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# Analysis of *Corporate Social Responsibility* at Bank Syariah Indonesia: A Case Study Based on the Sustainability Report

*Analisis Tanggung Jawab Sosial Perusahaan di Bank Syariah Indonesia: Studi Kasus Berdasarkan Laporan Keberlanjutan*

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## ABSTRAK

**Tujuan:** Penelitian ini bertujuan untuk menganalisis implementasi *Corporate Social Responsibility* (CSR) pada PT Bank Syariah Indonesia Tbk berdasarkan pengungkapan dalam *Sustainability Report* dengan menelaah dimensi ekonomi, sosial, lingkungan, dan tata kelola melalui perspektif Triple Bottom Line dan *Maqashid Syariah*. **Metode:** Penelitian ini menggunakan pendekatan kualitatif dengan desain studi kasus. Data diperoleh melalui studi dokumentasi terhadap Sustainability Report Bank Syariah Indonesia periode 2021–2024 yang didukung oleh laporan tahunan, regulasi terkait, dan berbagai literatur ilmiah yang relevan. **Temuan**: Hasil penelitian menunjukkan bahwa Bank Syariah Indonesia telah mengintegrasikan prinsip keberlanjutan dengan nilai-nilai syariah melalui penguatan pembiayaan inklusif bagi UMKM, pengelolaan dana sosial Islam (ZISWAF), **Implikasi**:Temuan ini mengimplikasikan perlunya penguatan standar akuntansi karbon, peningkatan transparansi pelaporan keberlanjutan, serta pengembangan pengungkapan emisi pembiayaan agar akuntabilitas publik dan implementasi keuangan berkelanjutan pada industri perbankan syariah semakin optimal. **Orisinalitas**: Orisinalitas penelitian ini terletak pada integrasi kerangka Triple Bottom Line dengan perspektif *Maqashid Syariah* dalam mengevaluasi implementasi CSR melalui *Sustainability Report*, sehingga menghasilkan kerangka analisis yang lebih komprehensif dalam menjelaskan hubungan antara kinerja keberlanjutan, tata kelola syariah, dan pencapaian tujuan pembangunan berkelanjutan pada perbankan syariah.

**Kata kunci**: *Corporate Social Responsibility*; *Sustainability Report*; Perbankan Syariah; *Maqashid Syariah*; Keuangan Berkelanjutan.

## ABSTRACT

**Purpose:** This study aims to analyze the implementation of *Corporate Social Responsibility* (CSR) at PT Bank Syariah Indonesia Tbk based on disclosures presented in its Sustainability Report by examining the economic, social, environmental, and governance dimensions through the perspectives of the Triple Bottom Line and Maqashid Sharia. **Method:** This study employs a qualitative approach using a case study design. The data were collected through documentary analysis of Bank Syariah Indonesia's Sustainability Reports for the 2021–2024 period, supported by annual reports, relevant regulations, and related scholarly literature. **Findings:** The findings indicate that Bank Syariah Indonesia has integrated sustainability principles with Islamic values by strengthening inclusive financing for Micro, Small, and Medium Enterprises (MSMEs), managing Islamic social funds (ZISWAF **Implications:** These findings imply the need to strengthen carbon accounting standards, enhance the transparency of sustainability reporting, and improve the disclosure of financed emissions in order to strengthen public accountability and optimize the implementation of sustainable finance within the Islamic banking industry. **Originality:** The originality of this study lies in the integration of the Triple Bottom Line framework with the Maqashid Sharia perspective to evaluate CSR implementation through Sustainability Reports. This integration provides a more comprehensive analytical framework for explaining the relationship between sustainability performance, Sharia governance, and the achievement of sustainable development goals in the Islamic banking sector.

**Keywords**: *Corporate Social Responsibility*; *Sustainability Report*; Islamic Banking; *Maqashid Sharia*; Sustainable Finance.

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## A. Introduction

Religious institutions have exerted a profound influence on the development and preservation of human civilization. Mosques serve a variety of functions that are widely regarded as having brought numerous benefits to the surrounding community, particularly Muslims. In addition to serving as sites of religious worship, mosques function as educational spaces (Rahmawati et al., 2018; Sözeri et al., 2022). During times of crisis, such as disasters, mosques have been known to operate as emergency shelters (Utaberta & Asif, 2017). The changing orientation of the business world toward sustainable development has made *Corporate Social Responsibility* (CSR) an integral part of modern business strategy. Corporations are no longer judged solely on their ability to generate profits, but also on their commitment to creating social value, preserving the environment, and implementing good corporate governance. This paradigm shift aligns with the Triple Bottom Line concept, which emphasizes the balance among profit, people, and planet as the foundation of corporate sustainability (Elkington, 1997). From a modern management perspective, corporate success is largely determined by the ability to meet the expectations of stakeholders rather than merely shareholders (Freeman, 1984).

In the financial services industry, particularly banking, the implementation of social responsibility carries an increasing urgency, as banks act as intermediary institutions that interact directly with society and exert a major influence on national economic development. In Indonesia, the commitment to sustainable business practices is reinforced by the Financial Services Authority Regulation (Peraturan Otoritas Jasa Keuangan / POJK) Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, which mandates the preparation of a Sustainability Report as a form of accountability for economic, social, and environmental performance. This report serves as a vital instrument in assessing the extent to which companies integrate sustainability principles into their business strategies and activities.

For Islamic banking, social responsibility is not only a regulatory obligation but also an implementation of Islamic values that emphasize justice (al-'adl), public interest (maslahah), trust (amanah), and responsibility toward humanity and the environment. Consequently, CSR practices in Islamic banks possess distinct characteristics compared to conventional banking, as they are oriented not only toward economic value creation but also toward achieving the objectives of Islamic law (maqāṣid al-syarī'ah), namely realizing comprehensive societal welfare (Dusuki & Abdullah, 2007). Accordingly, the success of Islamic banks cannot be measured solely through profitability indicators, but also through their contribution to sustainable social development.

As the largest Islamic bank in Indonesia, PT Bank Syariah Indonesia Tbk (BSI) holds a strategic position in implementing *Corporate Social Responsibility* practices. Since its formation through the merger of three state-owned Islamic banks in 2021, BSI has consistently published a Sustainability Report as a form of transparency and accountability to stakeholders. BSI's Sustainability Report is prepared in reference to POJK Number 51/POJK.03/2017, the GRI Standards 2021, the IFRS Sustainability Disclosure Standards (S1 and S2), the SASB Standards, and the ASEAN Corporate Governance Scorecard, thereby possessing a high degree of credibility as a source of information regarding the company's sustainability performance.

Although various social responsibility programs have been disclosed in the Sustainability Report, academic evaluation regarding the quality of CSR implementation remains a critical issue. Most previous studies have predominantly examined the relationship between CSR and corporate profitability, firm value, customer loyalty, or corporate reputation. Meanwhile, research focusing on a comprehensive analysis of social responsibility implementation based on disclosures in Sustainability Reports, particularly in Bank Syariah Indonesia, remains relatively limited. Yet, sustainability reports are strategic documents that illustrate the direction of corporate policies, social program priorities, sustainability governance mechanisms, and the resulting impacts on stakeholders.

Addressing this research gap, this study aims to analyze the implementation of *Corporate Social Responsibility* at PT Bank Syariah Indonesia Tbk based on the information disclosed in its Sustainability Report. The analysis is conducted to identify the forms of social responsibility programs, their alignment with sustainability principles, and the company's commitment to integrating economic, social, and environmental aspects into its business strategy. The findings of this study are expected to enrich the literature on Islamic management specifically regarding social responsibility practices in the Islamic banking industry while providing valuable insights for practitioners and regulators in strengthening the implementation of sustainability-oriented corporate governance.

## B. Method

This study employs a qualitative approach utilizing a case study research design. A qualitative approach was chosen because the objective is to understand and deeply describe the implementation of *Corporate Social Responsibility* (CSR) at PT Bank Syariah Indonesia Tbk (BSI) based on information disclosed in its Sustainability Report. According to Yin (2018), a case study is an appropriate research strategy for investigating a contemporary phenomenon within its real-life context, particularly when the boundaries between the phenomenon and context are not clearly evident.

The data source used in this study is secondary data. Primary data was obtained from the Sustainability Report of PT Bank Syariah Indonesia Tbk for the period 2021–2024, published via the company's official website. To strengthen the analysis, this study also utilizes supporting documents, including BSI's Annual Report, the Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, the GRI Standards 2021, and various relevant scholarly articles concerning corporate social responsibility, sustainability, and Islamic banking. Data collection was conducted through a documentary study. A documentary study is a data collection technique that involves reviewing various written documents related to the focus of the research (Creswell & Creswell, 2018). The analyzed documents comprise sustainability reports, annual reports, regulations, and scientific literature discussing CSR implementation in the Islamic banking industry.

Data analysis was performed using content analysis. Content analysis is a method used to systematically identify, classify, and interpret information contained within documents (Krippendorff, 2019). In this study, the analysis was conducted through several stages: (1) identifying all information regarding social responsibility programs disclosed in BSI's Sustainability Report; (2) categorizing the information based on social responsibility dimensions encompassing economic, social, environmental, and corporate governance aspects; (3) comparing the disclosure results with sustainability reporting principles referring to the GRI Standards 2021 and POJK Number 51/POJK.03/2017 regulations; and (4) interpreting the analytical results to illustrate the implementation of *Corporate Social Responsibility* at Bank Syariah Indonesia.

To ensure data validity, the study applies source triangulation, which involves cross-checking information obtained from the Sustainability Report with the Annual Report, regulatory documents, and relevant scientific literature. Source triangulation aims to enhance the credibility of the research findings through the use of multiple, complementary data sources (Patton, 2015). The analytical results are subsequently presented in a descriptive-analytical manner by depicting the forms of *Corporate Social Responsibility* implementation, sustainability policies, and the contribution of CSR programs to economic, social, and environmental aspects. This approach is expected to provide a comprehensive overview of the social responsibility practices applied by PT Bank Syariah Indonesia Tbk as one of the largest Islamic financial institutions in Indonesia.

## C. Results and Discussion

### 1. *Corporate Social Responsibility Implementation at Bank Syariah Indonesia: A Triple Bottom Line and Maqashid Sharia Perspective*

*Corporate Social Responsibility* (CSR) in the Islamic banking industry should not be understood merely as compliance with legal obligations or as a strategy for enhancing corporate image. Within the framework of Islamic economics, CSR represents the manifestation of moral and spiritual responsibility embedded in every business activity. Therefore, the implementation of CSR at Bank Syariah Indonesia (BSI) should be examined through two complementary perspectives: the Triple Bottom Line (TBL) concept proposed by Elkington (1997) and the Maqashid Sharia framework, which positions public welfare (*maslahah*) as the ultimate objective of all economic activities (Chapra, 2016). These perspectives provide a comprehensive theoretical foundation by emphasizing that corporate success should not be assessed solely by financial performance (*profit*), but also by its contribution to social well-being (*people*) and environmental sustainability (*planet*).

The Triple Bottom Line concept asserts that organizations pursuing sustainable development must maintain a balance among economic performance, social responsibility, and environmental stewardship (Elkington, 1997). Within the context of Islamic banking, however, this framework acquires a broader normative dimension because every business activity must comply with Islamic principles. Consequently, sustainability extends beyond satisfying stakeholder expectations to encompass the realization of divine values, social justice, and public welfare as articulated in the concept of Maqashid Sharia (Dusuki & Abdullah, 2007).

From the perspective of Maqashid Sharia, the primary objective of economic activity is not merely the generation of financial profit but the preservation of the five essential objectives of Islamic law (*al-dharuriyyat al-khams*): the protection of religion (*hifzh al-din*), life (*hifzh al-nafs*), intellect (*hifzh al-'aql*), lineage (*hifzh al-nasl*), and wealth (*hifzh al-mal*) (Chapra, 2016). Accordingly, CSR implementation at BSI can be understood as an effort to integrate the bank's financial intermediation function with social responsibility to create sustainable value that promotes societal welfare. This interpretation is consistent with Dusuki and Abdullah (2007), who argue that CSR in Islamic banking constitutes a practical manifestation of the principle of *maslahah*, ensuring that business activities generate not only economic returns for shareholders but also broader social benefits for society.

Within the Islamic economic paradigm, profit is not regarded as the ultimate objective of the firm but rather as a means of promoting equitable wealth distribution. Consequently, asset growth, financing expansion, and business development should be viewed as instruments for strengthening the financial intermediation function and supporting productive economic activities. This perspective contrasts with the conventional banking paradigm, which primarily emphasizes shareholder wealth maximization. Instead, Islamic banking positions profitability as part of a broader mechanism for distributive justice, whereby business growth contributes to equitable welfare through productive financing, the empowerment of micro, small, and medium enterprises (MSMEs), and the strengthening of the real sector (Mirakhor & Iqbal, 2011).

This principle reflects a transformation in CSR from a philanthropic approach toward strategic CSR, in which social responsibility is integrated into the organization's long-term business strategy. Porter and Kramer (2011) argue that modern corporations can no longer rely on sporadic charitable activities but must embed social responsibility into their core business operations. In the context of BSI, this integration demonstrates that business performance and social responsibility operate simultaneously, ensuring that corporate sustainability is inseparable from the sustainability of the communities and stakeholders it serves.

The Stakeholder Theory further reinforces this perspective. Freeman (1984) argues that organizational success depends on the firm's ability to satisfy the interests of all stakeholders, including customers, regulators, investors, employees, communities, and the environment. Accordingly, CSR implementation in Islamic banking represents not only regulatory compliance but also a strategic mechanism for strengthening social legitimacy and enhancing public trust in Islamic financial institutions. Such trust constitutes an essential intangible asset that strengthens the competitiveness of Islamic banking amid growing demands for transparent, ethical, and sustainable business practices.

Furthermore, the integration of the Triple Bottom Line and Maqashid Sharia demonstrates that the dimensions of profit, people, and planet are closely aligned with the objectives of Islamic law. The profit dimension corresponds to *hifzh al-mal*, emphasizing the protection and ethical development of wealth while ensuring distributive justice. The people dimension reflects *hifzh al-nafs* and *hifzh al-'aql* through initiatives that improve quality of life, education, healthcare, and community empowerment. Meanwhile, the planet dimension embodies the concept of *khalifah fil ardh*, highlighting humanity's responsibility as stewards of the earth entrusted with preserving environmental sustainability (Nasr, 2018). Consequently, these three dimensions should not be viewed independently but rather as an integrated framework that collectively supports sustainable development.

This analysis indicates that CSR implementation at BSI represents an important evolution in the sustainability paradigm of the Islamic banking industry. CSR is no longer perceived as a supplementary activity undertaken after financial objectives have been achieved; instead, it has become an integral component of corporate governance that simultaneously supports economic, social, and environmental objectives. This interpretation is consistent with the findings of Beik and Arsyianti (2016), who argue that the success of Islamic financial institutions depends on their ability to integrate Islamic values throughout their business operations, thereby ensuring that sustainability generates not only economic value but also broader societal welfare and environmental well-being.

## 2. Integration of Sustainable Finance, Sharia Governance, and ESG Performance at Bank Syariah Indonesia

Global transformation in the banking industry toward sustainable finance has fundamentally reshaped the paradigm of financial institution management from one primarily focused on profitability to one that embraces broader responsibilities for economic development, social welfare, and environmental sustainability. Within this context, the implementation of Environmental, Social, and Governance (ESG) principles has emerged as a key indicator for assessing the quality of corporate governance and the long-term sustainability of financial institutions. For Islamic banking, ESG implementation is not merely viewed as compliance with regulatory requirements or market expectations but also as the practical embodiment of Islamic values that emphasize justice (*al-'adl*), public welfare (*maslahah*), trustworthiness (*amanah*), and accountability as the fundamental principles of business operations (Dusuki & Abdullah, 2007). Consequently, the integration of sustainable finance and Sharia governance constitutes a distinctive characteristic that differentiates Islamic banks from their conventional counterparts.

The concept of sustainable finance within the banking sector emphasizes that financing decisions should consider not only profitability and financial risks but also the social and environmental impacts generated by the economic activities being financed (Otoritas Jasa Keuangan, 2022). From this perspective, financial institutions function as development agents capable of directing capital flows toward sectors that promote sustainable development. This view is consistent with Stakeholder Theory, proposed by Freeman (1984), which argues that organizations are responsible for creating value for all stakeholders rather than solely maximizing shareholder wealth. Accordingly, the success of ESG implementation in financial institutions should be evaluated not only through financial performance but also through the institution's capacity to generate positive social and environmental impacts.

Within Islamic banking, this concept acquires a broader normative dimension through the principles of Maqashid Sharia. Financing activities are not regarded merely as economic transactions but as instruments for promoting public welfare (*maslahah*). Chapra (2016) argues that the ultimate objective of the Islamic economic system is to establish a balance between economic efficiency, equitable wealth distribution, and social justice. Consequently, financing policies should prioritize productive sectors capable of enhancing community welfare while avoiding economic activities that generate harm (*mafsadah*). This perspective suggests that ESG implementation in Islamic banking represents a practical manifestation of Sharia objectives aimed at achieving sustainable development.

The integration of sustainability principles into Islamic financing also reflects a transformation in the traditional intermediation function of banks. Conventionally, financial intermediation has been understood primarily as the process of mobilizing deposits and channeling funds to borrowers. However, under the sustainable finance paradigm, this function has evolved into a strategic mechanism for directing investment toward economic activities that generate social and environmental value. This perspective is supported by (Mirakhor and Iqbal, 2011), who emphasize that Islamic financial institutions are responsible for ensuring that financing activities not only comply with Sharia principles but also contribute to inclusive economic development. Consequently, Islamic financing serves not only as a driver of economic growth but also as a mechanism for achieving equitable wealth distribution and strengthening the real sector.

The incorporation of sustainability principles into financing governance has become increasingly important in response to growing global concerns regarding environmental risks. Climate change, environmental degradation, and social inequality have become critical factors affecting financial system stability. Accordingly, financial institutions are expected to integrate environmental and social considerations into financing decisions. One of the approaches increasingly adopted by the banking industry is Environmental and Social Risk Analysis (ESRA), a framework designed to identify and mitigate environmental and social risks before financing is approved. According to White et al. (2021), integrating environmental risk assessment into financing policies represents a strategic approach to reducing financial institutions' exposure to both transition risks and physical risks associated with climate change.

From an Islamic perspective, the implementation of ESRA is closely aligned with the legal maxim la darar wa la dirar, which prohibits causing harm to others or to the environment. Therefore, environmental risk assessment should not merely be viewed as a corporate risk management tool but also as an expression of Islamic ethical principles governing business activities. This approach highlights that Islamic financing governance must balance economic objectives with social and environmental responsibilities to ensure that every business decision remains consistent with the principle of public welfare (*maslahah*).

Beyond financing activities, Sharia Governance represents a fundamental element distinguishing ESG implementation in Islamic banks from that in conventional financial institutions. According to Ascarya (2021), Sharia governance extends beyond ensuring compliance with Islamic contracts and financial products by supervising all corporate policies to ensure consistency with Islamic ethical values. In this regard, the Sharia Supervisory Board (SSB) plays a strategic role as an independent oversight body responsible for ensuring that operational activities, investment decisions, and sustainability policies fully comply with Sharia principles.

The role of the Sharia Supervisory Board can also be interpreted through the lens of Agency Theory. The presence of the SSB helps mitigate potential conflicts of interest between management and stakeholders by ensuring that corporate decisions are not solely driven by short-term financial objectives but also incorporate principles of justice, transparency, and accountability. Consequently, Sharia governance enhances the credibility of ESG implementation by providing legitimacy derived not only from regulatory compliance but also from ethical and religious values.

Furthermore, transparency in sustainability reporting constitutes an integral component of sound corporate governance. Legitimacy Theory argues that organizations require social legitimacy to maintain their long-term existence (Suchman, 1995). One important mechanism for obtaining such legitimacy is the transparent disclosure of information concerning corporate economic, social, and environmental impacts. Within Islamic banking, sustainability reporting serves not only to satisfy regulatory requirements but also as a form of moral accountability to society, which entrusts financial institutions with managing public funds. Therefore, the quality of the Sustainability Report represents a crucial indicator of an institution's commitment to accountability and sustainable development.

The integration of sustainable finance, Sharia governance, and ESG principles demonstrates that sustainability in Islamic banking possesses a broader and more comprehensive dimension than sustainability practices in conventional financial institutions. Whereas ESG implementation in conventional banking is generally motivated by risk management and corporate value enhancement, in Islamic banking it also constitutes an act of worship (*ta'abbudi*) and fulfills humanity's responsibility as khalifah fil ardh (vicegerent on earth). Accordingly, the success of ESG implementation should not be evaluated solely through economic and environmental indicators but also through the extent to which business activities contribute to achieving the objectives of Maqashid Sharia, namely the protection of wealth, life, intellect, lineage, and religion.

In conclusion, the integration of sustainable finance, Sharia governance, and ESG principles reflects the transformation of Islamic banking into a financial institution that is not only economically competitive but also socially, environmentally, and spiritually responsible. This integrated approach strengthens the role of Islamic banking as an institution capable of linking the Sustainable Development Goals (SDGs) with Islamic values through ethical, transparent, and socially responsible business practices that promote comprehensive public welfare.

## 3. Challenges in Environmental Disclosure and Strengthening Sustainability Accountability in Islamic Banking

The growing emphasis on sustainability has shifted the focus of corporate reporting from merely presenting financial information to providing more comprehensive disclosures on economic, social, and environmental impacts. Within the banking industry, this challenge has become increasingly complex because environmental impacts arise not only from the institution's operational activities but also from the economic activities financed through its lending and investment portfolios. Consequently, the quality of environmental disclosure has become a key indicator in assessing the credibility of Environmental, Social, and Governance (ESG) implementation and the effectiveness of sustainable finance practices.

From the perspective of Legitimacy Theory, organizations continuously seek social acceptance by demonstrating that their business activities align with societal values and expectations (Suchman, 1995). One of the primary mechanisms for achieving such legitimacy is the publication of a Sustainability Report, which serves not only as a communication tool with stakeholders but also as an instrument of public accountability regarding the company's economic, social, and environmental impacts (Deegan, 2017). Accordingly, higher-quality sustainability disclosure enhances public confidence in a company's commitment to sustainable development principles.

Nevertheless, previous studies indicate that sustainability reporting within the financial services sector continues to face significant challenges in comprehensively measuring environmental impacts. Unlike manufacturing firms, which generate direct emissions through production processes, banking institutions have unique characteristics because the majority of their environmental impact originates from financing activities across various economic sectors. White et al. (2021) argue that the most significant contribution of financial institutions to climate change stems from financed emissions, referring to greenhouse gas emissions generated by projects, companies, or economic activities financed by banks. Therefore, successful ESG implementation in the banking sector cannot be evaluated solely through operational measures such as energy efficiency or paper reduction but must also encompass the institution's ability to identify, measure, and manage environmental risks embedded within its financing portfolio.

In this context, the disclosure of financed emissions has become a strategic issue in sustainable finance practices. International organizations such as the Partnership for Carbon Accounting Financials (PCAF) and the International Sustainability Standards Board (ISSB) have encouraged financial institutions to develop methodologies for measuring carbon emissions associated with financing activities. This initiative aims to ensure that sustainability reports capture not only operational environmental impacts but also the broader contribution of financial institutions to climate change mitigation efforts (IFRS Foundation, 2023). Consequently, transparent disclosure of financed emissions has become an essential component of strengthening sustainability governance.

From the perspective of sustainability accounting, limitations in environmental disclosure are not solely attributable to insufficient corporate commitment but also to the complexity of measurement methodologies. Adams and Larrinaga (2019) explain that carbon accounting in the financial services sector presents significant challenges because financing portfolios involve diverse industries with varying environmental risk profiles. Furthermore, much of the required environmental data resides with borrowers, making it necessary for financial institutions to establish integrated reporting systems capable of producing reliable, comparable, and verifiable information. These challenges explain why carbon accounting practices within the banking industry remain less developed than those in many other sectors.

For Islamic banking, strengthening environmental disclosure carries broader significance than merely complying with international reporting standards. From the perspective of Maqashid Sharia, environmental preservation constitutes an essential element of protecting future generations (*hifzh al-nasl*) and fulfilling humanity's responsibility as khalifah fil ardh (stewards of the earth), entrusted with maintaining ecological balance (Nasr, 2018). Accordingly, financing activities with the potential to generate environmental harm should receive particular attention within both risk assessment processes and sustainability reporting mechanisms. This perspective demonstrates that environmental responsibility in Islamic banking extends beyond administrative compliance to encompass moral and spiritual accountability.

This principle is consistent with the concept of green banking, which positions financial institutions as key actors in facilitating the transition toward a low-carbon economy. According to Ali and Othman (2020), green banking should not be limited to improving internal operational efficiency but should also include financing policies that support environmentally friendly projects, renewable energy, the circular economy, and sustainable development initiatives. Consequently, the successful implementation of green banking depends on a financial institution's ability to integrate environmental considerations throughout its business processes, including financing assessment, risk monitoring, and sustainability reporting.

Furthermore, improving the quality of environmental disclosure is closely associated with strengthening corporate accountability. According to Stakeholder Theory, transparent disclosure enables stakeholders to evaluate the extent to which organizations fulfill their social and environmental responsibilities (Freeman, 1984). Investors rely on such information to assess long-term investment risks, regulators use it to monitor sustainable finance implementation, and society regards it as an indicator of corporate commitment to sustainable development. Therefore, the more comprehensive and measurable the information disclosed within a Sustainability Report, the greater the organization's accountability to its stakeholders.

Looking ahead, the evolution of sustainability reporting standards is expected to require greater integration between financial and non-financial information. The adoption of the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2), the GRI Standards, and other international reporting frameworks demonstrates that sustainability is no longer considered a supplementary reporting issue but has become an integral component of corporate strategy. Within Islamic banking, these international standards should be harmonized with Sharia principles to establish a reporting framework that satisfies global expectations while preserving Islamic values of justice, trustworthiness, and public welfare.

In conclusion, the primary challenge facing sustainability implementation within the Islamic banking industry is no longer simply expanding the number of *Corporate Social Responsibility* initiatives but rather improving the quality of environmental disclosures that are measurable, transparent, and verifiable. Strengthening carbon accounting standards, advancing methodologies for measuring financed emissions, and integrating ESG principles with Maqashid Sharia represent strategic steps toward enhancing public accountability while reinforcing the credibility of Islamic financial institutions as key contributors to sustainable development. Through this approach, the Sustainability Report becomes more than a regulatory compliance document; it serves as a strategic instrument demonstrating the tangible contribution of Islamic banking to achieving the Sustainable

Development Goals (SDGs) and promoting equitable and sustainable economic development.

## D. Conclusion

Based on the entire discussion regarding the sustainability reports and the implementation of *Corporate Social Responsibility* at PT Bank Syariah Indonesia Tbk, it can be concluded that the integration of Environmental, Social, and Governance (ESG) principles with sharia values gives rise to a substantive paradigm shift in the modern banking industry. Financial performance is no longer positioned merely as profit accumulation, but is instead validated as an instrument for the redistribution of distributive justice (hifzh al-mal) and a manifestation of safeguarding universal public welfare (rahmatan lil 'alamin).

Within the economic and social pillars, BSI has successfully translated its intermediation function into inclusive grassroots economic empowerment and social cohesion. Meanwhile, in the environmental and governance pillars, the presence of the Sharia Supervisory Board (DPS) and risk analysis instruments such as Environmental and Social Risk Analysis (ESRA) serve as strategic directives ensuring that financing activities remain within the corridor of ethical compliance. Nevertheless, critical findings indicate structural challenges in the form of the implementation gap and limitations in quantitative disclosures related to the carbon footprint of financing portfolios (financed emissions). Consequently, strengthening carbon accounting standards and achieving more comprehensive disclosure transparency are the transformative keys to ensuring that sustainability commitments do not merely represent administrative compliance, but rather embody substantive accountability that can be empirically verified.

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## Ethical Statement

This research is carried out by adhering to the principles of research ethics that uphold respect for human rights, human dignity, fairness in the treatment of research subjects, balance between benefits and risks, and scientific integrity, which includes honesty and openness in reporting data and research results.

## AI Declarations

The authors declare that artificial intelligence (AI)–assisted tools were used to support the literature review process in the introduction, particularly for identifying relevant studies and improving clarity of synthesis. All interpretations, critical analyses, and scholarly judgments remain the full responsibility of the authors.