

Article

# Application of *Maqasid al-Shariah* in responsible investment (MSRI) and practices towards ESG

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**Abstract:** This paper aims to develop a holistic framework for the *Maqasid al-Shariah* in Responsible Investment (MSRI) index for selected publicly listed companies in the Malaysian capital market. To test the validity of the MSRI framework, a sample of 30 publicly listed companies from 2021 was selected using purposive sampling. The framework consists of eight themes with forty-five elements to evaluate companies based on their annual reports, sustainability reports, and public disclosures. The scores are classified into three categories: Shariah compliant, Shariah non-compliant, and *Hajiyyat*. Out of the 30 selected companies, the summary of MSRI scores concludes that twenty (20) companies were identified as Shariah compliant, while the remaining four (4) were classified as Shariah non-compliant, and six (6) as *Hajiyyat*. Overall, the results of the analyses show that the sustainability of the company and society has a higher percentage than the wealth preservation of companies. This research differs substantially from prior work by offering a novel approach that develops a holistic framework integrating *Maqasid al-Shariah* with elements of responsible investment. This study believes it can provide valuable guidance for formulating Islamic investment public policy for selected investment portfolios.

**Keywords:** environmental, social and governance (ESG); sustainable and responsible investment (SRI); *Maqasid al-Shariah*; MSRI

## 1. Introduction

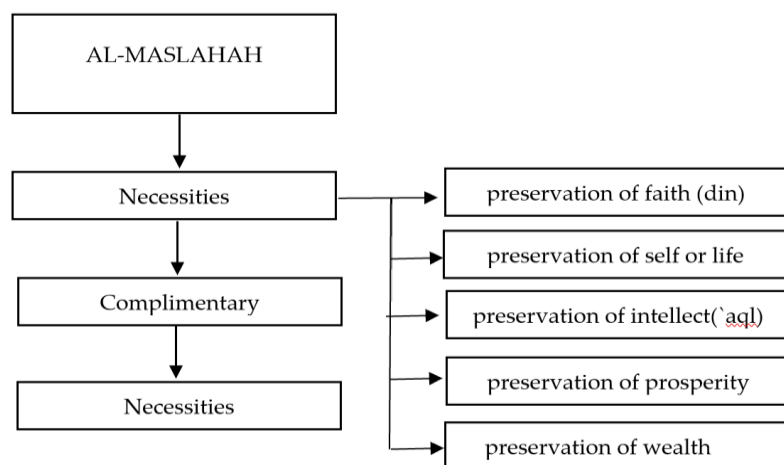
Investment is a valuable way to utilize savings effectively, and Islam encourages Muslims to expand and manage their wealth in accordance with Shariah rulings and in a responsible manner, avoiding prohibited elements such as *Riba*, *Gharar*, and *Maysir*, and aligning with the objectives of *Shariah (Maqasid al-Shariah)*. Islam is a comprehensive religion that governs and secures every aspect of human life, encompassing both personal and societal well-being, as it relates to worldly life and the hereafter. Therefore, Muslims should manage their wealth wisely and systematically to secure their future.

The term *Maqasid al-Shariah* is derived from the word *qasada*, which is the plural of *maqsi* and refers to meanings such as purpose, will, or intention (Al-Hasan, 2000). The term Shariah is defined as a system of ethics and values that covers all aspects of life—personal, social, political, economic, and intellectual—and cannot be separated from Islam’s basic beliefs, values, and goals (Dusuki and Abdullah, 2011). Meanwhile, Ibn Ashur and Al-Tahir (2006) define *Maqasid al-Shariah* as the maintenance of order, the attainment of benefit, the prevention of harm or corruption, the establishment of equality among people, and the process of causing the law to be

revered, obeyed, and effective. It also includes enabling the ummah to become powerful, respected, and confident (Ibn Ashur and Al-Tahir, 2006).

*Maqasid* can sometimes be understood in the same way as *maslahah*, and some academics have used the two terms almost interchangeably with one another. According to the Imam al-Ghazzali framework of *Maqasid al-Shariah*, the protection of public interest (*maslahah*) consists of three dimensions, namely, necessities, complimentary, and embellishments. Necessities refer to essential elements of the life of a human being such as clothes, shelter, and food. While, complimentary refers to something that complimentary the necessary items in human life such as transportation, jewelry, marriage, etc. The embellishment refers to perfection in life and will benefit from performing it, such as philanthropic tasks or charitable. From these three dimensions, five elements are essential to be accounted for under the first dimension of necessities (Al-Ghazali, 1937) (See **Figure 1**). According to Imam al-Ghazali, these five elements are very important in preserving any loss and harm and promoting the well-being of all mankind, which lies in safeguarding their preservation of religion (*Hifz ad-deen*), preservation of self or life (*Hifz al-nafs*), preservation of intellect (*Hifz al-`aql*), preservation of prosperity (*Hifz al-nasl*), and preservation of wealth (*Hifz al-mal*). Therefore, everything that safeguards these five fundamental objectives is a *maslahah* (goodness), and everything that causes the abandonment of these five is a *mafsadah* (destructive). Conversely, getting rid of the *mafsadah* would also be a form of *maslahah*.

From an Islamic perspective, sustainability refers to a comprehensive approach to universal life. The existence of Environmental, Social, and Governance (ESG) criteria under the UN Principles for Responsible Investment, established in 2006, has attracted many investors to align their investment goals more broadly. From a corporate perspective, ESG serves as a set of references for determining the direction of long-term goals. In 2015, the United Nations Sustainable Development Goals (UN SDGs) were launched with 17 comprehensive goals, 169 targets, and 232 indicators to be achieved by the year 2030 (see **Table 1**). The UN SDGs primarily highlight the achievement of the five Ps: people, planet, peace, prosperity, and partnership.



**Figure 1.** Al-Ghazali framework of *Maqasid al-Shariah*.

**Table 1.** United nations sustainable development goals (SDGs).

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Goal 1	No Poverty
Goal 2	Zero Hunger
Goal 3	Good Health
Goal 4	Quality Education
Goal 5	Gender Equality
Goal 6	Clean Water and Sanitation
Goal 7	Renewable Energy
Goal 8	Good Jobs and Economic Growth
Goal 9	Innovation and Infrastructure
Goal 10	Reduce Inequalities
Goal 11	Sustainable Cities and Communities
Goal 12	Responsible Consumption
Goal 13	Climate Action
Goal 14	Life Below Water
Goal 15	Life on Land
Goal 16	Peace and Justice
Goal 17	Partnership for the Goals

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Sources: United Nations, Department of Economic and Social Affairs (2015).

Linking directly with the SDG concept represents a constructive intersection that enhances market potential, societal demands, and policy actions aimed at fostering an inclusive approach to economic growth and global well-being.

The practice of integrating sustainability criteria, including environmental, social, and governance (ESG) and ethical issues into investment analysis, is known as responsible investing or socially responsible investment (SRI). The SRI concept promotes an investment portfolio that incorporates ESG considerations in the decision-making process without sidelining investors' financial objectives. Additionally, investors who are concerned about social issues increasingly use the terms SRI and ESG. SRI involves integrating sustainability criteria and ethical issues into investment decisions, ensuring that ESG concerns are addressed while maintaining financial goals.

SRI is also associated with the Sustainable Development Goals (SDGs), also known as the Global Goals, which are part of a United Nations General Assembly Resolution called the 2030 Agenda, commonly referred to as Agenda 2030. The SDGs consist of 17 interlinked global goals designed as a "blueprint to achieve a better and more sustainable future for all." Established in 2015 to succeed the Millennium Development Goals, which concluded in 2015, the SDGs are intended to be achieved by the year 2030 (Global Sustainable Development Report, 2015). They represent a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. Referring to the 17 goals of SDGs, the spirit of Islam advocates various obligations that are compatible with the framework of such a global development agenda. It is because Islam's perspective on sustainable development arises from its vision of a moral economy and society, which may, in turn, be articulated into a structure of values and principles that are conducive to sustainability and growth (Kamfali, 2009).

SRI has attracted considerable interest and has been continuously promoted globally over the last decade. Generally, it is essential to understand that the SRI

concept promotes investment activities that integrate ESG issues into investment portfolios. This integration typically occurs through several approaches, such as investment decision-making, transparency, collaboration, active ownership, and achieving broader support for these practices across the entire market. Investors and stakeholders increasingly consider ESG factors when deciding on their investment portfolios. This allows them to understand where their money is invested and how businesses operate. For example, in the environmental scope, investors and stakeholders are becoming more aware of the importance of protecting the natural environment due to climate change and the impact of business operations on the environment. Therefore, to advance the ESG concept, SRI must be utilized as an instrument or approach to achieve ESG objectives.

In general, Western and Islamic philosophies are distinct in various ways, yet they share some common ideals and objectives. Since the concepts of SRIs and ESGs originated from a Western philosophical viewpoint, it is critical to explore these concepts from an Islamic perspective, using *Maqasid al-Shariah*. Therefore, given that SRIs and ESGs are established from a Western philosophical point of view, it is significant to investigate these concepts from an Islamic perspective by adopting *Maqasid al-Shariah* approaches as a core foundation.

Based on the Islamic Corporation for the Development of the Private Sector (ICD)-Refinitiv Islamic Finance Development Indicator (IFDI) report (2022), Malaysia ranked first in four subcategories, namely, financial performance, governance, knowledge and sustainability. As Malaysia has been established as one of the country leading positions in the Islamic finance, it is important to capture the growing global interest in sustainable investments, including socially responsible investments (SRI) and ESG investments. Therefore, it is essential to examine the concepts of sustainable investment from the perspective of *Maqasid al-Shariah* and explore how these concepts can be integrated into current sustainable investment frameworks to develop a more inclusive, robust, and comprehensive framework. This research aims to propose a new approach to developing a holistic *Maqasid al-Shariah* in Responsible Investment (MSRI) index, integrating the *Maqasid al-Shariah* framework into the investment decision process without sidelining investors' financial objectives.

The rest of the paper is organized as follows: Section 2 covers the literature review; Section 3 is dedicated to methodology; Section 4 presents the result analysis; and finally, Section 5 offers the conclusions.

## **2. Literature review**

### **2.1. *Maqasid Al-Shariah***

According to Ibn Ashur (2006), the main and fundamental purpose of Shariah is to achieve, attain and fulfill goodness for human beings. Imam al-Ghazali mentioned in his book "*Al-Mustashfa*" that the purpose of a ruling was to safeguard humanity's faith, life, intellect, lineage, and wealth. Therefore, everything that safeguards these five fundamental objectives is a *Maslahah* (goodness) and everything that causes the abandonment of these five is a *Mafsadah* (destructive). Conversely, getting rid of the *Mafsadah* would also be a form of *Maslahah*.

In the context of Islamic finance, *Maqasid al-Shariah* is not only focusing on the prohibition of *riba*, but also promoting the circulation of wealth within society, ensuring the continuity of wealth investment and disbursement, achieving the economic prosperity for the whole society by satisfying their basic needs, establishing transparency in financial activities, and ensuring permissibility of private and public ownership of the wealth (Hurayra, 2015). *Hifz al-mal* (preservation of wealth) is one of the most important objectives of the Shariah. The Muslim jurists assert that the concept of *Hifz al-mal* goes beyond its literal meaning. It does not mean preserving the wealth itself, but the concept also covers the encouragement to generate, accumulate, preserve as well as distribute the wealth in a just and fair manner (Akram Laldin and Furqani, 2013). The protection and preservation of wealth are categorized in the sphere of necessary matters (*dharuriyyat*). The previous section has elaborated that essential necessities are those which, without their preservation, there would be disorder and anarchy in the society. The abolishment of the preservation act for these matters would have resulted in the loss of everything that we embrace as valued. This characterization and classification of *Maqasid al-Shariah* demonstrate the important position of wealth and the substance of finance in Islamic law. Therefore, it must be highlighted here that finance is recognized by *Maqasid al-Shariah* as a valuable aspect of life.

Considering the potential of wealth for sustainable income for humans, the Prophet (Peace and Blessings Be upon Him) has mentioned to His companions which was narrated by *Al-Tirmidhi*:

*“As for the one who is the guardian of an orphan who has wealth, then let him do business with it and not leave it until it becomes consumed by a charity”*  
(Jami’ al-Tirmidhi, 2007, Vol. 2, pp. 98-99, No. 641)

The above hadith even though is considered a weak narration (*dhoif*), has an economic impact on the approach to how wealth should be managed to avoid its depreciation by various causes such as its monetary value or reduction due to zakat payment (charity). Thus, the message of the hadith is on the encouragement to engage in a lawful and profitable business with the wealth whether it is owned by orphans or owned by individuals or institutions to avoid the wealth being declining due to various causes. It is believed that scoring based on MSRI index can promote the impactful investment. Therefore, it will represent the actual aims and objectives of Shariah, especially in matters pertaining to preservation of wealth (*hifz al-mal*).

Originally, the theory of *Maqasid al-Shariah* evolved in a gradual and slow process. The evolution took place within several years and until today there is still an addendum to the development. Basically, all the current new developments of *Maqasid al-Shariah* are based on its main components of five elements of protection as promulgated by Al-Ghazali (1997) known as *al-Dharuriyyat al-Khams*; protection of life (*al-Hayah*), protection of religion (*al-Deen*), protection of mind/intellect (*al-'Aql*), protection of wealth (*al-Mal*) and protection of dignity (*al-Muru'ah*). In the current development of the theory, many new fiqhi scholars have induced some added values to it such as in Al-Qaradawi (2007), Auda (2010) and Attia (2008, 2010), Al-Qaradawi (2010). In Malaysia particularly, the government’s efforts to use *Maqasid al-Shariah* in the development of the Shariah index should be given credit. According

to Jabatan Kemajuan Islam Malaysia (JAKIM), the Malaysian Sharia Index Research Report-Economy, 2016:

*“The Malaysian Shariah Index is a scientific method of measurement in determining the government’s status in carrying out the nations administrations based on the principals of Maqasid al-Shariah. It is also a measuring method for the seriousness in the government in carrying out the policies and programs so that it adheres to Islamic standard, and to identify areas where improvements are necessary with needs to be focused on by the government, so that the people will gain more benefit, because of the application of the universal values of Islam.”*  
(Laporan Penyelidikan Indeks Syariah Malaysia-Ekonomi, 2016, p.10)

In Islamic finance sector, the effort of applying the concept of *Maqasid al-Shariah* in measuring sustainable value and impact towards environment, social and governance from Islamic financial institutions’ (IFIs) activities and operations has been initiated by the Bank Negara Malaysia (BNM) in 2017.

## **2.2. Sustainable and responsible investment (SRI)**

Previous literatures on sustainable investment are vast and focusing on three main strands. Namely, the relationship between the sustainable investment and firm behavior, the relationship between sustainable investment and performance, and the development of sustainable investment. The main objectives of sustainable investments (including Socially Responsible Investment) movements are: i) to align investor’s ethical or moral values with their financial or investment decisions, and ii) to encourage companies to act in accordance with these values to deviate from the modern financial theory of shareholder wealth maximization (De Colle and York, 2009). Theoretically, the main objective of the firm is to maximize shareholders’ wealth (Friedman, 1970, p. 32) where their investment decisions are mainly on risk return characteristics. However, with the increasing growth of screened funds it implies that managers and business entities hold responsibilities beyond the financial objective. This new responsibility supports the stakeholder theory, which explains the importance of pursuing both financial and social objectives and which opposes the stockholder theory by Friedman (1970).

From the perspective of sustainable investment and performance, several theoretical arguments that support the positive relationship between corporate financial performance (CFP) and corporate social performance (CSP). Specifically, Orlitzky et al. (2003) identified four possible theories to validate this notion. First, lies in the stakeholder theory that business should not only consider shareholders, but also needs to manage all stakeholders within the environment in which they operate. Second, the slack resources theory predicts that companies with good financial performance subsequently practice high corporate social responsibility. Third, is the internal resources, which predicts that companies practicing corporate social performance may operate efficiently. Finally, the reputation perspective predicts that exercising good governance and ethical values generates good reputation for the company and this leads to greater goodwill as well as improved financial performance. Many studies in the US have investigated whether SRI screens have a positive impact on firm values. They examined the implications of applying social screens such as a

corporate governance screen (Bauer et al., 2004; Cremers and Nair, 2005; Gompers et al., 2003), environmental screen (Dowell et al., 2000; Konar and Cohen, 2001), and stakeholder relation screen (Hillman and Keim, 2001; Kolstad, 2016; Orlitzky et al., 2003; Renneboog et al., 2008a; Viviers and Eccles, 2012). In general, all the studies above concluded that maximizing stakeholders' values or being socially responsible adds value to the firms. This implies that there is a positive link between social and financial performance. To conclude, one of the foundations of sustainable investment is the ESG metrics, the development, and the selection of ESG metrics is important as it determines the sustainability performance and become the enabler of the sustainable investment market.

### **2.3. Environmental, social, and governance (ESG)**

In present, many institutional investors are shifting themselves from merely being investors to responsible investors. The Islamic finance sector has seen the introduction of various projects and the development of novel structures that are aligned with sustainability and ESG efforts in recent years. For example, started in 2018, the number of institutional investors adopted ESG has increased when they became signatories of the UNPRI (such as the Employee Provident Fund, Kumpulan Wang Persaraan (Diperbadankan) and Khazanah Nasional Berhad). As signatories, they are committed to implement six principles for responsible investment which include embedding ESG considerations into investment analysis and decision-making processes as well as seeking appropriate ESG disclosure from investee companies. Initiatives taken by Bursa Malaysia includes the launch of the FTSE4Good Bursa Malaysia Index in 2014, developing of ASEAN CAP10 Sustainability Series in 2015 (the Global Sustainability and Impact Investing Forum in July and the Sustainability Symposium in October), signing the United Nation's Sustainable Stock Exchanges ("UN SSE") Initiative Commitment, becoming part of the World Federation of Exchanges' Sustainability Working Group, and launching a new sustainability framework in October 2015. In 2017, Bank Negara Malaysia published the Value-Based Intermediation (VBI) strategy Paper, and two years later, Malaysia's Islamic fund manager, BIMB, joined the United Nations-backed Principles for Responsible Investment (UNPRI) to include ESG considerations into investments. All these initiatives show the Bursa Malaysia's commitment in driving the sustainability agenda in Malaysian capital market. As Malaysia has been established as a leading position in the Islamic finance, there is a need to capture the increasing global interest in sustainable investment (including socially responsible investment as well as ESG investments). As the objectives of sustainable investment have close alignment with the objectives of Shariah (*Maqasid al-Shariah*), there is a need to look in depth at the concepts of sustainable investment from the perspective of *Maqasid al-Shariah* and how it can be incorporated in the current sustainable investment frameworks to develop a more inclusive, robust, and comprehensive framework. Numerous studies have investigated the relationship between environmental performance and firm financial performance (Chang et al., 2021; Hanic et al., 2021; Wamba, 2022).

According to some experts, including ESG into Islamic investing results in gains that outweigh any drawbacks (Erragraguy and Revelli, 2015; Paltrinieri et al., 2020;

Salma Sairally, 2015). Erragraguy and Revelli (2015) investigated if including ESG criteria into Islamic portfolios results in beneficial financial returns. Even though some efforts have started on connecting elements in *Maqasid al-Shariah* with SRI and ESG, such methods of screening are not emphasized to a large extent and mainly concern general performance such as in Mergaliyev et al. (2019), rather than investment portfolio screening of Shariah compliant investments. A similar argument has also been reported by the Thomson Reuters in “Responsible Finance Report: The Emerging Convergence Of SRI, ESG and Islamic Finance” in 2015 on the gap by stating:

*“Moving forward, positive screens will be more prevalent in Islamic financial activities. This requires a concerted effort by regulators, industry players, activists, academicians, and Shariah scholars to elucidate the criteria and quantitative benchmarks for the implementation of positive screens. Now such methods of screening are not emphasized to a large extent as the primary concern of Islamic financial institutions is whether their activities are halal or not.”*

(Thomson Reuters—RFI, Responsible Finance Report, 2015, p.62)

From the *Maqasid al-Shariah* perspective, the focus of ESG should not only focus on the responsibility of individuals or institutions towards environment, social and governance, it should also be extended to the responsibility towards the Creator. This study, it could be concluded that due to such gap and need to have self-developed *Maqasid al-Shariah* based SRI, the need for this research is timely and the current SRI could be considered suitable for certain aspects but not a comprehensive assessment of Shariah compliant investment.

### **3. Methodology**

#### **3.1. Method and sampling**

The A holistic framework of MSRI is based on the various literature and numerous publicly available information sources with the aim of providing comprehensive coverage on SRI/ESG, and *Maqasid al-Shariah*. To test the validity of the framework of MSRI, a sample of 30 public listed companies in 2021 was selected using purposive sampling. Data for this study were divided as per sector level and were obtained from companies’ available reports such as annual reports, sustainability reports, corporate social responsibility reports, companies’ websites, and companies’ other published documented papers. The data obtained from semi-structured interviews were analyzed and validated through content analysis and identification of themes and interconnection.

#### **3.2. Research design**

To align the key sustainability indicators with the *Maqasid al-Shariah* in responsible investment, this study proposes a new framework of MSRI, the process for which is explained in detail below.

##### **3.2.1. Developing the framework MSRI: Step 1**

Five *Maqasid al-Shariah* dimensions from the classical framework of the Al-Ghazali namely, the preservation of religion (*Hifz ad-deen*), preservation of self or life (*Hifz al-nafs*), preservation of intellect (*Hifz al-`aql*), preservation of prosperity (*Hifz*

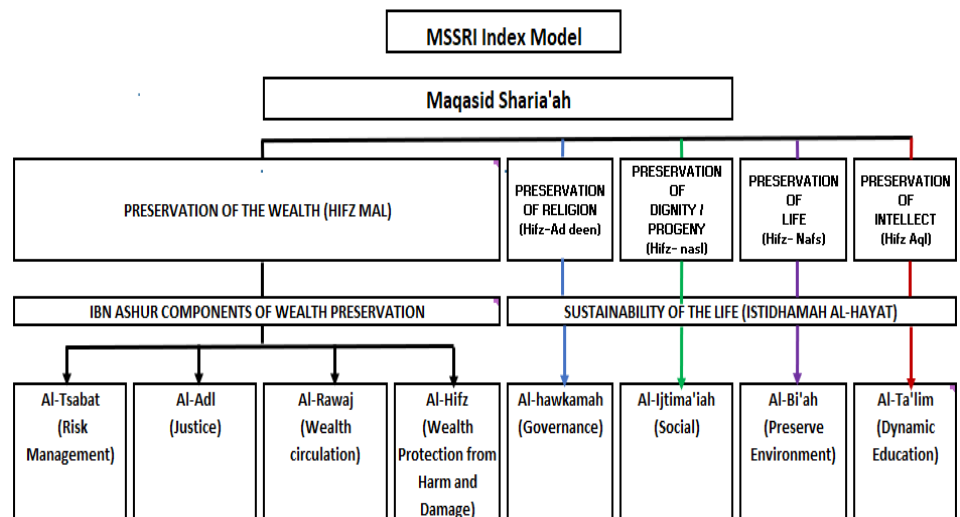


*al-nasl*), and preservation of wealth (*Hifz al-mal*) will be the first step in constructing the MSRI. These five *Maqasid al-Shariah* dimensions will be divided into two groups, namely ibn Ashur’s components of wealth preservation and sustainability of life (*Istidhamah al-Hayat*).

**3.2.2. Developing the framework MSRI: Step 2**

The second step is developing a theme for each *Maqasid al-Shariah* dimension. Since MSRI is mainly related to wealth and investment activities, the preservation of wealth (*Hifz al-mal*) consists of more themes compared to the other dimensions (i.e., *Hifz ad-deen*, *Hifz al-nafs*, *Hifz al-aql*, *Hifz al-nasl*). Four selected themes are dedicated to the wealth preservation dimension (*Hifz al-mal*) based on Ibn Ashur’s model of *Maqasid al-Shariah*. However, there is only one theme for each of the other dimensions, based on the sustainability of life (*Istidhamah al-hayat*), namely, preservation of religion (*Hifz ad-deen*), preservation of self or life (*Hifz al-nafs*), preservation of intellect (*Hifz al-aql*), and preservation of progeny (*Hifz al-nasl*). Therefore, the total number of themes is eight.

A critical assessment of various prior empirical and conceptual works on *Maqasid al-Shariah* has served as the main reference for developing the framework. Selected literature focusing on *Maqasid al-Shariah*, ESG, and responsible investment has also been used as references in developing the framework. The preservation of wealth has been itemized in this investment framework due to its specific objective of connecting wealth and investment. The comprehensive MSRI framework is depicted in **Figure 2**.



**Figure 2.** MSRI framework.

Based on the dimension of the preservation of wealth (*Hifz al-mal*), there are four themes, namely *Al-Tsabat* (risk management), *Al-Adl* (justice), *Al-Rawaj* (wealth circulation), and *Al-Hifz* (wealth protection from harm and damage), derived from Ibn Ashur’s model of *Maqasid al-Shariah*. The themes for the preservation of religion (*Hifz ad-deen*), preservation of progeny (*Hifz al-nasl*), preservation of self or life (*Hifz al-nafs*), and preservation of intellect (*Hifz al-`aql*) are *Al-Hawkamah* (governance), *Al-Ijtima'iah* (social), *Al-Bi'ah* (environmental preservation), and *Al-Ta'lim* (dynamic education), respectively. These themes were concluded based on the nature of

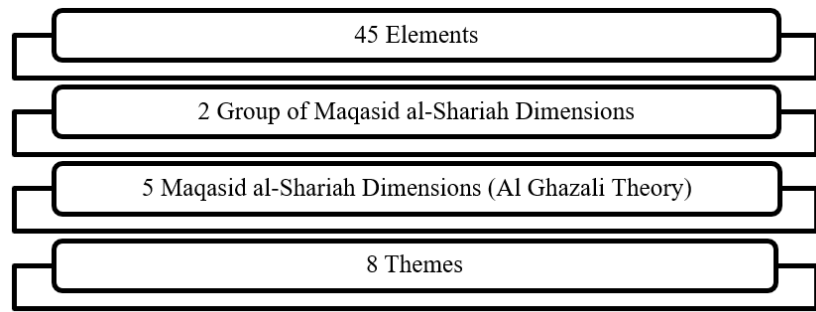
investment activities and Shariah-compliant portfolios, where it is suggested in the literature that the objectives of investment should also encompass social, responsible, environmental, and governance aspects as depicted in *Maqasid al-Shariah*, SRI, and ESG initiatives. To align with the empirical development of this index, all these themes have been assigned operational definitions as shown in **Table 2**.

**Table 2.** Operational definition.

Theme	Operational Definition
<i>Al-Wuduh</i> and <i>Al-Tsabat</i> (transparent and durability of wealth)	Preserve a company by practice a transparency in a durability of wealth.
<i>Al-Adl</i> (justice acquisition and use of wealth)	Preserve a company by practicing fair and justice in use of wealth.
<i>Al-Rawaj</i> (circulation of wealth)	Preserve a company by circulation of wealth.
<i>Al-Hifz</i> (protection of wealth from harm and damage)	Preserve a company by protecting of wealth from harm and damage.
<i>Al-Hawkamah</i> (governance)	The term <i>Al-Hawkamah</i> is promoting character preservation via truthfulness, sincerity, integrity, and commitment to righteous action. For institutional level, it is known as good corporate governance.
Al-Ijtima'iah (social)	The term <i>Al-Ijtima'iyah</i> is to promote civilized society and moral dignity among individual. The development towards civilized individual could be achieved through preservation of the interest of ummah (society) as a whole.
<i>Al-Bi'ah</i> (environment)	The term <i>Al-Bi'ah</i> is defined as any institutional and government policy and rulings to protect and promote life. It includes safeguarding the value of human life by preserving physical and environment such as water, air, energy, and soil and their cleanliness due to their crucial natural need of Allah creatures.
<i>Al-Ta'lim</i> (dynamic education)	The term <i>Al-Ta'lim</i> is defined as education and the dynamism of intellect and education could be achieved by research, development, creation, and improvement in the technology and management.

### 3.2.3. Developing the framework MSRI: Step 3

The third step is to develop the elements for each of the themes. The MSRI framework was designed to align with the *Maqasid al-Shariah* in responsible investment. The elements focus on Ibn Ashur's component of wealth preservation and the sustainability component, which includes ESG and Abu Zahrah's (1997) component of intelligence preservation. The elements are assigned to each relevant theme based on a critical assessment of various conceptual works on *Maqasid al-Shariah* and ESG. **Figure 3** illustrates the distribution of dimensions, groups, themes, and elements of MSRI, while the elements for each theme are presented in **Table 3**.



**Figure 3.** Dimensions, groups, themes and elements of MSRI.

**Table 3.** MSRI themes and elements.

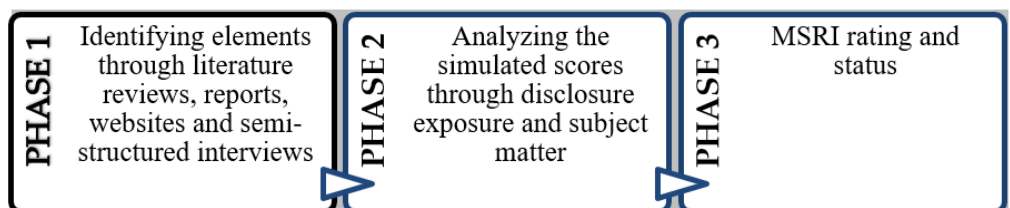
Theme	No	Elements
<i>Al-Wuduh and Al-Tsabat</i> (Transparent and Durability of Wealth)	1	Risk management
	2	Transparency in transaction
<i>Al-Adl</i> (Just Acquisition and Use of Wealth)	3	Equality between human beings.
	4	Prudence (wise spending)
<i>Al-Rawaj</i> (Circulation of Wealth)	5	Zakat payment
	6	Tax payment
	7	Islamic Philanthropy Activities—Hibah, Waqf, Sadaqah
	8	Risk sharing
	9	Re-Investment Activities
<i>Al-Hifz</i> (Protection of Wealth from Harm and Damage)	10	Shariah Compliant Operation
	11	Engagement with takaful for wealth protection
	12	Product innovation
	13	Anti-corruption in all kinds of business activities
<i>Al-hawkamah</i> (Governance) (To protect good name of religion—by monitoring the good governance)	14	No financial distress signal
	15	CSR Strategy
	16	Board Structure (independence, diversity, committees)
	17	Compensation Policy
	18	Shareholders rights mechanisms
	19	Takeover defenses
<i>Al-Ijtima'iyah</i> (Social) (To protect the dignity/progeny of society—by monitoring the social/community impact of the company)	20	Protecting and preserving public interest ( <i>maslahah</i> ) and security (safety)
	21	Protect reputation and positive social image (recognition) of the company
	22	Encouragement towards good customers relation and communication (stakeholders' relations)
	23	Engagement in voluntary (community services)
	24	Human rights
	25	Data privacy
	26	Working conditions
	27	Health and safety
	28	Maintain manners and socialization of corporate culture
	29	Vision/mission statement (social objectives)
	30	Educational scholarship/support/assistance
31	Educational event sponsorship	

**Table 3. (Continued).**

Theme	No	Elements
<i>Al-Bi'ah</i> (Preserve Environment) (To protect life of human being by preserving the environment)	32	Maintain the cleanliness of the environment
	33	Emissions reduction
	34	Waste management
	35	Biodiversity protection
	36	Environmental management system.
	37	Green revenues, research, and development (R&D) and capital expenditure (CapEX)
	38	Water management
	39	Energy efficiency
	40	Sustainable packaging
	41	Sustainable supply chain
<i>Al-Ta'lim</i> (Dynamic Education) (To preserve intellect by providing and encouraging education and knowledge)	42	Education and training for career development
	43	Financial planning education
	44	Research and creation of knowledge
	45	Support for company educational technological advancement

### 3.3. MSRI screening methodology

The MSRI assessment data were collected from various literature and numerous publicly available information sources with the aim of providing comprehensive coverage of *Maqasid al-Shariah* in responsible investment. There are 45 MSRI elements that are manually processed for each company, undergoing a careful standardization process to ensure consistency across the entire range of companies. Relevant information is retrieved from both company disclosures and alternative ESG data sources, where the MSRI assessments integrate qualitative and quantitative data, management and performance data, as well as self-reported and third-party data. Examples of sources used include annual reports, sustainability reports, environmental reports, CSR reports, company websites, information providers, and search engines. **Figure 4** presents the phases for measuring the MSRI screening methodology.



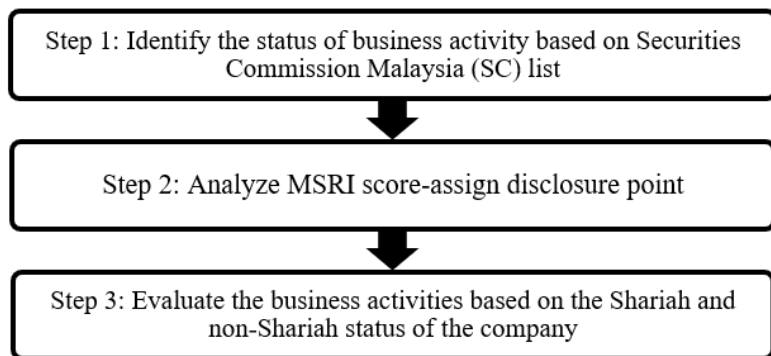
**Figure 4.** Phases for measuring scores for the MSRI index.

#### 3.3.1. Phase 1: MSRI scoring methodology

The first phase involves identifying the elements for each theme, as discussed in section 3.2.3. These elements are based on annual reports, sustainability reports, corporate social responsibility reports, company websites, other published company documents, and semi-structured interviews.

### 3.3.2. Phase 2: MSRI scoring methodology

The second phase involves analysing the simulated scores based on disclosure exposure and subject matter. Through the MSRI model, it is believed that integrating ESG, SRI, and *Maqasid al-Shariah* is fundamentally relevant to informed decision-making, with transparency being a key component of public trust and confidence. This study searched for the disclosure score for each element in the MSRI according to the eight themes assigned. The element with keyword data was used as the basis for measuring the extensiveness of the information disclosed. **Figure 5** illustrates the MSRI scoring methodology in phase 2, which is represented by a three-step process.



**Figure 5.** Methodological flow chart of the MSRI scoring methodology.

For the first step, the status of business activity is identified based on the Securities Commission (SC) list. The companies are then grouped into two categories according to the SC list: (1) Shariah compliant and (2) Shariah non-compliant. After classifying the companies as Shariah compliant, the second step is to assess the 45 elements based on the annual reports, sustainability reports, and public disclosures. Points will be assigned to each element based on the following disclosure criteria (refer to **Table 4**).

**Table 4.** MSRI score-assign disclosure point.

Element Scoring Metrics	Commitment Scoring Metrics
How exposed is the company to MSRI elements? Based on keyword assigned for each element	How is the company committed to each element? Based on the commitment/action on the element
The point will be assigned based on this following disclosure:	
0 point = No disclosure nor action	
1 point = Addresses the element	
2 points = Address and Includes commitment on the element	

The score will be ‘0’ points if there is no disclosure or action from the companies. If the companies address the element or issue, then ‘1’ point will be given. The maximum score is ‘2’ points, which will be awarded if the companies fulfil the requirement by addressing the issue and including a commitment or action taken for those issues. The data relies on publicly disclosed information through the reports and other disclosures provided by the companies.

Based on the SC benchmarks for Shariah-listed activities, Shariah compliant business activities are those of companies listed on the SC’s Shariah list. Conversely,

Shariah non-compliant business activities are those of companies not listed on the SC’s Shariah list. Therefore, the third step involves assigning points, which will be influenced by the value of the denominator (the justification being to penalize companies for their MSRI score based on their Shariah and non-Shariah status). The MSRI categorizes business activities into Shariah compliant, partly Shariah compliant, and Shariah non-compliant business activities.

According to the SC’s five percent business activity benchmark, the contribution of Shariah non-compliant business activities to the Group’s revenue or profit before taxation must be less than five percent. In other words, both Shariah non-compliant businesses/activities’ contributions to the Group’s revenue and profit before taxation must be less than five percent for the company to be deemed Shariah-compliant by the SC.

In MSRI scoring, the business activity benchmark measures revenue and profit before tax (PBT) from non-Shariah business activities, while the financial ratio benchmark measures non-Shariah debt and cash based on the debt-to-total-asset ratio and cash-to-total-asset ratio. Points are assigned to partly Shariah-compliant companies based on these measures. The points for the denominator are assigned based on the highest magnitude of Shariah non-compliant activities relative to the Shariah-compliant screening criteria, whether for non-Shariah revenue, PBT, debt-to-total-asset ratio, or cash-to-total-asset ratio. The value of the denominator for business activities is provided in **Table 5** below.

**Table 5.** Denominators point for business activity.

<b>Business Activities</b>	
1.0	Shariah compliant business activities
1.1–1.9	Partly Shariah compliant business activities (mixture of business activities: Shariah and non-Shariah compliant)
2.0	Shariah non-compliant business activities

### 3.3.3. Phase 3: MSRI Scoring methodology

Finally, the MSRI final scoring methodology will be based on the rating and status. The total MSRI scores range from 0 to 100, with 100 representing the best score. The overall MSRI score provides a comprehensive assessment of a company’s performance based on reported information related to ESG, SRI, and *Maqasid al-Shariah*. **Table 6** presents the grading scale for the MSRI index.

**Table 6.** Grading of scoring.

<b>MSRI Score Range</b>	<b>Rating</b>	<b>Final Status</b>
0.0 <= SCORE <= 0.083333	D	
0.084333 < SCORE <= 0.166666	DD	
0.167667 < SCORE <= 0.250000	DDD	Shariah non-Compliant
0.251000 < SCORE <= 0.333333	C	
0.334333 < SCORE <= 0.416666	CC	
0.417667 < SCORE <= 0.500000	CCC	

**Table 6.** (Continued).

MSRI Score Range	Rating	Final Status
0.501000 < SCORE <= 0.583333	B	
0.584333 < SCORE <= 0.666666	BB	<i>Hajiyyat</i>
0.667667 < SCORE <= 0.750000	BBB	
0.751000 < SCORE <= 0.833333	A	
0.834333 < SCORE <= 0.916666	AA	Shariah Compliant
0.917667 < SCORE <= 1	AAA	

#### 4. Results

This study provides a comprehensive approach by integrating *Maqasid al-Shariah* with the elements of Responsible Investment. The results are expected to enhance the existing ESG framework in investment analysis and decision-making processes. To test the validity of the MSRI framework, a sample of 30 companies from Malaysia's capital market (Bursa Malaysia) in 2021 was selected using purposive sampling. Of the 30 companies in the sample, twenty (20) were identified as Shariah-compliant, four (4) as non-Shariah compliant, and six (6) as *Hajiyyat*. The analysis covered three parts: (i) the overall sample of 30 selected public listed companies; (ii) Shariah-compliant companies; and (iii) non-Shariah compliant companies, where the results were almost the same. **Tables 7–9** present the average MSRI scores according to: (i) the five dimensions of *Maqasid al-Shariah*; (ii) the two groups of *Maqasid al-Shariah* dimensions; and (iii) the eight themes of MSRI for all samples. **Table 10** summarizes the MSRI scores, showing the status and rating of Shariah-compliant, non-Shariah-compliant, and *Hajiyyat* categories.

**Table 7.** Summary of the scoring analysis for the five (5) dimensions of *Maqasid al-Shariah*.

Dimensions	Scoring Analysis of Overall Samples	Scoring Analysis of Shariah Compliant Status	Scoring Analysis of Shariah Non-Compliant Status	
			Partly Shariah Compliant	Shariah Non-Compliant
Preservation of wealth	30 percent	31 percent	31 percent	26 percent
Preservation of religion	12 percent	12 percent	12 percent	13 percent
Preservation of dignity/progeny	28 percent	28 percent	28 percent	30 percent
Preservation of life	22 percent	22 percent	22 percent	23 percent
Preservation of intellect	8 percent	7 percent	7 percent	8 percent

**Table 8.** Summary of the scoring analysis for the group dimension of *Maqasid al-Shariah*.

Dimensions	Scoring Analysis of Overall Samples	Scoring Analysis of Shariah Compliant Status	Scoring Analysis of Shariah Non-Compliant Status	
			Partly Shariah Compliant	Shariah Non-Compliant
Wealth preservation of company	30 percent	31 percent	31 percent	25 percent
Sustainability of company and society	70 percent	69 percent	69 percent	75 percent

**Table 9.** Summary of the average score analysis for the eight (8) themes of MSRI.

Themes	Scoring Analysis of Overall Samples	Scoring Analysis of Shariah Compliant Status	Scoring Analysis of Shariah Non-Compliant Status	
			Partly Shariah Compliant	Shariah Non-Compliant
<i>Al-Wuduh &amp; Al-Tsabat</i> (transparent and durability of wealth)	5 percent	5 percent	5 percent	5 percent
<i>Al-Adl</i> (just acquisition and use of wealth)	5 percent	5 percent	5 percent	5 percent
<i>Al-Rawaj</i> (circulation of wealth)	10 percent	10 percent	11 percent	6 percent
<i>Al-Hifz</i> (protection of wealth from harm and damage)	10 percent	11 percent	10 percent	8 percent
<i>Al-Hawkamah</i> (Governance)	12 percent	12 percent	12 percent	13 percent
<i>Al-Ijtima'iyah</i> (Social)	28 percent	28 percent	27 percent	30 percent
<i>Al-Bi'ah</i> (Preserve Environment)	22 percent	21 percent	23 percent	25 percent
<i>Al-Ta'lim</i> (Dynamic Education)	8 percent	8 percent	7 percent	8 percent

**Table 10.** Summary of scoring of 30 companies.

COMPANY	THEMES <sup>1</sup>								TOTAL SCORE OF ELEMENTS <sup>2</sup>	TOTAL SCORE <sup>3</sup>	BUSINESS ACTIVITY (REVENUE BASED) <sup>4</sup>	FINAL MSSRI SCORE <sup>5</sup>	RATING AND STATUS <sup>6</sup>
	<i>AL-WUDUH &amp; AL-TSABAT</i>	<i>AL-ADL</i>	<i>AL-RAWAJ</i>	<i>AL-HIFZ</i>	<i>AL-HAWKAMAH</i>	<i>AL-IJTIMA'YAH</i>	<i>AL-BI'AH</i>	<i>AL-TA'LIM</i>					
1	4.00	4.00	8.00	9.00	10.00	24.00	20.00	6.00	85.00	94.44	1.00	94.44	SHARIAH COMPLIANT
2	4.00	4.00	8.00	8.00	10.00	24.00	20.00	8.00	86.00	95.56	1.00	95.56	SHARIAH COMPLIANT
3	4.00	4.00	10.00	8.00	10.00	24.00	20.00	8.00	88.00	97.78	1.84	53.28	<i>HAJIYYAT</i>
4	4.00	4.00	10.00	10.00	10.00	24.00	20.00	8.00	90.00	100.00	1.65	60.55	<i>HAJIYYAT</i>
5	4.00	4.00	10.00	9.00	10.00	20.00	14.00	7.00	78.00	86.67	1.59	54.45	<i>HAJIYYAT</i>
6	4.00	4.00	10.00	8.00	10.00	22.00	11.00	4.00	73.00	81.11	1.00	81.11	SHARIAH COMPLIANT
7	4.00	4.00	10.00	8.00	10.00	24.00	20.00	8.00	88.00	97.78	1.00	97.78	SHARIAH COMPLIANT
8	4.00	4.00	8.00	8.00	10.00	22.00	18.00	4.00	78.00	86.67	1.35	64.07	<i>HAJIYYAT</i>
9	4.00	4.00	8.00	6.00	10.00	24.00	16.00	4.00	76.00	84.44	1.00	84.44	SHARIAH COMPLIANT
10	4.00	4.00	8.00	6.00	10.00	24.00	18.00	8.00	82.00	91.11	2.00	45.56	SHARIAH NON-COMPLIANT
11	4.00	4.00	8.00	8.00	10.00	22.00	20.00	6.00	82.00	91.11	1.00	91.11	SHARIAH COMPLIANT
12	4.00	4.00	8.00	8.00	10.00	22.00	20.00	6.00	82.00	91.11	1.00	91.11	SHARIAH COMPLIANT
13	4.00	4.00	10.00	8.00	10.00	24.00	16.00	6.00	82.00	91.11	1.00	91.11	SHARIAH COMPLIANT
14	4.00	4.00	8.00	8.00	10.00	24.00	20.00	6.00	84.00	93.33	1.85	50.45	<i>HAJIYYAT</i>
15	4.00	4.00	10.00	8.00	10.00	24.00	14.00	6.00	80.00	88.89	1.00	88.89	SHARIAH COMPLIANT
16	4.00	4.00	10.00	8.00	10.00	24.00	16.00	6.00	82.00	91.11	1.00	91.11	SHARIAH COMPLIANT



**Table 10.** Summary of scoring of 30 companies.

COMPANY	THEMES <sup>1</sup>								TOTAL SCORE OF ELEMENTS <sup>2</sup>	TOTAL SCORE % <sup>3</sup>	BUSINESS ACTIVITY (REVENUE BASED) <sup>4</sup>	FINAL MSSRI SCORE <sup>5</sup>	RATING AND STATUS <sup>6</sup>
	AL-WUDUH & AL-TSABAT	AL-ADL	AL-RAWAJ	AL-HIFZ	AL-HAWKAMAH	AL-IJTIMA'YAH	AL-BI'AH	AL-TA'LIM					
17	4.00	4.00	10.00	10.00	10.00	22.00	14.00	8.00	82.00	91.11	1.00	91.11	SHARIAH COMPLIANT
18	4.00	4.00	4.00	8.00	10.00	21.00	16.00	6.00	73.00	81.11	1.00	81.11	SHARIAH COMPLIANT
19	4.00	4.00	10.00	9.00	10.00	24.00	20.00	6.00	87.00	96.67	1.00	96.67	SHARIAH COMPLIANT
20	4.00	4.00	10.00	8.00	10.00	24.00	18.00	6.00	84.00	93.33	1.00	93.33	SHARIAH COMPLIANT
21	4.00	4.00	8.00	8.00	10.00	24.00	16.00	6.00	80.00	88.89	1.00	88.89	SHARIAH COMPLIANT
22	4.00	4.00	10.00	8.00	10.00	24.00	20.00	6.00	86.00	95.56	1.00	95.56	SHARIAH COMPLIANT
23	4.00	4.00	4.00	8.00	10.00	20.00	18.00	6.00	74.00	82.22	1.00	82.22	SHARIAH COMPLIANT
24	4.00	4.00	6.00	8.00	10.00	24.00	18.00	7.00	81.00	90.00	1.00	90.00	SHARIAH COMPLIANT
25	4.00	4.00	6.00	6.00	10.00	22.00	18.00	6.00	76.00	84.44	2.00	42.22	SHARIAH NON-COMPLIANT
26	4.00	4.00	4.00	6.00	10.00	24.00	20.00	6.00	78.00	86.67	2.00	43.33	SHARIAH NON-COMPLIANT
27	4.00	4.00	6.00	6.00	10.00	11.00	18.00	2.00	61.00	67.78	1.40	48.33	SHARIAH NON-COMPLIANT
28	4.00	4.00	8.00	8.00	10.00	24.00	16.00	6.00	80.00	88.89	1.24	71.51	HAIYYAT
29	4.00	4.00	8.00	8.00	10.00	20.00	20.00	6.00	80.00	88.89	1.00	88.89	SHARIAH COMPLIANT
30	4.00	4.00	10.00	8.00	10.00	21.00	18.00	6.00	81.00	90.00	1.00	90.00	SHARIAH COMPLIANT

Note: <sup>1</sup> Point for Each Themes = Disclosure Point/Max Possible Point

<sup>2</sup> Total Score of Elements = Sum of Points For Each Themes

<sup>3</sup> Total Score % = (Total Score of Elements/Max Score) × 100

<sup>4</sup> Business Activity (Revenue Based) = Based on Denominators Point for Business Activity in **Table 5**

<sup>5</sup> Final MSRI Score = Total Score % /Business Activity (Revenue Based)

<sup>6</sup> Rating and Status = Based on Grading of Scoring in **Table 6**.

#### 4.1. Scoring analysis of overall samples

According to **Table 7**, which presents the average score analysis for the five dimensions of *Maqasid al-Shariah*, the preservation of intellect has the lowest score at 8.0 percent compared to the other four dimensions. **Table 8** shows that the average score for the group of *Maqasid al-Shariah* dimensions related to wealth preservation is lower than that for sustainability of the company and society, at 30.0 percent and 70.0 percent, respectively. Based on the MSRI themes in **Table 9**, *Al-Ijtima'iyah* (social) shows the highest score, followed by *Al-Bi'ah* (environmental preservation)

and *Al-Hawkamah* (governance) with scores of 28.0 percent, 22.0 percent, and 12.0 percent, respectively. The remaining themes have scores of 10.0 percent and below.

#### **4.2. Scoring analysis of shariah compliant status**

According to **Table 7**, which presents the average score analysis for the five dimensions of *Maqasid al-Shariah*, the preservation of intellect component has the lowest score compared to the other four dimensions, at 7.0 percent. **Table 8** shows that the average score for the group of *Maqasid al-Shariah* dimensions related to wealth preservation is lower than that for sustainability of the company and society, with scores of 31.0 percent and 69.0 percent, respectively. Based on the MSRI themes in **Table 9**, *Al-Ijtima'iyah* (social) shows the highest score, followed by *Al-Bi'ah* (environmental preservation) and *Al-Hawkamah* (governance), with scores of 28.0 percent, 21.0 percent, and 12.0 percent, respectively. The remaining themes have scores of 11.0 percent and below.

#### **4.3. Scoring analysis of shariah non-compliant status**

The Shariah non-compliant status includes partly compliant companies and fully Shariah non-compliant companies.

##### **4.3.1. Partly shariah compliant companies**

According to **Table 7**, which presents the average score analysis for the five dimensions of *Maqasid al-Shariah* for partly Shariah-compliant companies, the preservation of intellect component has the lowest score compared to the other four dimensions, at 7.0 percent. **Table 8** shows that the average score for the group of *Maqasid al-Shariah* dimensions related to wealth preservation is lower than that for sustainability of the company and society, with scores of 31.0 percent and 69.0 percent, respectively. Based on the MSRI themes in **Table 9**, *Al-Ijtima'iyah* (social) shows the highest score, followed by *Al-Bi'ah* (environmental preservation) and *Al-Hawkamah* (governance), with scores of 27.0 percent, 23.0 percent, and 12.0 percent, respectively. The remaining themes have scores of 11.0 percent and below.

##### **4.3.2. Shariah non-shariah companies**

According to **Table 7**, which presents the average score analysis for the five dimensions of *Maqasid al-Shariah* for Shariah non-compliant companies, the preservation of intellect component has the lowest score compared to the other four dimensions, at 8.0 percent. **Table 8** shows that the average score for the group of *Maqasid al-Shariah* dimensions related to wealth preservation is lower than that for sustainability of the company and society, with scores of 25.0 percent and 75.0 percent, respectively. Based on the MSRI themes in **Table 9**, *Al-Ijtima'iyah* (social) shows the highest score, followed by *Al-Bi'ah* (environmental preservation) and *Al-Hawkamah* (governance), with scores of 30.0 percent, 25.0 percent, and 13.0 percent, respectively. The remaining themes have scores of 8.0 percent and below.

## **5. Conclusions**

This research represents a significant advancement in integrating *Maqasid al-Shariah* with Responsible Investment (MSRI) and practices towards the

Environmental, Social, and Governance (ESG) Index for investment analysis and decision-making processes. It differs substantially from prior work by offering a novel approach through the development of a holistic framework that integrates *Maqasid al-Shariah* with the elements of responsible investment. The study finds that the rating scores are classified into three categories: Shariah-compliant, non-Shariah-compliant, and *Hajiyyat*. The MSRI framework is based on a sample of 30 publicly listed companies from 2021, using purposive sampling. It comprises eight themes with forty-five elements to evaluate companies based on their annual reports, sustainability reports, and public disclosures.

The summary of the MSRI scores reveals that out of the 30 selected companies, twenty (20) were identified as Shariah-compliant, while the remaining four (4) were classified as Shariah non-compliant and six (6) as *Hajiyyat*. Overall, the results indicate that the sustainability of the company and society has a higher percentage than the wealth preservation aspect of the companies.

This study aims to provide valuable guidance for formulating public policy related to investment portfolios and is expected to stimulate the Malaysian economy, particularly for the Bumiputera community. Theoretically, this study introduces a novel approach to establishing *Maqasid al-Shariah* in conjunction with Responsible Investment. It addresses issues of transparency and inconsistency among ESG metrics provided by rating agencies and indices, as consistently noted in academic research. Furthermore, the study supports the mission of enhancing economic wealth by improving investee companies' sustainable performance and potentially increasing their value through *Maqasid al-Shariah* in Responsible Investment practices. Finally, the establishment of new indices such as the MSRI is hoped to complement Malaysia's aspiration to become the world's leading Islamic finance marketplace, an initiative of the Malaysia International Islamic Financial Centre (MIFC), and to support the Securities Commission Malaysia's Sustainable and Responsible Investment (SRI) initiatives.

### **Limitations and avenues for future research**

It is important to recognize that this research has a notable limitation regarding the sample size and scope. The study is based on a sample of only 30 publicly listed companies, which may not be fully representative of the broader market. As a result, the findings may not be generalizable to other companies or industries outside the sample. Additionally, the study relies solely on data from the year 2021, which may not capture long-term trends or the evolving nature of responsible investment and *Maqasid al-Shariah* practices. Therefore, future research could include a larger and more diverse sample of companies, covering different industries, to enhance the generalizability of the findings. Conducting a longitudinal study that examines trends over multiple years would provide insights into how *Maqasid al-Shariah* and responsible investment practices evolve over time.

Incorporating more quantitative methods, such as regression analysis, could provide a more robust statistical basis for understanding the impact of MSRI on the financial performance of the selected investment portfolio. The use of a wide range of financial indicators as a proxy for firm performance may raise concerns about the

reliability and generalizability of the results. To address this gap, future research could incorporate a series of robustness checks, such as applying different econometric models, which could enhance the credibility of the findings and provide deeper insights, making a significant contribution to the literature. Additionally, future research could include qualitative insights from various stakeholders, such as investors, company executives, and scholars, to enrich the understanding of how the framework is perceived and implemented in practice.

This paper encourages future work on a second review of the framework and scoring validation by experts. Furthermore, the MSRI is highly recommended to be assessed for both the short- and long-term financial performance of the selected investment portfolio. This study will thus make a significant contribution by recommending Key Performance Indicators (KPIs) for MSRI concerning the value, risk, and return of the selected investment portfolio. This will assist practitioners in their policy formulation and help ensure the achievement of the sustainable development agenda. Exploring the implications of the framework for regulatory and policy development could provide guidance for policymakers interested in promoting ethical and responsible investment practices.

Finally, the integration of *Maqasid al-Shariah* with responsible investment practices is a complex process. Therefore, future research could significantly benefit from examining different markets, regions, or cultural contexts to understand how this integration varies globally.

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