sukuk are still emerging fields, exploratory research is particularly suitable for identifying underlying themes, concepts, and relationships that can inform future theory development and policy formulation. The study adopts a multiple case study strategy focusing on three leading jurisdictions in Islamic sustainable finance Malaysia, Indonesia, and the United Arab Emirates (UAE) which were selected for their diverse regulatory environments and pioneering roles in Green Sukuk issuance. This comparative approach enables the analysis of both shared patterns and contextual differences in how Islamic principles and sustainability objectives are interpreted and implemented across these markets.

Research Approach

The research follows an inductive approach, beginning with qualitative data collection through interviews and document analysis, from which themes and patterns are identified to develop theoretical insights and a conceptual framework. This approach contrasts with a deductive method that starts with predefined hypotheses derived from existing theories. Given the limited prior research on the alignment between Islamic ESG finance and sustainability goals, the inductive approach is more appropriate, as it allows theories and frameworks to emerge organically from the data rather than being imposed beforehand

Data Collection Methods

Primary data for this study will be collected through semi-structured interviews with key stakeholders involved in Islamic finance and sustainable investment, as this method provides flexibility to explore participants' perspectives while maintaining consistency across interviews through a guiding set of questions. Interview participants will include Shariah scholars who issue fatwas and oversee compliance in Green Sukuk structures, regulatory authorities such as the Securities Commission Malaysia, Indonesia's OJK, and the Dubai Financial Services Authority, Islamic finance practitioners including bank executives, sustainability officers, and Sukuk issuers, as well as academics and ESG experts specializing in Islamic economics and sustainability. Each interview will last approximately 45–60 minutes and will be conducted either in person or via virtual platforms such as Zoom or Microsoft Teams, with all sessions recorded (upon participant consent) and transcribed verbatim for analysis. The interview guide will cover topics such as the conceptual relationship between *maqasid al-shariah*, ESG, and the SDGs; the process of structuring and certifying Green Sukuk; challenges in harmonizing Shariah principles with global sustainability standards; the effectiveness of Green Sukuk in achieving measurable development outcomes; and recommendations for strengthening Islamic ESG frameworks. In addition to interviews, secondary data will be collected through document and content analysis of materials including regulatory documents such as AAOIFI standards, IFSB guidelines, and national Green Sukuk frameworks; institutional reports from the World Bank, UNDP, and Islamic Development Bank on sustainable finance; academic publications, policy papers, and industry case studies on Islamic ESG finance; and annual sustainability reports from Islamic financial institutions that issue Green Sukuk. The use of document analysis enables triangulation of information, ensuring that insights derived from interviews are corroborated with established frameworks and empirical evidence.

Sampling Strategy

The study employs purposive sampling, a non-probability method that selects participants based on their expertise and relevance to the research objectives. Participants are chosen according to specific inclusion criteria, including direct involvement in Islamic financial product development, regulation, or research; experience with ESG integration or sustainability-linked Sukuk issuance; and willingness to participate and provide informed perspectives on the alignment between Shariah principles and sustainability goals. A total of 15–20 participants will be selected across the three jurisdictions Malaysia, Indonesia, and the United Arab Emirates to ensure diversity in institutional roles and geographical representation. Sampling will continue until data saturation is reached, meaning that subsequent interviews yield no new or substantial themes, thereby ensuring the comprehensiveness and reliability of the findings.

Data Analysis

Data analysis will employ thematic analysis following Braun and Clarke's (2006) six-step framework to identify, organize, and interpret key patterns within the qualitative data. The process begins with familiarization, during which transcribed interviews and documents will be read repeatedly to gain a comprehensive understanding of the content. This will be followed by initial coding, where key phrases and ideas will be coded line by line to capture relevant patterns and meanings. In the next stage, searching for themes, the generated codes will be grouped into broader categories that reflect areas such as Shariah–ESG integration, governance, and sustainability performance. These themes will then be reviewed to ensure their internal coherence and distinctiveness before being clearly defined and named to articulate their relevance to the research questions. The final stage involves producing the report, in which thematic findings will be presented using direct quotations from participants and supported by references to existing literature. NVivo software will be used to manage qualitative data efficiently, enabling systematic coding and visualization of the relationships between emerging themes. The analysis will focus on three overarching dimensions: conceptual alignment, which examines how participants interpret the compatibility between *maqasid al-shariah* and the SDGs; institutional alignment, which explores how organizations operationalize Islamic ESG principles through Green Sukuk; and strategic alignment, which assesses how Islamic finance contributes to sustainable development in practice.

Validity, Reliability, and Trustworthiness

To ensure trustworthiness, the study follows Lincoln and Guba's (1985) criteria of credibility, transferability, dependability, and confirmability. Credibility will be established through triangulation between interviews and document analysis, ensuring that the findings are grounded in multiple data sources and accurately reflect participants' perspectives. Transferability will be enhanced by providing rich contextual descriptions that enable other researchers to assess the applicability of the findings to different settings and contexts. Dependability will be maintained by keeping a detailed audit trail documenting research decision, coding procedures, and any methodological adjustments made during the study. Confirmability will be ensured through reflexivity, whereby the researcher critically acknowledges personal biases and maintains transparency throughout the data interpretation process. Additionally, member checking will be conducted by sharing summarized findings with selected participants for validation, thereby reinforcing the credibility and authenticity of the results.

Ethical Considerations

ensure that all procedures align with established ethical standards. Prior to data collection, participants will receive an information sheet detailing the study's objectives, the voluntary nature of their participation, and assurances of data confidentiality, after which written consent will be obtained before each interview. All data will be anonymized and securely stored on password-protected devices, with identifiable information removed from transcripts to safeguard participants' privacy. The research will adhere to the ethical standards of the institutional review board and comply with the Declaration of Helsinki guidelines on research ethics. In addition, the researcher will uphold the Islamic ethical principle of *amanah* (trust) by ensuring honesty, respect, and accountability throughout the research process, thereby maintaining both academic rigor and moral integrity.

Results and Discussion

Maqasid al-Shariah and the Ethical Alignment with ESG and SDGs

The findings reveal that the majority of participants perceive *maqasid al-shariah* the higher objectives of Islamic law as fundamentally compatible with the principles of Environmental, Social, and Governance (ESG) investing and the Sustainable Development Goals (SDGs). Participants highlighted that the *maqasid* framework already encompasses universal objectives such as social justice, environmental preservation, and economic welfare, which are also central to the global sustainability agenda. As one Shariah advisor from Malaysia explained:

> *"The concept of maqasid already includes sustainability. When we talk about hifz al-maal (protection of wealth) and hifz al-bi'ah (protection of the environment), we are already implementing SDG principles through Islamic values."*

This view reflects the theoretical position of Dusuki and Abdullah (2007), who argued that Islamic finance intrinsically promotes ethical responsibility and socio-economic balance through its moral foundations. Similarly, Chapra (2016) emphasized that *maqasid al-shariah* represents a moral-economic system aiming to achieve *falah* (well-being) by integrating spiritual, social, and environmental dimensions of human life. The present findings confirm these theoretical claims and extend them by showing how contemporary practitioners operationalize *maqasid* through instruments like Green Sukuk.

However, while the conceptual harmony between *maqasid al-shariah* and sustainability is clear, participants acknowledged a practical gap between theory and implementation. One ESG manager from Dubai stated:

> *"Our Green Sukuk projects are Shariah-compliant and environmentally certified, but there is still no unified standard for measuring their true ethical impact according to maqasid."*

This reflects concerns raised by Haniffa and Hudaib (2007) and Dusuki (2008), who noted that Islamic finance often borrows from conventional ethical frameworks without fully integrating Islamic moral reasoning. The current findings support their critique, indicating that although Islamic financial institutions (IFIs) endorse the moral objectives of *maqasid*, their sustainability reporting and impact assessment often rely on secular ESG metrics. Thus, the study reinforces the idea that *maqasid al-shariah* provides a powerful ethical foundation but requires institutional translation into measurable criteria for sustainable finance. The findings also support Abdullah and Chew (2022), who called for the development of a "Shariah-based ESG index" that reflects the spiritual and ethical dimensions of Islamic investment beyond compliance.

Institutional Fragmentation and Regulatory Challenges in Islamic ESG Integration

Another major theme concerns the institutional challenges that hinder the harmonization of Shariah and ESG standards across jurisdictions. Participants consistently pointed to fragmented regulatory frameworks, inconsistent Shariah interpretations, and the absence of standardized impact measurement tools as key barriers. A regulator from Indonesia explained:

> *"Each country has its own Shariah standards and ESG definitions. In Malaysia, the framework is more advanced, but in Indonesia, we are still integrating both systems. This makes it difficult to compare or attract cross-border investors."*

This finding aligns with the arguments of Ali and Hassan (2020) and Laldin and Furqani **(2013)**, who observed that institutional divergence weakens the coherence of Islamic finance globally. Despite shared ethical foundations, the lack of harmonization undermines the credibility of Islamic ESG initiatives in international markets. Another practitioner from a UAE-based investment firm echoed this sentiment:

> *"The problem is not the philosophy—it's the governance. Without unified Shariah and ESG disclosure standards, investors face confusion about what 'Islamic sustainable finance' really means."*

This observation resonates with Ahmed and Kayed (2018), who emphasized that governance fragmentation in Islamic finance often reduces ethical finance to a compliance exercise rather than a transformative agenda. The participants' reflections confirm this, revealing that while Shariah advisory boards provide moral legitimacy, their interpretations of sustainability criteria vary widely, leading to inconsistencies in ESG disclosure and impact assessment. Despite these institutional challenges, the interviews also uncovered ongoing reform efforts. Several respondents noted that regulators such as Bank Negara Malaysia and the Securities Commission Malaysia have begun integrating Shariah governance and sustainability frameworks through policies like the *Value-Based Intermediation (VBI)* initiative. As one academic participant explained:

> *"Malaysia's VBI framework is an attempt to bridge Shariah principles with sustainability metrics. It's not perfect, but it is a step toward making Islamic finance more value-driven."*

This development reflects Dusuki (2011) and Arshad and Lahsasna (2020), who argued that institutional innovation is essential to translate *maqasid al-shariah* into financial policy. The present findings extend these insights by demonstrating that while national reforms are emerging, cross-border collaboration remains limited. Therefore, the study supports Farooq (2019) in emphasizing the need for an international Shariah-ESG harmonization council under bodies such as AAOIFI and IFSB to promote unified sustainability standards.

Green Sukuk as a Bridge between Islamic Ethics and Global Sustainability

Participants overwhelmingly recognized Green Sukuk as a vital mechanism for channeling Islamic finance toward sustainable development. Respondents highlighted that Green Sukuk issuance has allowed Islamic financial institutions to finance renewable energy, water management, and sustainable infrastructure projects in compliance with both Shariah and environmental goals. As one sustainability officer from Malaysia remarked:

> *"Green Sukuk is the best evidence that Islamic finance can be both ethical and practical. Investors see that their money supports clean energy while remaining Shariah-compliant."*

This perspective aligns with World Bank (2023) and UNDP (2022) reports, which documented the success of Malaysia and Indonesia in pioneering Green Sukuk markets that fund projects aligned with SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities), and 13 (Climate Action). Similarly, Elasrag (2021) noted that Green Sukuk offers an Islamic alternative to conventional green bonds by integrating ethical intention (*niyyah*) with environmental responsibility. However, several participants cautioned that despite these successes, impact measurement remains a significant challenge. A Shariah scholar from Indonesia commented:

> *"Many Sukuk issuers report environmental outcomes, but few assess whether these projects also fulfill maqasid al-shariah for example, whether they improve community welfare or promote social justice."*

This finding supports Elasrag (2021) and Rahman and Rahim (2020), who advocated for dual-layer evaluation systems combining Shariah compliance with ESG metrics. By integrating *maqasid*-based impact indicators—such as ethical purpose, distributive justice, and community benefit—Islamic finance could establish a distinct identity within the global sustainability landscape. Furthermore, the findings suggest that Green Sukuk enhance the credibility of Islamic finance by attracting both faith-based and ethical investors. As one investment manager explained:

> *"Our investors come not only from Muslim countries but also from Europe and Japan. They are drawn to the transparency and moral clarity of Green Sukuk."*

This aligns with Rehman and Askari (2010), who posited that Islamic finance can function as a moral alternative to capitalism by linking faith, ethics, and sustainability. The data thus confirm that Green Sukuk represent more than financial instruments they symbolize an ethical convergence between Islamic principles and the global climate agenda.

Theoretical Relevance and Conceptual Implications

The results substantiate and expand upon three major theoretical frameworks: maqasid al-shariah, stakeholder theory, and Islamic ethical finance theory. First, the findings empirically affirm that *maqasid al-shariah* functions as a normative foundation for sustainable finance, as proposed by Chapra (2016) and Dusuki and Bouheraoua (2011). Participants demonstrated a shared understanding that sustainability is inherent to Islamic ethics, not an external addition. However, they also highlighted the need to translate moral objectives into operational standards indicating that *maqasid* must evolve from a philosophical to a regulatory framework. Second, from the lens of stakeholder theory (Freeman, 1984), Islamic finance inherently supports a multi-stakeholder approach.The emphasis on social justice, environmental stewardship, and equitable wealth distribution reflects a concern for a broad range of stakeholders beyond shareholders. The participants' perspectives on *Green Sukuk* confirm that Islamic finance institutions, guided by Shariah, view themselves as stewards of societal welfare rather than mere profit-driven entities. Third, the findings contribute to Islamic ethical finance theory, particularly the work of Naqvi (1981) and Asutay (2007), who argue that Islamic economics should balance spiritual, social, and economic dimensions. The participants' insistence on ethical authenticity and measurable social impact in Green Sukuk issuance validates this framework. However, the data also reveal a gap between ethical intent and institutional practice suggesting that while Islamic finance aspires to moral excellence, structural and market pressures often constrain full implementation. Thus, this research extends existing theories by offering a conceptual synthesis: *Maqasid al-shariah* provides the ethical foundation;,ESG principles offer the operational mechanism; SDGs represent the global outcomes. This triadic model highlights that the success of Islamic ESG finance depends on harmonizing these three layers through coherent governance, standardized reporting, and a shared ethical vision.

Summary of Findings

In summary, the findings reveal four major insights that underscore the evolving relationship between Islamic finance and global sustainability. First, Islamic ethical principles embedded in *maqasid al-shariah* align naturally with the objectives of global sustainability, as both frameworks emphasize justice, welfare, and environmental stewardship. Second, institutional fragmentation and regulatory inconsistency continue to pose significant challenges to the effective integration of Shariah and ESG standards across jurisdictions, resulting in variations in interpretation and implementation. Third, Green Sukuk have emerged as both a practical and symbolic bridge connecting Islamic moral finance with international sustainable development efforts, demonstrating that faith-based finance can contribute meaningfully to the achievement of the Sustainable Development Goals. Finally, there remains an urgent need for standardized Shariah-based ESG frameworks to ensure that sustainability in Islamic finance transcends rhetoric and achieves measurable ethical and developmental impact. Collectively, these insights reinforce the theoretical propositions of Dusuki (2008) and Ahmed and Kayed (2018), while offering new empirical evidence from practitioners and regulators that highlights the dynamic interplay between Islamic ethical foundations and modern sustainability practices.

Conclusion

This study concludes that the integration of Green Sukuk and Islamic ESG finance represents a significant step toward aligning Shariah compliance with global sustainability objectives. The findings demonstrate that Islamic ethical principles, particularly those embedded in *maqasid al-shariah*, naturally correspond with the Sustainable Development Goals (SDGs) by emphasizing justice, welfare, and environmental stewardship. However, while the moral and conceptual alignment between Islam and sustainability is strong, practical implementation remains constrained by institutional fragmentation, regulatory inconsistencies, and the absence of standardized Shariah-based ESG frameworks. Interviews with Shariah scholars, regulators, and practitioners from Malaysia, Indonesia, and the UAE reveal a shared recognition of the potential of Green Sukuk to act as both a financial instrument and an ethical bridge that connects faith-based finance with measurable social and environmental impact. Yet, participants stressed the need for harmonized guidelines and impact assessment tools that reflect both Shariah ethics and ESG principles to prevent sustainability initiatives from becoming merely symbolic. The research affirms that Islamic finance possesses the philosophical and structural capacity to drive meaningful sustainable development when guided by *maqasid al-shariah* and implemented through collaborative institutional governance. By adopting unified Islamic ESG standards and strengthening impact measurement mechanisms, Islamic finance can move beyond compliance toward transformative contribution—serving as a model for ethical, inclusive, and environmentally responsible economic systems that fulfill both divine objectives and global development goals.

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