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Shariah Obligations, Legal Mandates, and CSR Practices for Corporate Bodies: An Islamic Perspective

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Abstract
This paper identifies a significant gap within the literature focused on corporate social responsibility (CSR) by proposing a mechanism based on Islamic jurisprudence and Shariah principles capable of addressing the challenges of the contemporary world. Most of the literature has transitioned from classical theories of CSR to the current dominant paradigm of Environmental, Social and Governance (ESG) criteria, and the United Nations Sustainable Development Goals (SDGs). However, it has remained largely secular, utilitarian, "box-ticking", and not deeply Shariah-imbued. This study attempts to articulate a vision of corporate responsibility coherent enough to be globally relevant, while deeply rooted in the doctrinal principles of maqāṣid al-sharīʿah and contemporary regulatory frameworks. The paper highlights the implications of Islamic principles of masʾūliyyah, maqāṣid al-sharīʿah, and farḍ kifāyah, analyzing Qurʾānic and ḥadīth texts, classical jurisprudential writings, and the recent legal developments in Pakistan, to illustrate how they morally underpin current ESG ideals and SDG-oriented practices. The argument presents Islamic law's Shariah and teleological, corporate vision as morally anchored, sustainable, and above mainstream ESG discourse, teleologically focused on expanding sustainability concepts to include a Shariah-defined corporate scope.

Keywords: CSR, Shariah, Islam, ESG Disclosure, SDGs

Introduction

Responsibility (masʾūliyyah), within the context of Islamic law, relates to the normative, legal, moral, and spiritual obligations that bind an individual, which can be an 'institution.' Thus, it is "legal, normative, and spiritual" and "moral" and "normative" depending on the context. It only arises relative to the right (ḥaqq) of another. Hence, the obligation of a parent arises only when a child is born, and a debtor's obligation is only triggered when a creditor exercises her claim. The balance of a right and a duty is the order and justice of society. As the Prophet Muḥammad ﷺ said, "All of you are shepherds, and each of you will be asked about his flock," meaning, and law proves it, that a duty must be accounted for, and is an integral part of the human agency, and must be accounted for, therefore, it must be limited and lawful.[2]

Responsibility can be defined in Islamic law in different ways. It can be legal rights (ḥuqūq Allāh), and also in relations or duties to a fellow human being (ḥuqūq al-ʿibād). Duties can also be grouped according to the law which is enforceable, and the law which is social in nature. The Prophet ﷺ also

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[2] Ṣaḥīḥ al-Bukhārī, Kitāb al-Aḥkām, 893; see also Ibn Ḥajar al-ʿAsqalānī, Fatḥ al-Bārī Sharḥ Ṣaḥīḥ al-Bukhārī, vol. 13 (Cairo: Dār al-Maʿārif, 1959), 125.

said “Sin is that which pricks your heart,” which proves that a sense of responsibility also exists in a governance sense when one possesses a 'demon.'[3]
Modern business practice also aims to capture this form of responsibility, in the form of "corporate social responsibility." Initially, this was part of the broader global movement developed around ESG (Environment, Social, and Governance) principles and the United Nations Sustainable Development Goals (SDGs).[4] Yet, these ESG frameworks still remain grounded in legal rationales and primarily utility-based frameworks around reputational concerns, profit maximization, and risk minimization. This brings forth a challenge in Muslim-majority contexts, as there is a dissonance between the profit-driven Western corporate frameworks and the Sharīʿah obligations of a more ethical and humane approach. This paper attempts to show how Islamic law can fill the gap to integrate corporate practice with the ethics of Sharīʿah and the global need for corporate sustainability.
Our reasoning consists of three strands. The first claims that Islamic law provides a fully developed and coherent view of responsibility, especially with regard to the doctrines of masʾūliyyah, maqāṣid al-sharīʿah, and farḍ kifāyah, which can act as a moral compass for the ESG and SDG core principles.[5] The second argues that these Islamic principles could be formalized into Western corporate governance structures and uses Pakistan as an example.[6] The last posits that the principles of ethics in Islamic law can be employed to design practical socially responsible corporate conduct that would bring a unique perspective to the global debate.
This paper has been organized in the following way. In Section 2, I identify the gaps that need to be filled in the review of literature, including the rise of ESG and SDGs. Section 3 describes the methodology used. Section 4 constructs the Islamic framework for corporate responsibility and articulates its connection to the SDGs. Section 5 examines the developing legal framework in Pakistan in relation to this. Section 6 provides implementation strategies and Section 7 wraps up with the implications for theory and practice.

Literature Review

A balance between moral responsibility and profit maximization has characterized the development of corporate responsibility. Friedman (1970) laid the groundwork for the classical view which holds that a firm’s only social responsibility is to make a profit. Managers are seen as agents of the shareholders and their actions are to be judged solely on the basis of their economic efficiency. This profit-centered notion dominated capitalism for a substantial part of the twentieth century. However, by the 1980s, this view began to be challenged. Freeman (1984) articulated the stakeholder theory, which posits that a firm’s success is a by-product of its engagement within a network of interrelated relationships. This view was further advanced by Carroll (1991) in his four-categorization model of corporate social responsibility (CSR) which comprises economic, legal, ethical, and philanthropic responsibilities. This model shifted the corporate purpose from solely wealth creation to moral and social stewardship.
Responsible governance is now empirically validated. According to Eccles, Ioannou, and Serafeim (2014), businesses that excel in sustainability not only become operationally more efficient, but they also gain relative market value over competitors. This provides evidence that ethical management and profitability is not an oxymoron. The United Nations also embraced the idea of sustainability at the global enduring moral and developmental target, under the 2030 Agenda for Sustainable Development (2015). This was the start of the Environmental, Social, and Governance (ESG) frameworks that are used to evaluate Corporate Social Responsibility (CSR) activities beyond the financial profit of an

[3] Ṣaḥīḥ Muslim, Kitāb al-Birr wa’l-Ṣilah, 2553; see also al-Nawawī, Sharḥ Ṣaḥīḥ Muslim, vol. 16 (Beirut: Dār al-Maʿrifah, 1972), 142.
[4] United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development (New York: UN, 2015).
[5] Abū Isḥāq al-Shāṭibī, al-Muwāfaqāt fī Uṣūl al-Sharīʿah, ed. ʿAbd Allāh Darrāz (Beirut: Dār al-Maʿrifah, 1975), 2:15–17; Jasser Auda, Maqāṣid al-Sharīʿah as Philosophy of Islamic Law: A Systems Approach (London: International Institute of Islamic Thought, 2008).
[6] Muhammad Kamal Hassan, “The Integration of Islamic Values in Corporate Governance: A Case Study of Pakistan,” Journal of Islamic Business and Management 10, no. 2 (2020): 45–66.

enterprise. Even with the mounting skepticism, ESG systems are continuing to be implemented and integrated into a multitude of organizations. They are not without significant challenges. Berg, Koelbel, and Rigobon (2022) pointed to the "aggregate confusion" ESG ratings divergence causing and the repercussions of such on comparability and investor trust. Closely on the heels of Berg, Koelbel, and Rigobon (2022) Amel-Zade, and Serafeim (2018) emphasized that global investors use ESG datasets while claiming the use is on an ethically driven conviction while other data uses is on risk mitigation which closely relates to finances. Dhooge (2020) articulated this ambivalence in ESG, suggesting such initiatives are ethically tainted. Such observations are corroborated by Rajgopal and Raghunandan (2022) who demonstrated the ESG funds investment is in firms that are not genuinely stakeholder friendly. Disputes such as these center on the western models of CSR as with ESG, due to their progressive nature, lack in moral consistency that is needed to fulfill and uphold social justice.

When examining the ethics of corporations, Islamic economic thought looks to a different base than the ones used by other scholars. Those who have written about the subject, such as Siddiqi (1983), Chapra (1992), and El-Gamal (2006), stress the importance of the moral and the socioeconomic dimensions of Islam and the Islamically oriented economic activity. While Friedman operates on a secular logic of profit, Islamic finance works on the principles of maslahah (the public good) and the maqasid al-shariah (the objectives of Islamic law), which are to safeguard religion, life, intellect, lineage, and wealth (Auda 2008). The primary objectives mentioned above place ethics on the forefront of all economic decisions and ensure profit-making-activitv does not breach social equilibrium or social injustice, as well as economic environmental dysregulation.

Even empirical research has shown the ethical stance of Islamic financial institutions. Zainal Abidin and Syed Alwi (2013) discovered that Islamic banks and financial institutions of Malaysia incorporated CSR vertically with the distribution of zakat, charitable financing, and community development. Ismal (2012) explored Islamic banks of Indonesia that similarly integrated CSR with financing inclusive of poverty alleviation. According to Wilson (2008) and Ayub (2007), Islamic finance ought to align with Islamic CSR and ESG. Ayub and Wilson pointed to the barriers Islam places around interest (riba), gambling (gharar), and antisocial and antisustainable investments, which imposed self-discipline and fostered transparency, equitable trade, and sustainability. These principles of Islamic finance espoused inner self-regulation that the contemporary ESG movements seeks out through external control and regulation.

Philosophically, the systems approach of Auda (2008) to maqasid al-shariah paves a way for a new discourse that merges Islamic ethics and global sustainability. Both ESG and Islamic finance systems seek to integrate economic growth with social and environmental welfare. They, however, differ in moral sentiment. ESG is founded upon secular ethical pluralism, while Islamic finance is based on divine accountability. Islamic finance places moral accountability on the self and acts as an internal regulation to transform conduct from regulatory to compliance, an external control.

This captures one of the most important ethical concerns with current CSR and ESG frameworks: the tendency towards instrumentalism and moral relativism. The Shariah-driven corporate responsibility vision seeks to combine profit and purpose, so that the generation of wealth will also ensure equitable distribution and collective prosperity. Thus, Islamic finance does not just provide an alternative financial model—it also offers a moral model to reinstate sincerity and justice into the economically developed and developing world.

Islamic Corporate Responsibility Framework

For Islamic jurisprudence, mas'uliyyah is one of the primary principles. From a legal perspective, it is not simply a legal construct, as it also carries moral, ethical, and spiritual values. Responsibility is stated in the Qur'an: "No bearer of burdens will bear the burden of another" (Qur'an 35:18)[7] . Responsibility means every person is accountable for their actions. Nonetheless, within the larger Islamic frameworks of jurisprudence (fiqh), responsibility is not purely at the individual level. Within certain doctrinal frameworks, it could also be socialized, delegated, or institutionalized. This helps the

[7] The Qur'an, 35:18.

social and economic order operate within the principles of accountability, on the individual level, before the Almighty God. The Prophet Muhammad ﷺ described this in a collective sense when he said, "All of you are shepherds, and each of you will be asked about his flock" (Bukhari, Sahih al-Bukhari) [8]. This teaching applies to leaders, administrators, and corporate managers who are given resources, decisions, and the responsibility of people and welfare. This also implies that, at the levels of governance, accountability is a moral ideal that is legally commanded and divinely endowed. It operates at the micro and the macro levels.

Simultaneously, Shariah law also recognizes the doctrine of lawful delegation (tafwid), as well as the apportionment of obligations (taqsim al-mas'uliyyah), which allows for the uninterrupted collective functioning even in the event of a lack of individual functioning as noted in.[9]

Islamic legal theory articulates various valid ways responsibility can be sent or shared without infringing on the fundamental basis of personal accountability. One of the most significant instances of this is the individual-to-individual transfer seen in badal al-hajj. Here, an individual unable to perform Hajj may appoint a proxy to perform it in their stead. This delegation, however, is limited by scholars to the case of permanent incapacity in order to preserve the nature of personal obligation. Another classical instance is individual-to-group sharing, in particular the doctrine of 'aqilah, which requires the members of a tribe or clan to pool resources to pay the blood money (diyah) for an offender when they cannot pay it. Islamic law goes even further in extending responsibility to the shield of inanimate objects.

The Prophet Muhammad (peace be upon him) equated mutilating the dead with harming the living and hence prohibited it.[10] He also prohibited sitting on graves because of the spirituality and moral implications associated with it.[11] In addition, the Prophet himself illustrated the principle of delegation. He performed the sacrificial offerings on behalf of his household and thus fulfilled the individual obligations during the Hajj, acting on behalf of the group for collective obligations.[12] Other communal duties, such as jihad, funeral rites, and religious education, also demonstrate the obligations of the farḍ kifāyah, while the actions of certain people benefit all. The activities of the expedition of Sariyat al-Khabt are historical evidence of the equitable distribution of responsibilities and resources for the achievement of communal goals.[13] The Bait al-Mal and waqf also show institutionalized responsibilities. They managed education, welfare, and healthcare of the public as autonomous legal entities with defined rights and obligations and sidelined the state for direct control.[14] On the highest level of social organization, the Treaty of Hudaybiyyah, tribal alliances, and Constitution of Medina exemplify institution-to-institution transfers of responsibility and formalized collective accountability for the society of the new Islamic state.[15]

This growing doctrine builds the necessary jurisprudential groundwork for treating corporate entities as legal persons (shakhsiyyah-i 'tabariyyah) in Islamic law, possessing comparable rights, responsibilities, and standing in law as natural persons do. The acknowledging of separate legal personality permits corporations to own property, contract, litigate, and carry out obligations without the participation of their members.[16] Unlike the secular corporate law, where the convenience of economic interests and risk management under corporate personhood dominates, Islamic jurisprudence focuses on maslahah 'ammah (the public interest) and the divine fiduciary responsibility of stewardship. Thus, corporate personhood in Islam is not a legal fiction aimed at profit maximization

[8] Muhammad ibn Isma'il al-Bukhari, Sahih al-Bukhari, Book 89, Hadith 252.

[9] Yusuf al-Qaradawi, Fiqh al-Zakat: A Comparative Study, trans. Monzer Kahf (Jeddah: Scientific Publishing Centre, King Abdulaziz University, 1999), 1:45–47.

[10] Muslim ibn al-Hajjaj, Sahih Muslim, Book 20, Hadith 4731.

[11] Abu Dawud, Sunan Abu Dawud, Book 21, Hadith 3220.

[12] Al-Nawawi, Sharh Sahih Muslim, vol. 8 (Cairo: Dar al-Ma'arif, 1972), 160.

[13] Ibn Hisham, Sirat Ibn Hisham, ed. Mustafa al-Saqqa (Cairo: Dar al-Ma'arif, 1955), 2:220–223.

[14] Timur Kuran, The Long Divergence: How Islamic Law Held Back the Middle East (Princeton: Princeton University Press, 2011), 98–102.

[15] Muhammad Hamidullah, The First Written Constitution in the World (Lahore: Ashraf Press, 1975), 15–20.

[16] Mohammad Hashim Kamali, Shari'ah Law: An Introduction (Oxford: Oneworld Publications, 2008), 120–123.

but a moral-legal construct meant to ensure that corporations act as trustees (amin) on behalf of the members of society.[17] In this respect, corporations and other institutional entities carry almost all the rights and obligations of natural persons, save for personal acts of worship, which include prayer and fasting.[18] The obligations of corporations include the protection of wealth (ḥifẓ al-māl), the promotion of justice (ʿadl), equitable distribution of resources, and the maintenance of moral integrity and transparency in commercial practices.

In this context, the higher objectives of the Shariah (maqasid al-shariah) serve, in a concorded manner, as the basis for a legal-ethical framework and the core of the sustainability paradigm for corporate responsibility. Each of the five universal objectives of Shariah could underpin normative theories of corporate governance. In the preservation of religion (ḥifẓ al-dīn), corporations guarantee moral integrity and foster ethical collaboration within work settings, while employees' spiritual provisions are safeguard and moral corruption, deceit, and workplace corruption are practiced. In the preservation of life (ḥifẓ al-nafs), corporations are obliged to protect the occupational health and safety of employees, as well as the environment, public health and the Proposed Sustainable Development Goals (SDGs) of social well-being and climate action. In the preservation of intellect (ḥifẓ al-ʿaql), corporations are obliged to invest in education, training, and innovative improvement of work processes and the objectives of industrial growth. In the preservation of progeny (ḥifẓ al-nasl), corporations are obliged to support long-term sustainability, social equity, and family-affirming structures connected to SDGs concerning gender, inequality, and sustainable communities. Lastly, in the preservation of wealth (ḥifẓ al-māl), a corporation's economic activity should be treated as a trust (amanah) and the obligation of articulation economic activity of transparency, just remuneration, and proportional redistribution through zakat, corporate social responsibility (CSR) and other engineeringa social trust (CSR). In this context, CSR and ESG must be seen as legal responsibilities and not as optional or merely reputational instruments. They convert economic engagement into worship and social service.

Based on these foundations of jurisprudence, I discern ten interrelated principles that specify the operational aspects of corporate responsibility in Islamic law. In Islam, wealth must be guarded against waste and unlawful appropriation, honors, and neglect the prophetic condemnation of wastefulness and the dissemination of unverified information [39]. The second is equality, which prohibits unjust discrimination and compels equitable treatment of all employees and stakeholders, just like the Shariah principle of equal treatment in inheritance and gifts.[19] The third, profit-sharing, is a core component of the equitable distribution of profits and losses in a business partnership, as per contractual justice in mudarabah.[20] The fourth principle, custodianship, assigns fiduciary responsibilities to corporations, as drawn from the Quranic injunctions regarding the protection of orphaned funds.[21] The fifth, collective responsibility, states that institutions front the liability regarding their employees' actions when obligations exceed individual capacity and is similar to the doctrine of 'aqilah in compensation law [43].[22] The sixth, social bonds, affirm the obligation of stakeholders' trust, which is primarily to ensure that the work obligations of one spouse do not interfere with the familial or communal relations of the other spouse.[23] The seventh, ethical competition, prohibits deceit, monopolizing, and destructive rivalry, in line with prophetic prohibitions against envy and hatred[24]. The eighth principle, compassion, pertains to the humane treatment of all stakeholders, including equitable commercial dealings, as mandated by the Prophet ﷺ.[25] The ninth principle, consistent messaging, calls for coherence between

[17] Abbas Mirakhor and Hossein Askari, Islam and the Path to Human and Economic Development (New York: Palgrave Macmillan, 2010), 85–88.

[18] Khaled Abou El Fadl, The Great Theft: Wrestling Islam from the Extremists (New York: HarperOne, 2005), 204–206.

[19] Ibn Taymiyyah, Majmu' al-Fatawa, vol. 31 (Riyadh: Dar al-Wafa, 2001), 293–295.

[20] Muhammad Taqi Usmani, An Introduction to Islamic Finance (Karachi: Idaratul Ma'arif, 1998), 45–48.

[21] The Qur'an, 4:10.

[22] Ibn Qudamah, Al-Mughni, vol. 9, 274–276.

[23] Al-Ghazali, Ihya' Ulum al-Din, trans. Nabih Amin Faris (Lahore: Sh. Muhammad Ashraf, 1966), 2:150–152.

[24] Al-Bukhari, Sahih al-Bukhari, Book 78, Hadith 613.

[25] Muslim ibn al-Hajjaj, Sahih Muslim, Book 10, Hadith 3663.

a corporation's stated values and actual business practices, including avoidance of false promises, e.g. risk-free returns on Islamic financial instruments.[26] The tenth and last principle, respect for custom (ʻurf), legitimizes beneficial societal practices while characterizing customs that undermine justice or social solidarity as unrejectable[27].

These principles, taken together, show that foreign corporate accountability in Islam is not merely compliance on the part of the corporate entity, but an internal aspect of the Shariah-order economic system. As collective legal persons, institutions must observe and uphold distributive justice, procedural fairness, and honesty in ethical scale transparency, and therefore the moral imperatives of operational governance and moral governance must be conjoined. The Islamic model, in this respect, does not merely parallel Western concepts of CSR. It fundamentally alters the concepts by incorporating a moral and legal dimension, converting the execution of an economic obligation into a form of worship.

Methodology

This study uses a qualitative research design that integrates both textual and legal analyses to design a cohesive conceptual framework on Islamic corporate social responsibility (CSR) relevant to contemporary discussions on ESG and SDG. It describes an interpretive approach to primary Islamic texts to identify ethical and legal bases guiding economically responsible behavior. Texts are examined that focus on Qurʾān passages advocating justice, moderation, and responsible stewardship of resources, and ḥadīth collections on social responsibilities of the business communities, equitable trading, and the rights of the large community. The study also examines classical commercial fiqh texts on transactions and collective responsibilities (farḍ kifāyah). The study analyses the values and the legal systems of the Islam that governs financial interactions. Thus, the moral foundations of the Islamic equivalent of CSR are articulated.

Along with the textual exploration, the research also analyzes the corporate and regulatory framework in Pakistan in detail from a legal perspective. This includes the Companies Act of 2017, the draft CSR Bill 2024, the Zakat and Ushr Ordinance of 1980, and the relevant laws on environmental protection, labor, and other prescribed legislation. All of these provide the legal backdrop from which the Islamic ethical framework can be contextualized and assessed for relevance today. The corporate governance legislation and the obligations incorporated from Shariah reveal the Islamic ethical requirements that can be integrated within Pakistan's developing corporate laws and regulatory framework.

This study constructs a fully integrated conceptual framework that combines Islamic jurisprudential principles including maqāṣid al-sharīʿah, maslahah, and ʿadl with contemporary CSR and ESG, in order to develop a spiritually and globally attuned advanced model of corporate responsibility. To ensure the framework's rigor and practical use, it was adjusted based on the input of Islamic scholars, experts in corporate governance, and sustainability practitioners. Their insights helped the framework capture the Islamic legal ethics accurately and align it with contemporary practice in corporate governance and sustainability reporting.

To avoid the risk of remaining purely abstract, this study goes beyond theoretical synthesis. It provides a suite of operational tools and templates aimed at embedding Islamic ethics into corporate practice. These tools include governance charters, maqāṣid-inspired performance indicators, and frameworks for CSR reporting. Although the research primarily remains at the conceptual level, it lays the groundwork for future empirical research in several ways. Future research in this area will likely consist of two projects: the first, a qualitative case study in several Pakistani firms to explore the implementation gaps and institutional arrangements for a possible response; the second, a quantitative study of the proposed "Pakistan Maqasid Index" and the correlation of maqāṣid-aligned practices with firm financial performance or risk.

While the study positions Pakistan within a national context, the developed conceptual framework can also apply to other Muslim-majority countries with comparable socio-legal environments. Still, the

[26] Muhammad Ayub, Understanding Islamic Finance (Chichester: Wiley, 2007), 220–225.
[27] Ibn al-Qayyim, I'lam al-Muwaqqi'in, vol. 3 (Beirut: Dar al-Jil, 1991), 45–47.

research openly acknowledges its limited scope within this context. The limited scope within which this research operates was a goal in and of itself as a way to level the conceptual and theoretical groundwork necessary for future applied work. The framework, then, invites future research to incorporate empirical work to further explore the equilibrium between Shariah compliance and corporate governance and sustainability, as well as the practical implications of the integration.

Pakistan's Legal Framework: An Islamic Analysis

Under Articles 9, 11, 17, and 25 of the 1973 Constitution, Pakistan recognizes certain fundamental rights as inviolable, which lays the legal foundation for the activities of corporations,[49] while Article 38 imposes a constitutional obligation on the State to provide social justice and welfare. The provisions create a legal setting in which the social equity and distributive justice, as the gains of corporate activities, must cohere with the social goals and shared prosperity paradigms of the State, both of which are in consonance with the global SDGs to which Pakistan is a signatory.

The Constitution's Fundamental Rights define the limits within which all organizations, including businesses, must operate. For example, the Right to Life and Liberty, protected under Article 9, has been expanded to include the right to a healthy and clean environment. Therefore, corporate bodies must avoid doing anything that violates the constitutional right to life and right to a healthy environment. Article 11 bans all forms of forced and child labor, which means corporations must observe this in their employment practices. Article 17 grants every citizen the right to form associations or unions, which constitutionalizes the trade unions and the right to collective bargaining. Lastly, Article 25 guarantees that all persons are equal before the law and provides that all discrimination will be prohibited, which means corporations must implement equitable and non-discriminatory practices in their policies related to recruitment, promotion, and pay.[52]

On the other hand, the Principles of Policy (Articles 29-40) embodies the philosophy that the State must adopt in the exercise of its power, including its relationship with the private sector. While a citizen cannot directly enforce these principles in a court of law against a private entity, they are still very significant.

Having established that corporations are instrumental in achieving the goals of national development, it is equally recognized that they serve the objectives of the Apostolic Ministry of the Church. This is the fundamental premise of the mutuality of goals doctrine in corporate social responsibility. Adhering to national corporate social responsibility under the mutuality of goals doctrine demonstrates the corporate affiliation of the Church to the Apostolic Ministry. The corporate goals of profit maximization can, and should, be pursued alongside the social objectives of poverty alleviation and equity. The principles on corporate social responsibility will serve to demonstrate the corporate affiliation of the Church to the Apostolic Ministry. They will also serve to demonstrate the social conscience of the Church.

Pakistani laws, particularly the Labour Rights Mitigating Factors Act, the provincial Labour laws, and The Factories Act, 1934, acknowledge the ownership of a business and advocate for the right of each worker to a safe workplace, reasonable remuneration and the right to join a trade union. This responds to the national commitment to uphold the sanctity of each individual and is a direct expression of the Islamic ethos of justice and equity. This also directly operationalises the SDG 8, Decent Work and Economic Growth, on a national level, and provides a systemic mechanism to contribute to this goal. The recognition of the fundamental right of a worker to be part of the production process assures that the legislation, and the protection of the fundamental right of the worker, collaborates to promote this national goal.

The 1934 Factories Act sets the bare minimum requirements for compliance on occupational health and safety. It requires the provision of ventilation, maintenance of reasonable temperatures, safeness of machines, availability of fire extinguishing devices, provision of drinking water and sanitary facilities, and other sanitation facilities. It also requires the establishment and control of working hours, the provision of rest days and holidays, and the control of overtime. After devolution, provinces introduced their own labor policies, including the Sindh Occupational Safety and Health Act of 2017, which builds on and modernizes legislation, expanding the principles to deal with contemporary workplace risks. In addition to these are specific workplace harassment legislation, such as the Protection Against Harassment of Women at the Workplace Act, 2010, which imposes the requirement on the company to establish inquiry committees and to ensure a harassment-free workplace, especially for women.

Impact assessments and pollution controls under the Pakistan Environmental Protection Act 1997 operationalized an Islamic principle of no harm (la darar wa la dirar). This Act is instrumental for Pakistan in attaining SDG 13 (Climate Action) and SDG 15 (Life on Land). It requires corporations to internalize their environmental externalities. Environmental stewardship is an imperative business responsibility. PEPA 1997 (Pakistan Environmental Protection Act) is the first cornerstone legislation under which Pakistan graduated to climatic stewardship responsibility. This Act imposes the biggest accountability framework to be followed by every corporation in Pakistan: the internalization of environmental externalities or the costs of pollution paid by the society. It establishes the internationally accepted "polluter pays" principle and bans the discharge of specified effluents and emissions in excess of the limits prescribed by the National Environmental Quality Standards (NEQS). The most striking feature of PEPA is its insistence on an Environmental Impact Assessment (EIA) before the commencement of every major project. It, legally, for the first time, requires corporations to assess, and potentially disclose, the possible adverse environmental impacts of their business activities before the activities are undertaken.

In consideration of the draft EIA report, measures for community participation and environmental protection as a condition for licensing a business operation are assessed. Provincial EP Environmental Protection Agencies (EPAs) are allowed to exercise these laws and impose fines and closures of businesses that egregiously contravene the law.

The Companies Act 2017 as well as the proposed CSR Bill 2024 is the first formalization of corporate social responsibility in line with global corporate social responsibility and ESG movements. The requirement of CSR Committees and, likely, a minimum spend, aims to ‘force’ corporations to assist in the most basic and essential ‘development’ of the country, which to a large extent overlaps with the SDGs. The beginning of this fundamental change was the Companies Act, 2017, which was a key legislative instrument that repositioned CSR from the far fringes of public relations to the core of board level strategy. Section 53 of the Act was and is still a pivotal first step, as it requires employees of ‘qualified’ companies (those with minimum stipulated turnover and capital), to have a dedicated Corporate Social Responsibility (CSR) Committee. This was much more than ‘just another’ procedural requirement, for it was a legislative statement that there is no longer a societal contribution expectation from the book as a charitable sprinkle. By placing CSR as a component of formal governance, the Act required the directors to plan, control and report social impact as rigorously as they do for profit, and with the same frequency.

Based on this fundamental framework, the CSR Bill 2024 adds the legal validity that will turn principle into practice and implement ideas. By suggesting that companies with an annual turnover exceeding 1 billion PKR must donate at least 1% of their net profit, the Bill obliterates the last semblance of optionality. This provision will turn CSR from an ideal of governance into a governance obligation with real binding financial implications, and real financial implications means companies will show real and measurable investments in education, health, poverty reduction, environmental protection, and community aid. The Bill places CSR within the domain of freely available corporate goodwill. This means the robust profitability of the concerned corporate houses will now be in sync with the growth metabolism of the concerned country and will march with it at the national level.

Zakat and Ushr Ordinance impose a statutory fiduciary duty on listed companies to perform zakat deductions at source. It creates a powerful faith-based opportunity to target SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities). This demonstrates the incorporation of Islamic principles on zakat into the corporate financial system in order to achieve the global goal of poverty alleviation. Pakistan's legal framework contains a unique and powerful social responsibility dimension that comes from the Islamic faith. Zakat and Ushr Ordinance, 1980, compels certain corporations to perform a direct redistributive function, thus social finance becomes a legal requirement. A zakat is one of the main 5 pillars of Islam, and it is a compulsory levy paid to the state, calculated as an at minimum 2.5% of the

of a Muslim's total wealth, and meant to assist the poor and needy.
The Ordinance exemplifies the incorporation of social welfare into the corporate model, as the law compels certain firms, especially those listed on Pakistan stock exchanges, to become state agents. These firms must, by law, withhold Zakat from the bank accounts of Muslim shareholders, to be done on the anniversary of the "valuation date" each year, and the withdrawn portion is sent to a central Zakat Fund. The Fund is, in turn, allocated to diverse categories of eligible recipients and social welfare initiatives. This arrangement enables the corporation to serve as a conduit for the legal redistribution of corporate-sponsored Zakat. Furthermore, it underscores the corporate social responsibility of incorporating wealth redistribution into the corporate financial systems of Pakistan. This law provides an almost automatic philanthropy mechanism to poverty alleviation that is not subject to the discretionary will of the would-be donor.

Implementation Strategies: An Operational Toolkit
Converting a Maqasid-based CSR framework from theory to enforceable and operational institutional mechanisms is a matter of regulatory commitment and institutional foresight. In Pakistan's arguably developing landscape of corporate governance, Shariah-aligned sustainability guardians like SECP and FBR hold Shariah-aligned sustainability governance. In regards to global sustainability expectations and Vision 2030 commitments, this section is structured to provide a moderately flexible approach focused on operationalizing Maqasid al-Sharīʿah and integrating it into the legal, corporate, and judicial frameworks at Pakistan's discretion.
It is suggested that all listed companies and large private entities introduce an obligatory Maqasid-SDG Impact Report. Such a report may function as a disclosure tool for transparency, accountability, and quantifiable social impact. Under this type of structure, businesses would be expected to assess their practices against the Maqasid objectives of Hifz al-Nafs (preservation of life), Hifz al-'Aql (preservation of intellect), and Hifz al-Mal (preservation of wealth) alongside the relevant Sustainable Development Goals (SDGs). This would be an example of the SECP adopting this type of model as part of its CSR or sustainability reporting regulations. There are parallels to be drawn here with the Global Reporting Initiative's sustainability disclosure standards. Reporting outcomes like health initiatives, water savings, and wage fairness would need to be audited for compliance, and this would be an additional layer of accountability. Third-party accredited auditors would be able to review the reports and provide an assurance statement.
The FBR may consider adopting a tiered incentive scheme based on a corporation's Maqasid alignment from a fiscal policymaking perspective. Rather than offering the same tax deductions for all CSR initiatives, the FBR may consider a tiered reward system beginning with a 25 percent tax credit for basic statutory CSR compliance, moving to a 50 percent tax credit to firms that formally adopt Maqasid–SDG policies with measurable KPIs, and a full 100 percent tax credit to organizations that incorporate all five Maqasid objectives into their governance and operations. Such a system would further ethical corporate conduct and adjust tax policy to the Islamic economic principle of wealth redistribution, or noun tawziʿ al-tharwah, within the Qurʾānic framework of social justice.
The corporate governance system should also adapt to include ethical stewardship. The formation of a Board-level Maqasid and Stakeholder Committee would ensure that Maqasid principles are integrated into the high-level strategic decision framework. This committee would comprise independent directors, management, and outside business advisors, oversee annual Maqasid–SDG strategic alignment and KPI performance tracking, and ensure that corporate policies adhere to Islamic principles of ethics. Such governance systems would be similar to international models on ESG committees, with the contributing Islamic jurisprudential governance principles providing the distinction.
In order to operationalize this framework, specific, measurable, and time-sensitive performance indicators must be set. For example, Hifz al-Din (preservation of faith) can involve tracking whether standards of anti-corruption compliance are observed in conjunction with the availability of prayer facilities. Hifz al-Nafs can incorporate the use of protection and safety standards as well as benchmarks for the protection of the environment. Hifz al-Nasl (preservation of progeny) can relate to policies on

the equitable distribution of pay to women and inclusive parental leave policies. These indicators serve to ensure that the ethics of Islam do not remain as mere unquantifiable and unenforceable ideals (Dusuki and Abdullah, 2007).
Judicial, the role within this framework also remains critical. Courts, for example, could be permitted to incorporate restorative justice principles within punitive sentences for cases of corporate harm. For example, a company convicted of pollution of the environment could be required to pay for a long-term rehabilitation of a river, a free community health clinic, or a local body to monitor and protect the environment. This is, in a way, compliance with the Shariah islah (reform) and the principles of contemporary restorative justice that fills the moral void within punitive measures.
Lastly, financial analysts and investors may assist in developing the Pakistan Maqasid Index (PMI), which is an evaluative framework that ranks publicly traded firms on the extent to which they incorporate Maqasid and the Sustainable Development Goals (SDGs). Each year, the indexing tool will synthesize information from the public domain, stakeholder evaluations, and expert reviews, thus providing a ranking that will facilitate ethical investment and intentional social change. This has been sculpted around the Dow Jones Islamic Market Index, and moreover, has a moral dimension that is evaluative on life, intellect, wealth, descent, and faith.
Moreover, the above-mentioned activities will create a comprehensive operational framework for the integration of Islamic moral jurisprudence with modern governance of corporations, taxation, and investments theories and practices. This shift will shift the Maqasid principles from an ethical standard to an operational standard, thus reducing the gap between Shariah and sustainable development in social corporate responsibility.

Conclusion

This study demonstrates that the perceived gap between divine responsibility and the standard of international business is not a divide but rather a potential opportunity. We rely on the Islamic principles of masʾūliyyah (accountability), maqāṣid al-sharīʿah (the higher objectives of law), and farḍ kifāyah (collective duty) to develop a corporate responsibility model that integrates faith with contemporary governance. This approach seeks to provide additional meaning to the global ESG and SDG frameworks rather than seeing these as disposable business aids. The proposed meaning anchors the frameworks on justice, trust, and collective wellbeing, making them compulsory business instruments rather than optional tools. This approach seeks to address the moral and spiritual deficit that is often ignored in discussions on sustainability and offers a strong rationale for goodness that goes beyond profit and reputation.
Pakistan's legal and institutional framework provides fertile ground for such integration. The Constitution and corporate laws of the country, coupled with Islamic instruments like zakāt and waqf, contain many of the elements necessary to support a maqāṣid-based framework. The alignment of corporate practice with the SDGs should, therefore, be seen not as the imposition of alien values but the garnering of ideals from the legal and moral heritage of the country. This allows the country to position itself to champion the development of a model of sustainable growth that is both Islamic and relevant to the contemporary world.
However, even the best ideas need to be acted upon. The tools suggested in the previous sections—including maqāṣid–SDG impact reporting, ethical board charters, targeted tax incentives, and the "Pakistan Maqāṣid Index"—give concrete actions to make this vision a reality. These actions can assist regulators, the corporate sector, and investors to incorporate responsible practices into business strategy in a more seamless way, rather than treating it as a formal compliance exercise.
Weak enforcement, limited corporate awareness, and the superficial compliance will certainly pose challenges moving forward. These challenges can be addressed through innovative research. Future work can demonstrate the reality of maqāṣid-aligned governance on the ground in real companies, and show that ethical business is also a winning strategy in the trust economy of resilient and enduring relational capital, and long-term value.
This research should help to redefine what a corporation is and what it stands for. A business is not merely a profit-making machine; it is a trustee (amānah) that serves society. Guided by the principles

of Islamic law and the contemporary goal of sustainability, business can generate unparalleled socio-economic value. The objective is to ensure that the balance sheet is a reflection of a higher moral balance sheet—and that wealth is created alongside the life, intellect, faith, and community of future generations.

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