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The Dimension of Environmental Protection in the Selection of Sharia Issuers in Indonesia

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KEYWORDS

Daftar Efek Syariah, Islamic capital market, environmental protection, hifzh al-bi'ah, ESG.

ABSTRACT

Introduction/Main Objectives: *The Islamic capital market in Indonesia has experienced significant growth, with the Daftar Efek Syariah (DES) serving as the primary mechanism for determining the sharia compliance of listed companies. This study examines the development of sharia compliance in the DES by considering environmental protection as an integral dimension of Islamic values.* ***Background Problems:*** *The current DES screening mechanism relies primarily on business activity and financial criteria, while contemporary Islamic legal thought increasingly emphasizes environmental responsibility. This study asks how MUI Fatwa No. 22 of 2011 and MUI Fatwa No. 86 of 2023 relate normatively to the DES mechanism and how environmental considerations can be incorporated into its sharia compliance framework.* ***Novelty:*** *This study proposes an extension of the existing concept of sharia compliance by integrating hifzh al-bi'ah (environmental protection) and Environmental, Social, and Governance (ESG) principles into the DES framework, an aspect that has not been explicitly established as an independent screening parameter.* ***Research Methods:*** *This study employs normative legal research using statutory, conceptual, and comparative approaches. The analysis focuses on relevant regulations, MUI fatwas, and the existing DES screening mechanism.* ***Finding/Results:*** *The findings indicate that the current DES system remains primarily focused on business activities and financial ratios, while environmental considerations have not yet become an independent parameter of sharia compliance.* ***Conclusion:*** *Integrating hifzh al-bi'ah and ESG principles can strengthen the DES framework by expanding sharia compliance beyond financial and business considerations toward ecological responsibility and sustainable Islamic capital market development*

INTRODUCTION

The Islamic capital market is one of the sectors that is experiencing rapid development in the global Islamic finance industry. Its presence provides an alternative investment that is in accordance with sharia principles as well as an important instrument in supporting sustainable economic development. In Indonesia, the growth of the sharia capital market is characterized by an increase in the number of sharia securities, the growth of investors, and the increasing variety of investment instruments available. In this context, the Daftar Efek Syariah (DES) has a central position as a mechanism that determines whether a security meets sharia principles and is therefore suitable for trading by Muslim investors.

Normatively, the sharia securities selection mechanism in Indonesia is carried out based on the provisions of the Financial Services Authority and the fatwa of the National Sharia Council-Indonesian Ulema Council. The assessment of an issuer's sharia compliance is carried out through two main stages, namely business screening and financial ratio screening. Business screening aims to ensure that the company's main business activities are not related to activities that are contrary to sharia principles, such as gambling, usury transactions, production or distribution of haram goods, as well as practices that contain elements of gharar and maisir. Financial screening is carried out using certain financial ratios to limit the level of interest-based debt and non-halal income.

The screening model shows that the paradigm of sharia compliance in the Indonesian capital market is still oriented towards legal-financial aspects. Sharia compliance is measured through the characteristics of business activities and the financial structure of a company, while other dimensions that are developing in contemporary Islamic legal discourse such as environmental protection have not gained a proportionate place in the mechanism. Attention to environmental issues in Islamic law is not a completely new concept. The Qur'an and hadith contain various principles that emphasize the prohibition of doing damage on earth, the importance of maintaining the balance of nature, and the obligation of humans as caliphs to maintain the sustainability of life. In modern Islamic legal thought, the idea is constructed as part of maqashid al-shari'ah through the concept of hifzh al-bi'ah or environmental protection.

In Indonesia, these developments have gained normative legitimacy through the Fatwa of the Indonesian Ulema Council Number 22 of 2011 concerning Environmentally Friendly Mining (Majelis Ulama Indonesia., 2011) and the Fatwa of the Indonesian Ulema Council Number 86 of 2023 concerning the Law on Global Climate Change Control (Majelis Ulama Indonesia., 2023). The two fatwas in principle affirm that economic activities that cause environmental damage are contrary to sharia values and must be avoided. Environmental protection is thus no longer seen as just an ethical issue, but has developed into a part of the norms of contemporary Islamic law.

However, the development of these norms does not appear to be explicitly accommodated in the mechanism of the Daftar Efek Syariah. The selection criteria for sharia issuers continue to focus on business screening and financial screening, while indicators related to environmental protection have not yet become part of the sharia compliance parameters. This condition raises questions about the extent to which the development of environmental protection norms in Islamic law has been harmonized with the screening system of sharia issuers in Indonesia.These problems show that there are three layers of research gaps. First, empirically, various studies on sharia stock screening still place business screening and financial ratio screening as the main instruments for assessing sharia compliance. Second, regulatively, the values of environmental protection that have developed in the MUI fatwa have not been internalized into the mechanism of the Daftar Efek Syariah. Third, theoretically, the Islamic

finance literature still emphasizes hifzh al-mal as the main parameter of sharia compliance, while hifzh al-bi'ah has not been developed as an evaluation instrument in the institutional design of the sharia capital market.

A number of previous studies have discussed the mechanism of screening sharia stocks in various countries. Derigs and Marzban developed a new paradigm of screening-based sharia portfolio optimization. Rahman et al. compared screening methodologies between various international sharia stock indices. Ho identified various sharia screening standards in various jurisdictions. Meanwhile, Alam and Rajjaque began to introduce the urgency of integrating Environmental, Social, and Governance (ESG) in the sharia stock screening process (Hosen., 2023). However, there has been no research that has specifically examined the relationship between the development of environmental protection fatwa in Indonesia and the normative construction of the Daftar Efek Syariah.

Based on these conditions, this study analyzes the harmonization between the normative substance of MUI Fatwa Number 22 of 2011 and MUI Fatwa Number 86 of 2023 with the selection mechanism of the Daftar Efek Syariah in Indonesia. This research also offers a conceptual model for the development of screening of sharia issuers through the integration of hifzh al-bi'ah principles and ESG approaches. Thus, this research offers a paradigm shift in sharia compliance from financial compliance to ethical-ecological compliance as the development of an Islamic capital market system that is more responsive to contemporary sustainability challenges.

Based on this description, this study proposes three problem formulations. First, how is the legal politics and normative substance of MUI Fatwa Number 22 of 2011 and MUI Fatwa Number 86 of 2023 in building the principles of environmental protection in economic activities? Second, what is the normative construction of the selection mechanism for the Daftar Efek Syariah in Indonesia and the extent to which the dimensions of environmental protection are accommodated in it? Third, how to reconstruct the screening model of sharia issuers that is in line with maqashid al-shari'ah through the integration of hifzh al-bi'ah principles and ESG approaches?

LITERATURE REVIEW

Previous studies have increasingly examined the relationship between Shariah-compliant investment and sustainability, particularly through the Environmental, Social, and Governance (ESG) framework. Research on firms included in the Indonesia Shariah Stock Index (ISSI) has examined ESG disclosure and demonstrated the relevance of environmental, social, and governance considerations within the Indonesian Shariah capital market (Gati et al., 2026). This development indicates that sustainability considerations have become increasingly relevant to the assessment of Shariah-compliant companies.

The integration of ESG principles with *maqāṣid al-sharī'ah* has also received attention in the literature. Khairunnisa et al. (2025) examined the integration of ESG and *maqāṣid al-sharī'ah* in sustainable Islamic finance in Indonesia. This perspective broadens the concept of Shariah compliance beyond financial considerations by relating Islamic financial activities to wider objectives of Islamic law, including social and environmental responsibilities. In addition, Hosen (2023) examined the role of Islamic finance in addressing climate change and identified the relevance of Islamic finance to environmental sustainability and climate-related challenges.

These studies indicate a growing convergence between Shariah-compliant finance, ESG principles, *maqāṣid al-sharī'ah*, and environmental sustainability. However, existing studies have primarily focused on ESG disclosure, the integration of ESG with *maqāṣid al-sharī'ah*, and the role of Islamic finance in addressing climate change. The normative relationship

between environmental protection principles contained in MUI Fatwa No. 22 of 2011 and MUI Fatwa No. 86 of 2023 and the criteria for the Daftar Efek Syariah (DES) has received limited attention. In particular, the extent to which environmental protection constitutes a consideration in the existing Shariah stock screening framework in Indonesia remains insufficiently examined. This gap provides the basis for examining the consistency between the development of environmental norms in Islamic legal discourse and the normative construction of the DES.

RESEARCH METHODS

This research is a normative legal research that aims to examine the consistency, synchronization, and harmonization of legal norms that govern the selection mechanism of sharia issuers in Indonesia with the development of environmental protection norms in contemporary Islamic law. Normative legal research was chosen because the objects analyzed were in the form of laws and regulations, fatwas, international sharia standards, and legal doctrines that developed in the study of Sharia Economic Law.

According to Marzuki, normative legal research is conducted to find legal rules, legal principles, and legal doctrines (Marzuki, 2021.,) to answer the legal issues faced. In the context of this study, the legal issue studied is the lack of accommodation of the dimension of environmental protection as an explicit parameter in the mechanism of the Daftar Efek Syariah, even though this norm has developed in various fatwas of the Indonesian Ulema Council.

This research is prescriptive and argumentative. It is prescriptive because it not only describes the positive legal conditions that apply, but also provides arguments about the ideal direction of legal development. The argumentative nature is seen in the effort to build a normative construction regarding the need to integrate the principle of hifzh al-bi'ah into the screening system of sharia issuers in Indonesia.

RESULTS AND DISCUSSION

Legal Politics of the MUI Fatwa on Environmental Protection

A. Development of Islamic Law Paradigm on Environmental Issues

The development of contemporary Islamic law shows that there is an expansion of the orientation of maqashid al-shari'ah which is no longer limited to the protection of religion (hifzh al-din), soul (hifzh al-nafs), reason (hifzh al-'aql), heredity (hifzh al-nasl), and property (hifzh al-mal), but also includes the protection of the environment (Hosen., 2023) This paradigm shift emerged in response to increasing global ecological problems, such as climate change, deforestation, pollution, and unsustainable use of natural resources.

From the perspective of maqashid al-shari'ah, the environment is not just an object that can be used, but an integral part of the life system that must be maintained. The Qur'an expressly prohibits acts that cause damage to the earth as contained in QS. Al-Baqarah verse 205, QS. Al-A'raf verse 56, and QS. Ar-Rum verse 41. This principle is strengthened by the rules of fiqh (Majelis Ulama Indonesia., 2023) which emphasizes that all forms of actions that cause harm must be prevented.

In the Indonesian context, these developments have taken a normative form through several fatwas of the Indonesian Ulema Council that specifically regulate environmental protection. The presence of these fatwas shows that environmental issues have become part of contemporary Islamic legal politics that seek to integrate the principle of sustainability into people's economic activities.

B. Legal Politics of MUI Fatwa Number 22 of 2011 concerning Environmentally Friendly

Mining

MUI Fatwa Number 22 of 2011 was born in response to the increasing environmental problems caused by mining activities. This fatwa is not intended to prohibit mining activities absolutely, but rather provides normative restrictions so that these activities are carried out in accordance with the principles of benefit and sustainability. (Majelis Ulama Indonesia., 2011) Philosophically, the fatwa is built on three main foundations.

First, humans have a position as caliphs on earth who are obliged to maintain the balance of the ecosystem. Second, natural resources are a mandate of Allah SWT, whose utilization must pay attention to the sustainability of future generations. Third, economic activities that cause environmental damage are contrary to the goals of sharia because they result in the loss of public benefits or maslahah 'ammah.

From the normative aspect, MUI Fatwa Number 22 of 2011 emphasizes that mining activities must pay attention to aspects of conservation, reclamation, environmental restoration, and social sustainability. (Majelis Ulama Indonesia., 2011) The main orientation of this fatwa is not only the economic aspect, but the balance between development and environmental protection. This construction shows a transformation of the Islamic legal paradigm from a legal-formal approach to an approach based on ecological benefits. Economic activity is not only judged by the object of the transaction, but also by the impact it has on people's lives and the environment.

C. Legal Politics Of Mui Fatwa Number 86 Of 2023 Concerning Global Climate Change Control Law

Further developments can be seen through MUI Fatwa Number 86 of 2023 concerning the Global Climate Change Control Law. In contrast to Fatwa Number 22 of 2011 which focuses on the mining sector, this fatwa has a wider scope because it regulates human responsibility in dealing with the global climate crisis. (Majelis Ulama Indonesia., 2023)

This fatwa is based on the view that climate change has caused various damages that threaten human life and the preservation of nature. Therefore, every individual, corporation, and government has a moral responsibility to make mitigation and adaptation efforts to climate change.

In the perspective of Islamic law, the fatwa establishes a close relationship between economic activity and ecological responsibility. Business activities are no longer only assessed based on the halalness of the business object and its transaction mechanism, but also based on its impact on environmental sustainability.

Through this fatwa, MUI places environmental protection as part of the collective obligation (fardhu kifayah) that must be realized in various sectors of life, including economic activities and investment.

D. Hifzh Al-Bi'ah as a New Orientation of Sharia Economic Law Politics

If examined systematically, the two fatwas show the existence of a new direction of Islamic legal politics in Indonesia. Previously, sharia economic fatwa was more directed at halal transactions and property protection. Recent developments show that environmental protection is beginning to gain legitimacy as part of the purpose of Islamic law.

This concept is in line with Yusuf al-Qaradhawi's thinking about hifzh al-bi'ah as a development of maqashid al-shari'ah, as well as the approach of the Jasser Auda system which views maqashid as a dynamic and adaptive concept to social change.

Thus, MUI Fatwa Number 22 of 2011 and MUI Fatwa Number 86 of 2023 are manifestations of the politics of Islamic law that integrates the value of environmental sustainability into economic

activities. This development also shows that environmental protection has developed from just an ethical value to a legal norm that has an orientation to public policy.

Based on this description, the paradigm of Islamic law in Indonesia has moved towards strengthening the ecological dimension in economic activities. Theoretically, there is an adequate basis for considering the integration of environmental protection principles into the screening mechanism of sharia issuers.

Construction of Daftar Efek Syariah Criteria in Indonesia

A. The Evolution of Daftar Efek Syariah Regulation

The development of the sharia capital market in Indonesia cannot be separated from efforts to build a selection mechanism that ensures the conformity of a security with sharia principles. The main instrument used for this purpose is the Daftar Efek Syariah (DES), which is a collection of securities that are declared to meet sharia principles based on regulatory regulations.

Historically, this mechanism developed from the Decree of the Chairman of Bapepam-LK Number II.K.1 of 2007, strengthened through POJK Number 35/POJK.04/2017 and subsequently updated through POJK Number 8 of 2025.

The development of these regulations shows that there are technical improvements in the sharia securities selection mechanism. However, the changes that have occurred are basically still focused on improving the parameters of business activities and financial ratios.

B. Business Screening As The First Pillar

Business screening is the initial stage in determining the sharia status of an issuer. Through this mechanism, the regulator assesses the company's main business activities to ensure that these activities do not conflict with sharia principles.

The criteria used in business screening include prohibitions on business activities related to:

1. gambling and games that are classified as maisir;
2. financial services;
3. risky buying and selling containing gharar and maisir;
4. production or distribution of illegal goods and services;
5. bribery transactions (*risywah*) and business practices that are contrary to sharia.

From this construction, it can be seen that business screening is oriented to the type of business activity or business activity approach. The main focus of the assessment is the business object and the characteristics of the transactions carried out by the company.

C. Financial Screening as the Second Pillar

In addition to the aspect of business activities, sharia compliance is also measured through financial screening. This mechanism aims to limit the dominance of interest-based transactions in the company's financial structure.

In the regulation of the Sharia Securities List, financial screening is carried out through two main indicators, namely:

1. the ratio of total interest-based debt to total assets; and
2. ratio of non-halal revenue to total company revenue.

The use of these two ratios shows that the paradigm of sharia compliance in the Indonesian capital market is still rooted in asset protection or hifzh al-mal.

D. Environmental Protection Dimensions in Construction DES

When analyzed systematically, both business screening and financial screening do not contain parameters that are explicitly related to environmental protection. Business activities are assessed from halal and haram aspects, while financial structure is assessed based on the level of exposure to usury elements and non-halal income.

Thus, business activities that have the potential to cause ecological mafsadah have not become a separate assessment variable in the Sharia Securities List mechanism.

The findings do not necessarily indicate a conflict between sharia capital market regulations and environmental protection fatwas. This condition is more appropriately understood as the development of environmental protection norms into the screening system of sharia issuers.

E. Institutional Position of OJK and DSN-MUI

The construction of the Sharia Securities List was built through an institutional relationship between the Financial Services Authority and the National Sharia Council-Indonesian Ulema Council. DSN-MUI plays a role in formulating sharia principles in the field of capital markets, while OJK has the authority to establish and implement technical regulations regarding the issuance of Sharia Securities List.

On the other hand, MUI Fatwa Number 22 of 2011 and MUI Fatwa Number 86 of 2023 were issued by the MUI Fatwa Commission as fatwas that are general and not specifically intended for the capital market sector.

This institutional configuration resulted in the development of two groups of norms that ran in parallel. On the one hand, there are environmental protection norms that are developed in the MUI fatwa, while on the other hand, there are capital market screening norms developed through DSN-MUI and OJK.

Theoretically, this condition shows that there is room for legal harmonization through the integration of environmental protection values into the screening mechanism of sharia issuers without having to change the basic principles of the existing Sharia Securities Listing system.

Table 1. Construction of a Screening Mechanism for Sharia Issuers in Indonesia

Component Screening	Parameter	Orientation
Business Screening	Types of business activities	Transaction compliance
Financial Screening	Non-halal debt to income ratio	Financial compliance
Environmental Screening	Not explicitly set yet	Development space

Based on the above analysis, the Indonesian Sharia Securities Listing system basically has a strong foundation in maintaining sharia compliance in terms of business activities and financial structure. However, the development of environmental protection norms in contemporary Islamic law opens up space for the development of a new paradigm in the form of integrating ecological dimensions as a complement to the existing screening mechanism.

Analysis of Harmonization between the MUI Fatwa and the Criteria for the Sharia Securities List

A. Legal Harmonization as a Framework for Analysis

In the modern legal system, the existence of various regulations that govern a field requires

synchronization in order for legal objectives to be achieved effectively. (Marzuki., 2021) According to the theory of legal harmonization, a legal system should ideally be built on a complementary relationship between various norms, both those sourced from laws and regulations and religious norms.

In the context of this study, legal harmonization is used to analyze the relationship between the development of environmental protection norms in the MUI Fatwa and the construction of the Sharia Securities List (DES) regulation. This approach was chosen because the research does not aim to contradict the two instruments, but rather to identify integration spaces that can strengthen Indonesia's Islamic capital market system.

According to the theory of legal synchronization, harmonization can be carried out through two approaches, namely horizontal synchronization and vertical synchronization. (Marzuki., 2021) Horizontal synchronization examines the conformity of norms that are at a relatively parallel level, while vertical synchronization examines the relationship between more general norms and more operational norms in policy implementation.

B. Horizontal Synchronization Analysis

At the horizontal level, MUI Fatwa Number 22 of 2011 and MUI Fatwa Number 86 of 2023 have an orientation that is in line with various DSN-MUI fatwas that regulate sharia economic activities.

The DSN-MUI fatwa is basically built on the principle of achieving benefits and preventing harm in economic transactions. This principle is in line with the substance of the second environmental fatwa which places environmental protection as part of moral and legal responsibility in economic activities. Conceptually, there are several points of convergence between the two fatwa groups.

MUI Environmental Fatwa	Sharia Capital Market Fatwa
Prevention of environmental damage	Prevention of transactions contrary to sharia
Public benefit	Protection of investor interests
Principle of responsibility	The principle of prudence
Resource sustainability	Investment sustainability

The table shows that the two groups of norms have the same philosophical orientation, namely maintaining the common good or maslahah 'ammah. The difference lies in the scope of the arrangement. Environmental fatwas emphasize the ecological impact of economic activities, while capital market fatwas are more oriented towards transaction aspects and financial structures.

Thus, from the perspective of horizontal synchronization, there is no conflict of norms, but there is a development of the dimension of Islamic law that has not been fully integrated.

C. Vertical Synchronization Analysis

The next analysis was carried out on the relationship between environmental protection norms and the technical construction of the Sharia Securities List. Normatively, POJK regarding the Sharia Securities List is an administrative instrument that implements sharia principles in the capital market sector. The criteria used by regulators include:

1. Business screening; and
2. Financial Screening.

Both parameters are a direct implementation of the concept of property protection or hifzh al-mal in maqashid al-shari'ah. However, when compared to the development of norms contained in MUI Fatwa Number 22 of 2011 and MUI Fatwa Number 86 of 2023, it can be seen that the

dimension of environmental protection has not received explicit representation in the mechanism.

This condition cannot be understood as a normative inconsistency in the sense of a legal conflict, but as a phenomenon of regulatory lag, which is a situation when the development of substantive legal norms moves faster than the instrument of implementation. From the perspective of legal harmonization, this situation actually opens up space for the formation of new norms through a gradual process of policy adjustment.

D. International Standard Perspective

The development of the global sharia capital market also shows a tendency to strengthen the sustainability aspect. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) places maqashid al-shari'ah as the main goal of the development of the Islamic financial system. Meanwhile, various global investment institutions are beginning to integrate Environmental, Social, and Governance (ESG) principles in investment decision-making. (Gati et al., 2026)

On the other hand, the Dow Jones Islamic Market Index (DJIM) and the FTSE Shariah Index still maintain two main screening layers, namely business screening and financial screening. However, in global investment practices, the two indices are increasingly combined with ESG screening as an additional instrument. (Hosen., 2023) This phenomenon shows that the integration of environmental aspects in sharia investment screening is not something that is contrary to the principles of the sharia capital market, but rather the direction of new developments that are growing at the international level.

E. The Meaning of Harmonization for the Development of DES

Based on the above analysis, the relationship between the MUI Fatwa on environmental protection and the mechanism of the Sharia Securities List is more appropriately positioned as a complementary relationship rather than a contradictory relationship. The development of environmental protection norms has expanded the scope of sharia compliance from being transaction-oriented and financial structure to covering ecological responsibility. Therefore, the main challenge of the Sharia Securities List system in the future is not to replace the existing screening mechanism, but to develop the system to be able to accommodate the development of maqashid al-shari'ah more comprehensively.

Analysis through the Perspective of Hifzh al-Bi'ah

A. The Evolution of Maqashid al-Sharia'ah

The concept of maqashid al-shari'ah developed by Al-Syatibi places the protection of religion, soul, intellect, descent, and property as the main goal of Islamic law. In its development, contemporary thinkers view that the five classical goals need to be read dynamically in order to be able to answer modern problems.

Jasser Auda through a systems approach emphasizes that maqashid is not a closed concept, but a framework that is adaptive to social and humanitarian development. With such an approach, environmental protection can be seen as an integral part of the protection of human life. A similar view was put forward by Yusuf al-Qaradhawi who developed the concept of fiqh al-bi'ah. According to him, protecting the environment is a sharia obligation because the destruction of nature will ultimately threaten the survival of humans and the next generation.

B. Hifzh al-Bi'ah in Economic Activity

In the context of sharia economics, the concept *of hifzh al-bi'ah* has a close relationship with the principle of benefit. (Hosen., 2023) Economic activities that generate financial benefits but cause extensive ecological damage, are essentially contrary to the purpose of sharia because they

eliminate public benefits and cause greater harm. Thus, sharia compliance measures should ideally not only stop at the legality of transactions and financial structures, but also consider the ecological impact of business activities. This concept is in line with the rules of fiqh:

"Resisting damage takes precedence over taking advantage."

This principle shows that environmental protection has a strong normative basis in the Islamic legal system.

C. Hifzh al-Mal and Hifzh al-Bi'ah as Parameters of Shariah Compliance

The current mechanism of the Sharia Securities List has basically represented the protection of assets or The restriction of interest-based debt and non-halal income aims to maintain the purity of economic activities from elements that are prohibited by sharia. However, the development of maqashid al-shari'ah shows that the protection of property cannot be separated from the protection of the environment. Systematic ecological damage will ultimately reduce people's well-being and threaten economic sustainability. Therefore, *hifzh al-bi'ah* can be positioned as a logical development of the existing sharia compliance paradigm.

D. Paradigm Shift in Shariah Compliance

Based on these developments, this study views that the screening system of sharia issuers needs to move from the paradigm:

Financial Compliance, which only focuses on the suitability of transactions and financial structures, towards an Ethical-Ecological Compliance paradigm that integrates moral, social, and ecological responsibilities into the concept of sharia compliance.

This new paradigm does not eliminate the mechanism of business screening and financial screening, but rather complements it to be more in line with the development of the Ethical-Ecological Compliance.

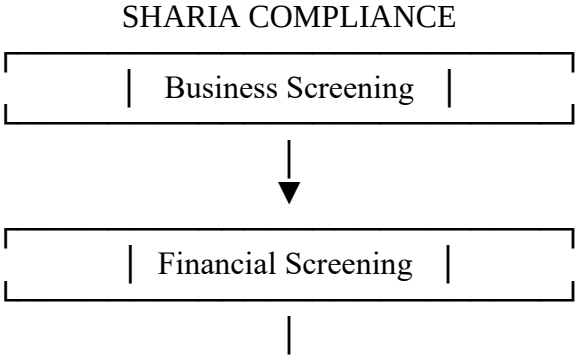
Reconstruction of the Sharia Issuer Screening Model Based on Maqashid al-Sharia and ESG

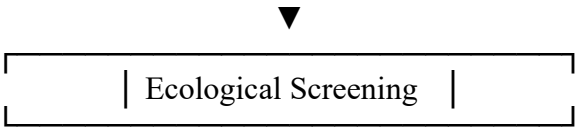
A. Urgency of Reconstruction

The results of the analysis show that the screening system of sharia issuers in Indonesia has a strong normative foundation through business screening and financial screening. Nevertheless, the development of contemporary Islamic law and the global sustainable investment trend show the need to strengthen the dimension of environmental protection as part of sharia compliance. The reconstruction offered in this study is not intended to replace the existing system, but to develop a more comprehensive screening model.

B. Model Ethical-Ecological Compliance

This study offers the following three-layer model:





In this model, ecological screening serves as a complementary layer that strengthens the existing screening system, in line with the complementary approach recommended in contemporary Islamic finance literature.

C. Parameter Konseptual Ecological Screening

As a normative legal research, this research does not offer quantitative indicators that are final, but rather a conceptual framework that can be developed by regulators. (Marzuki., 2021) These parameters can consider several official sources of information, including:

1. compliance with environmental regulations
2. Sustainability disclosure
3. Corporate Sustainability Report
4. Company Performance Rating Assessment Program (PROPER) data
5. Court decisions that have permanent legal force related to the environment
6. Official documents of the Ministry or Authorized Institution

In this context, ecological screening is not intended to assess a business sector as haram, but to evaluate the level of suitability of business activities with the principles of sustainability which are part of maqashid al-shari'ah.

D. Theoretical Contribution to Research

The main contribution of this research lies in the development of a new paradigm in the Islamic Capital Market. So far, sharia compliance has been understood primarily as compliance with the type of business and the company's financial structure. This research expands on this construction by including the dimension of ecological responsibility as part of sharia compliance. Thus, this research offers a paradigm transformation from Financial Compliance to Ethical-Ecological Compliance. The paradigm is built through the harmonization between the development of environmental protection norms in Islamic law, the theory of maqashid al-shari'ah, and global developments regarding Environmental, Social, and Governance or ESG.(Khairunnisa et al., 2025)

E. Implications for the Development of the Indonesian Sharia Capital Market

The model offered in this study has several strategic implications. First, strengthening the position of Indonesia's sharia capital market as an investment system that is not only oriented towards economic profits, but also environmental sustainability. Second, it opens up a space for harmonization between the development of the MUI fatwa and the policies of capital market regulators. Third, enriching the study of Sharia Economic Law through the development of the concept *of hifzh al-bi'ah* as a parameter of sharia compliance. Thus, the reconstruction of ecological screening is not a change to the basic principles of the Sharia Securities List, but a form of conceptual refinement that is in line with the development of maqashid al-shari'ah and the dynamics of sustainable investment in the contemporary era.

CONCLUSION

Based on the results of the research, several conclusions can be drawn. First, MUI Fatwa Number 22 of 2011 concerning Environmentally Friendly Mining and MUI Fatwa Number 86 of 2023 concerning the Global Climate Change Control Law show that the politics of Islamic law in Indonesia have moved towards strengthening the ecological dimension in economic activities. The two fatwas affirm that economic activities that cause environmental damage are contrary to

sharia values, so environmental protection is no longer just an ethical issue but has become part of the norms of contemporary Islamic law.

Second, the selection mechanism for the Sharia Securities List in Indonesia which is regulated through POJK Number 35/POJK.04/2017 and POJK Number 8 of 2025 still relies on two main pillars, namely business screening and financial screening. The dimension of environmental protection has not been explicitly accommodated as a parameter of sharia compliance. This condition is not a normative conflict, but a regulatory lag phenomenon that opens up space for harmonization.

Third, based on the perspective of maqashid al-shari'ah, especially the principle of hifzh al-bi'ah, there is a strong normative basis for integrating the dimension of environmental protection into the screening mechanism of sharia issuers. This research offers a three-layer sharia screening model that adds ecological screening as the third pillar, so that the sharia compliance paradigm shifts from financial compliance to ethical-ecological compliance

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