ESG Disclosure Maturity in Indonesian Islamic Banks: Legal Implications for Green Banking Regulation

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Abstract: - The integration of sustainable finance through Green Banking principles is a regulatory obligation for Indonesian Islamic commercial banks under OJK Regulation No. 51/2017. However, sustainability reports show substantial disparities in Environmental, Social, and Governance (ESG) disclosure depth and quality, especially environmentally. This article evaluates ESG implementation effectiveness in sustainability reports of Islamic banks and examines regulatory-legal implications of inconsistencies. Using normative juridical and comparative analysis, it reviews reports of five banks (2020-2024), supported by sustainable finance and environmental statutes. Findings identify three maturity levels: substantive, semi-substantive, and administrative. Narrative-dominant reports with limited quantitative indicators increase regulatory, reputational, compliance risks, and greenwashing potential. Regulation FSAR 51/2017 promotes formal compliance but lacks mandatory quantitative ESG benchmarks. Strengthening standards and harmonizing disclosures is essential to embed Green Banking substantively in Islamic banking and support sustainable economic development.

Key-Words: - Green Banking, ESG Disclosure, Islamic Banking, Sustainability Report, FSAR No. 51/2017, ESG benchmarks.

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1 Introduction

The issues of environmental sustainability and protection have become major concerns at a global scale. Business activities that only have orientation for profits without considering the environmental aspect have created various ecological issues, such as pollution, deforestation, and excessive natural resource exploitation, [1]. These irresponsible actions have direct impacts on environmental destruction, which in the end harms society at large, [2]. In Indonesia, environmental protection has been firmly regulated in Law No. 32 of 2009 on Environmental Protection and Management. This law emphasizes the importance of preventive actions against environmental damage, demanding the participation of all parties, including the financial sector, in maintaining environmental preservation. As an entity that collects and channels the people's funds, sharia banks have the moral and legal responsibility to not support the financing of activities that may potentially damage the environment, [3].

The financial sector, especially the banking sector, has a strategic role in supporting sustainable development through responsible financial practices, [4]. One of the approaches used in modern banking is Green Banking, an approach that aims to achieve environmentally-friendly and sustainable banking by applying strategies that decrease carbon emissions, optimize the use of resources, and support environmentally-friendly projects, [5]. The Green Banking concept emerges as an approach that integrates environmental aspects into financial operations and policies. In Indonesia, this concept is supported by the Financial Service Authority Regulation (FSAR) No. 51/2017 on the Application of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies. This regulation obliges financial institutions, including public sharia banks, to arrange sustainability reports

which encompass the Environmental, Social, and Governance aspects or ESG, [6].

Even though regulations have governed the obligation to arrange sustainability reports, their implementation in public sharia banks still faces various challenges. Several sharia banks have optimally applied sustainable financial policies, while others are still at the adaptation stage. The main hindrance is the misalignment in applying ESG indicators, as well as the lack of a clear environmental impact measurement standard. Apart from that, differences in interpreting reports led to variations in the sustainable report quality among sharia banks, which may potentially hinder the evaluation on regulatory effectiveness by the Financial Service Authority, [7]. To measure the performance of the Environmental, Social, and Governance (ESG) aspects, the Financial Service Authority, through the Indonesian Sustainable Financial Taxonomy, has given a parameter that becomes the benchmark of financial institutions' sustainability, [8].

However, there is still a disparity in every sharia bank's ESG reports. For instance, several banks only report the sustainability aspect in a narrative manner without support from quantitative indicators, especially in the Environmental dimension, such as data on energy efficiency, the total carbon emission, as well as the value of green financing, [9]. On the contrary, there are also banks that have presented sustainability metrics in a complete and measurable manner. Such differences show inconsistency in banks' report quality as well as their levels of seriousness in applying ESG principles, [10].

Apart from that, there is a gap between the stipulations of the Financial Service Authority Regulation No. 51/2017 and the reporting practice in the field. In several sustainability reports, the fulfilment of ESG indicators still focuses on the social and governance dimensions, while the environmental aspect, which become the main pillar of Green Banking, has not been fully integrated, [11]. The minimum standard of environmental impact measurement as well as the lack of uniformity in the reporting methods, makes it difficult to evaluate and compare the sustainability achievement between banks. Thus, the regulatory effectiveness that has been issued by the Financial Service Authority in encouraging sustainable finance has not been fully achieved, [12].

This article aims to analyze the effectiveness of fulfilling Environmental, Social, and Governance (ESG) indicators in the sustainability reports of public sharia banks.

2 Research Method

This research used the mixed method which was combined with a comparison between five public sharia banks in Indonesia. It was legal research which depended on a literature study on primary and secondary legal materials. This approach was used to analyze regulations on sustainable finance, especially FSAR No. 51/2017 and Law No. 32 of 2009, as well as their implementation in public sharia banks' sustainability reports through Environmental, Social, and Governance (ESG) indicators. This approach was chosen as this research did not study individual actors but rather assessed the alignment of sustainability report practice with normative stipulations and principles of Green Banking.

3 Results and Discussion

3.1 The Implementation of Public Sharia Banks' Sustainability Reports in Relation to Green Banking Principles

This research analyzes the sustainability reports of five public sharia banks in Indonesia from 2021 to 2024. In this research, the authors chose five public sharia banks as the research object based on differences in the classification of Core Capital-Based Bank Groups. BSI (Bank Syariah Indonesia) is placed in category 3 in the classification of Core Capital-Based Bank Groups, while BMI (Bank Muamalat Indonesia), BMS (Bank Mega Syaria), BJB Syariah (Bank Pembangunan Daerah Jawa Barat dan Banten Syariah), and BPDS (Bank Panin Dubai Syariah) are placed in category 1-2. The variations in the Core Capital-Based Bank Groups reflect differences in the scales of assets, operational capacity, and level of sustainability application, providing a more comprehensive illustration of the implementation of sustainability reports in various types of sharia banks.

As the main pillar of sustainable finance, the application of the Green Banking principle is closely linked to the fulfilment of ESG indicators, [13]. In the context of sharia banking, the implementation of ESG is not just a normative obligation based on FSAR No. 51/2017, but also a reflection of sharia values which emphasize *maslahah* (benefit) and *amanah* (trust) in maintaining a balance between economic, social, and environmental interests, [14].

The usage of ESG indicators in this research is based on stipulations of FSAR No. 51/2017, [15]. Apart from becoming the reporting standard that is

formed by regulators, ESG indicators are also in line with international guidelines, such as the Global Reporting Initiative (GRI) and the Indonesian Sustainable Financial Taxonomy; thus, they are relevant to be used to assess how far public sharia banks apply green banking principles, [16].

Based on the analysis of the sustainability reports of each general Islamic bank as shown in the tables attached in the appendix it was found that these banks' levels of compliance with disclosure requirements and environmental indicators do indeed vary, [17]. The previous section has provided a descriptive overview of the implementation of environmental aspects at Bank Syariah Indonesia (BSI), which is also included in Table 1 (Appendix); Bank Muamalat Indonesia (BMI), as shown in Table 2 (Appendix); Bank Mega Syariah (BMS), as shown in Table 3 (Appendix); BJB Syariah, as shown in Table 4 (Appendix); and Bank Panin Dubai Syariah (BPDS), as shown in Table 5 (Appendix), based on the data contained in each bank's sustainability report. Next, there is a need for further discussion to comparatively process these analysis results to assess how far the fulfilment of the Environmental indicator reflects the implementation of Green Banking principles as well as their accordance with stipulations of Financial Service Authority Regulation No. 51/2017 on the Implementation of Sustainable Finance, [18].

3.2 The Comparison of the Environmental Aspect in Public Sharia Banks

The Environmental aspect focuses on how far financial institutions contribute towards maintaining environmental preservation through environmentally friendly operational activities and funding policies. In the Green Banking context, this aspect becomes the main pillar that assesses banks' responsibility towards natural resource management, energy efficiency, and the decrease in carbon emissions, [19].

Based on the comparison of the Environmental aspect in five public sharia banks, it can be seen that there are differences in the level of depth and quality of disclosure. According to Table 1 (Appendix), Bank Syariah Indonesia (BSI) demonstrates the most comprehensive implementation of environmental principles[20], reflected by consistency in the energy efficiency program; quantitative disclosure of carbon emissions; as well as the significant increase in green financing each year, [21].

Meanwhile, According to Table 2 (Appendix), Bank Muamalat Indonesia (BMI) [22] and According to Table 3 (Appendix) Bank Mega Syariah (BMS) still show limitations in the disclosure of green financing [23], which, in several periods, are only delivered in a narrative manner without quantitative data. This condition indicates that the application of the Environmental aspect in these two banks is still in the stage of administrative fulfilment of Financial Service Authority Regulation No. 51/2017's stipulations, and has not been fully integrated as substantive Green Banking strategies, [24].

Meanwhile According to Table 4 (Appendix), BJB Syariah [25] and According to Table 5 (Appendix) Bank Panin Dubai Syariah (BPDS) have conducted energy efficiency and operational digitalization programs [26], but their green financing scales and impacts are relatively more limited compared to BSI. These differences show that the size, capital capacity, and organizational preparedness of banks influence the effectiveness of the environmental aspect in the Green Banking implementation, [27].

3.3 The Comparison of the Social Aspect in Public Sharia Banks

In the social aspect, all public sharia banks have generally carried out social responsibilities as mandated in sharia principles and Financial Service Authority Regulation No. 51/2017. Even so, the level of transparency and measure of social impacts still show variations. According to Table 1 (Appendix), BSI is placed in the most progressive position with the consistent increase in social funds, MSME financing, and the quantitative disclosure of human resource development, [28].

According to Table 2 (Appendix), Bank Muamalat Indonesia (BMI) [22] and According to Table 3 (Appendix) Bank Mega Syariah (BMS) tend to emphasize the direct community empowerment approach, but have not consistently disclosed the nominal value of social funds and the quantitative indicators of financial inclusion, [23]. This shows that even though social activities have been carried out, the reporting quality has not yet fully fulfilled the principles of transparency and accountability.

Meanwhile According to Table 4 (Appendix), BJB Syariah [25] and According to Table 5 (Appendix) BPDS have shown a rather stable social commitment in each of their operational areas, even though their scope and scale of impact are still relatively limited. Therefore, in general, the social aspect in public sharia banks has been implemented. However, there is still a need of strengthening in the aspects of report measurement and consistency.

3.4 The Comparison of the Governance Aspect in Public Sharia Banks

The Governance aspect is the dimension that is relatively the most stable and consistent amongst all public sharia banks, [29]. All banks already have governance structures, risk management, as well as audit and compliance mechanisms according to the stipulations of the regulator. Even so, there are variations in the governance aspect's level of maturity, [30].

Based on Table 1 and Table 2 (Appendix), BSI and BMI show a more systematic governance strengthening through the development of enterprise risk management, the strengthening of the Sharia Supervisory Council's role, as well as the improvement of the audit transparency and whistleblowing system, [20]. On the contrary, BMS, BJB Syariah, and BPDS still tend to place the governance aspect as a fulfilment of normative obligations, even though it is formally already according to Financial Service Authority Regulation No. 51/2017, [31].

This condition shows that even though structurally, all banks have fulfilled the Good Corporate Governance principle, the integration of governance as a strategic foundation of Green Banking still requires strengthening, especially in the measurable management of environmental and social risks, [32]. Analysis results of the ESC search of five public sharia banks that exist in Indonesia show that there are three categories of sustainability report depth, substantive, semi-substantive, and administrative, [33].

The first category is the substantive or advanced level, where sustainability reports show Comprehensive and Measurable ESG Disclosure (Substantive ESG Implementation), [34]. In this category, there is a main characteristic that can clearly be seen, namely the existence of a quantitative disclosure of ESG. Even though they are still at an initial stage, in the last few years, they have started to consistently provide quantitative data in their reports, [35].

Apart from the Table 1 (Appendix), data in the environmental aspect in the form of green financing and carbon emissions have started to be reported, even though they still target the financing of emission 1 and 2, rather than financed emissions, emission scale 3. ESG reports have started to be integrated with business strategies and risk management, even though they are still at the initial stage. Therefore, in this category, sustainability reports have fulfilled the minimum report requirements in Financial Service Authority Regulation No. 51/2017 and have started to become proximate to global reporting practices, such as Global Reporting Initiatives/the Indonesian Sustainable Financial Taxonomy. In this category, there is one public sharia bank which fulfils this, namely BSI, [36].

The second category is semi-substantive or moderate in conducting ESG report disclosure. The main characteristic of this category is that it has started to conduct a combination of narrative reports. It has also started to include quantitative data in the reports. As for the environmental and social aspects, there is not yet a consistent reporting method with the same indicators in their sustainable reports. Thus, it can be seen that these banks select reporting indicators that bring them benefit and give them a good image in the face of the Financial Service Authority. This can be seen from the quantitative carbon emission reporting that has started to be carried out, [37]. However, the green financing only emerged at the end, showing that they are not yet fully consistent in disclosing their reports. Meanwhile, for the governance aspect, it can be seen that there is a rather progressive improvement in the Enterprise Risk Management and Sharia Supervisory Council strengthening. With such a report model, it can be said that the sustainable reports have started to shift little by little from administrative to strategic, [38]. Banks that are included based on Table 2, Table 3, and Table 4 (Appendix) in this category are Bank Muamalat Indonesia (BMI), Bank Mega Syariah (BMS), and BJB Syariah.

The third category is Administrative (Symbolic/Compliance-Based), where its main characteristic is that the reports are dominated by the existence of policy narrations and all ESG indicators are reported in a qualitative manner, [39]. Here, the ESG fulfillment is positioned as requirements that must be met to achieve the administrative fulfillment of the Financial Service Authority Regulation, [40]. The sustainability reports in this category have a high risk of committing greenwashing, as qualitative reports are highly vulnerable to data misappropriation. The bank that is categorized based on the Table 5 (Appendix) in this group is Bank Panin Dubai Syariah (BPDS), [41].

Research findings show that differences in public sharia banks' sustainability reports reflect the different levels of exposure to legal risks (legal exposure). The shallower and the more narrative an ESG report, the higher the potential legal consequences that may occur in the forms of regulatory liability, reputational risk, or sharia compliance risk, [42]. Financial Service Authority

Regulation No. 51/2017 obliges all financial service institutions to arrange sustainability reports, but has not explicitly differentiated between substantive and symbolic reports. As a consequence, so long as reports are formally delivered, administrative sanctions are seldom applied, even though the quality of ESG disclosure is very low.

Even so, from a legal perspective, ESG reports that do not reflect actual conditions may potentially violate the principles of transparency and accountability, which are the general principles of governance and the supervision of the financial service sector, [43]. In the long run, this practice may weaken the Financial Service Authority's supervisory function and create a precedent of minimum compliance, [44].

The limited Environmental disclosure, especially related to green financing and carbon emissions, also has indirect legal implications to Law No. 32 of 2009 on Environmental Protection and Management, [45]. Even though banks do not directly pollute the environment, when banks finance sectors with environmental risks without clear disclosure mechanisms, this leads to secondary environmental liability, especially if it is proven that banks ignore the principle of environmental due diligence, [46].

Research findings identify several regulatory gaps that may structurally allow the occurrence of greenwashing in sharia banks' sustainability reports. There is a lack of minimum ESG indicators that must have quantitative characteristics, [47]. There should be indicators that are required to have quantitative characteristics to prevent the risk of banks making use of the gap that allows selective disclosure, where banks only disclose ESG aspects that are reputationally most secure, [48].

Apart from that, every dimension of ESG measurement in Financial Service Authority Regulation No. 51/2017 seems to be policies with immeasurable impacts. This is because this policy does not seem to have clear results, even though it has been enacted for eight years, [49]. Apart from that, these sustainability reports seem to only be commitments without clear performance targets. Thus, it cannot be determined for certain whether or not the goals of this regulation have been achieved, [50].

4 Conclusion

Based on the results of research and discussion on the implementation of sustainability reports of public sharia banks from the Green Banking perspective, it can be concluded that the implementation of sustainability reports of public sharia banks in Indonesia from 2020 to 2024 have been carried out as a form of normative obligation as regulated in Regulation of the Financial Service Authority (Peraturan Otoritas Jasa Keuangan/POJK) No. 51 of 2017 on the Application of Sustainable Finance. All public sharia banks which become the research object have arranged and published sustainability reports, even though it is shown that there are differences in the level of report consistency, depth, and quality. Bank Syariah Indonesia (BSI) and followed by Bank Muamalat Indonesia (BMI) show the application of the Green Banking principle that is relatively more comprehensive and structured, while other sharia banks tend to position sustainability reports as administrative fulfillment towards regulations without holistic strategic integration in banking policies and operations.

Apart from that, the fulfillment of ESG indicators in public sharia banks' sustainability reports shows different implementation levels in every dimension. The Social and Governance aspects are the most consistent and stable dimensions in these banks' sustainability reports. On the contrary, the Environmental aspect still becomes the weakest dimension, as most banks still have not presented quantitative data in a complete and consistent manner, especially related to energy efficiency, carbon emission, and green financing. This condition shows that even though ESG indicators have been adopted in sustainability reports, their application have not fully reflected the substantive and optimum integration of Green Banking as mandated in Financial Service Authority Regulation No. 51 of 2017.

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APPENDIX

Table 1. Table of ESG (Environmental, Social, and Governance) Indicators based on the 2021-2024 Sustainability Report of Bank Syariah Indonesia (BSI)

Code	Indicator	2021	2022	2023	2024
E1	Energy Efficiency Program (number of projects)	Energy efficiency through LED lamps, AC optimization, service digitalization, and reduced paper usage	Continued with green building development and use of solar panels	Expanded in central and branch offices through increased operational technologies	Continued as part of sustainable operational strategies
E2	Total carbon emission (tCO_2 e)	Disclosed descriptively from electricity and fuel consumption without quantitative figures	4,385.65	1,722.01	Not disclosed due to changes in baseline and reporting methods
E3	Green financing	Commitment to environmentally friendly financing without quantitative disclosure	9.327 T	12.253 T	14.08 T
S1	Social Funds (SER, zakat, infaq, waqf)	Rp 187.140 billion	Rp 187.57 billion	Rp 255.10 billion	Rp 305.57 billion
S2	MSME Financing and MSME development	Rp 39.46 T + 14 clusters	Rp 41.91 T + 1,517 MSMEs	Rp 45.50 T + 3,009 MSMEs	Rp 52.42 T + 4,478 MSMEs
S3	Human resource development and financial inclusion	Training, financial literacy, and competency strengthening without quantitative disclosure	2,274,326 training hours	1,392,792 training hours	258,103 training hours
G1	Good Corporate Governance (GCG)	Complete governance structure (BoC, BoD, Sharia Supervisory Council)	Strengthening of risk and audit committees	Optimization of Sharia Supervisory Council and committees	Strengthening of digital governance and cybersecurity
G2	Management of Risks and Compliance	Basic implementation of sharia risk management	Strengthening of compliance and AML-CFT	Implementation of enterprise risk management	Integration of digital risk and increased compliance
G3	Audit and Transparency (Internal, External, WBS)	Routine internal audit; initial strengthening of WBS	Increased external supervision	Optimization of WBS and follow-up of reports	Strengthening of digital audit and reporting

Source: The author compiled the ESG table primarily based on the sustainability reports uploaded by Bank Syariah Indonesia (BSI)[20]

Table 2. Table of ESG (Environmental, Social, and Governance) Indicators based on the 2020-2024 Sustainability Report of Bank Muamalat Indonesia (BMI)

Code	Indicator	2020	2021	2022	2023	2024
E1	Energy Efficiency Program (number of projects)	Energy saving through limiting AC and lamp usage and optimizing natural lighting	Continued through the use of LED lamps and reduced lift usage	Expanded with automatic sensors installation and reduction of operational vehicles	Continued as part of office operations	Energy efficiency initiatives are sustainably maintained
E2	Total carbon emission (tCO_2 e)	4,121.72	3,832.10	4,040.88	4,749.95	4,791.22
E3	Green financing (Rp billion)	Commitment stated without quantitative disclosure	Policies on green financing without quantified achievements	Environmentally friendly financing reported narratively	Directed to sustainability sector without quantitative value	936.50
S1	Social Funds (SER, zakat, infaq, waqf)	Channelled through education, health, and community empowerment via Muamalat Baitulmaal without quantitative disclosure	Programs continued without quantitative disclosure	Rp 5.93 billion	Rp 7.18 billion	Not quantitatively disclosed
S2	MSME Financing and MSME development	Community-based MSME empowerment through training and mentoring	Continued MSME empowerment via education and capacity building	MSME programs implemented without financing disclosure	272 mentored MSMEs	±44 MSMEs through Sahabat UMKM program and MSME cart assistance
S3	Human resource development and financial inclusion	Sharia financial literacy and internal training without quantitative data	Literacy and inclusion programs through education and training	HR development and literacy activities continued narratively	Financial inclusion through community training and mentoring	Programs continued and reported narratively
G1	Good Corporate Governance (GCG)	Basic GCG structure; Sharia Supervisory Council oversight still suboptimal	Strengthening of audit and compliance committees	Organizational restructuring and increased committee independence	Strengthening of Sharia Supervisory Council and risk committee	Structural simplification and digital governance
G2	Management of Risks and Compliance	Basic sharia risk management	Strengthening of AML-CFT and internal compliance	Implementation of Enterprise Risk Management (ERM)	Integration of sharia and digital risks	Strengthening of technology and data risk mitigation
G3	Audit and Transparency (Internal, External, WBS)	Routine internal audits; limited WBS	Strengthening of external audits	Improvement of WBS mechanism with faster response	Optimization of WBS follow-up	Audit digitalization and reporting transparency

Source: The author compiled the ESG table primarily based on the sustainability reports uploaded by Bank Muamalat Indonesia (BMI), [22]

Table 3. Table of ESG (Environmental, Social, and Governance) Indicators based on the 2020-2024 Sustainability Report of Bank Mega Syariah (BMS)

Code	Indicator	2020	2021	2022	2023	2024
E1	Energy Efficiency Program (number of projects)	Energy efficiency through control of AC usage and optimal use of natural light	Continued through the use of energy-saving lamps	Implemented through optimization of officer operations	Implemented sustainably as part of operational policies	Energy efficiency initiatives consistently continued
E2	Total carbon emission (tCO_2 e)	Disclosed narratively as an impact of electricity and fuel consumption	Still descriptively disclosed	Narratively disclosed without figures	254.624	245.010
E3	Green financing (Rp billion)	Commitment to environmentally friendly financing as part of sustainable finance principles	Green financing principles stated in financing policies	Directed to sustainability sector without quantitative disclosure	Narratively reported	936.50
S1	Social Funds (SER, zakat, infaq, waqf)	CSR and community activities without nominal disclosure	CSR programs reported narratively	Rp 11.42 billion	Rp 13.08 billion	Rp 15.77 billion
S2	MSME Financing and MSME development	MSME financing included in retail financing without separate disclosure	Financing still channelled without specific value	Rp 2.31 trillion	Rp 2.67 trillion	Rp 2.94 trillion
S3l	Human resource development and financial inclusion	Employee training and financial literacy reported narratively	Training and literacy programs implemented	Training, literacy, and smart behavior agent development reported narratively	8,742 training participants	9,218 training participants
G1	Good Corporate Governance (GCG)	Governance structure formed in accordance with GCG	GCG structure implemented by Board of Commissioners and Directors	GCG structure completed with supporting committees and Sharia Supervisory Council	Governance structure consistently applied	Governance structure maintained and reported narratively
G2	Management of Risks and Compliance	Risk management through internal policies and FSA compliance	Strengthening of risk management aligned with financing dynamics	Strengthening of risk management and compliance systems	Focus on financing and operational risks	Risk management and compliance sustainably implemented
G3	Audit and Transparency (Internal, External, WBS)	Internal and external audits conducted in accordance with regulations	Audits consistently conducted	Whistleblowing system available and reported	Audit and transparency sustainably implemented	Audit and transparency consistently implemented

Source: The author compiled the ESG table primarily based on the sustainability reports uploaded by Bank Mega Syariah (BMS), [23]

Table 4. Table of ESG (Environmental, Social, and Governance) Indicators based on the 2020-2024 Sustainability Report of Bank BJB Syariah

Code	Indicator	2020	2021	2022	2023	2024
E1	Energy Efficiency Program (number of projects)	Energy saving policy through control of electricity and fuel oil in all work units	Continued through increased employee awareness of responsible energy usage	Electricity: 841,691.24 kWh; Fuel oil: 151,415.42 liters	Electricity: 932,208.32 kWh; Fuel oil: 168,681.38 liters	Electricity: 834,879.39 kWh; Fuel oil: 192,919.31 liters
E2	Total carbon emission (tCO_2 e)	Commitment to emission reduction through energy efficiency and operational control	Continued emission management commitment	1,087.09	1,217.38	1,189.57
E3	Green financing (Rp billion)	207.61 billion	325.21 billion	417.70 billion	Financing directed to sustainable sectors but not yet classified as green financing	Strengthening commitment to environmental awareness-based financing
S1	Social Funds (SER, zakat, infaq, waqf/ZISWAF)	Social responsibility programs conducted without nominal disclosure	CSR and social activities continued	Social and environmental programs implemented narratively	Social programs continued without quantitative disclosure	CSR and ZISWAF programs reported descriptively
S2	MSME Financing and MSME development	MSME financing implemented but not quantitatively disclosed	1,322,281	1,623,394	1,430,665	MSME financing implemented but not quantitatively tabulated
S3	Human resource development and financial inclusion	HR development and training programs implemented	2,891 trainings	2,779 trainings	1,019 trainings	2,061 trainings
G1	Good Corporate Governance (GCG)	Basic GCG structure (BoC, BoD, GMS, Sharia Supervisory Council)	Strengthening of GCG commitment and organ roles	Organizational restructuring and committee optimization	More complete governance structure with checks and balances	Structural simplification and digital governance aligned with FSA Regulation No. 2/2024
G2	Management of Risks and Compliance	Initial implementation of risk and compliance management; WBS introduced	Strengthening of compliance, AML-CFT, and GCG culture	Strengthening of social and environmental risk parameters; CGPI award and ISO 37001 certification	Optimization of risk and compliance management and integration of sharia risks	Integration of digital risks and strengthening of technological risk management
G3	Audit and Transparency (Internal, External, WBS)	Routine internal audits; WBS available with reporter protection	Strengthening of WBS implementation and reporting channels	Optimization of WBS and audit follow-up	Strengthening of audit committee supervision and fraud follow-up	Digital audit strengthening and expanded internal–external reporting channels

Source: The author compiled the ESG table primarily based on the sustainability reports uploaded by Bank BJB Syariah, [25]

Table 5. Table of ESG (Environmental, Social, and Governance) Indicators based on the 2020-2024 Sustainability Report of Bank Panin Dubai Syariah (BPDS)

Code	Indicator	2020	2021	2022	2023	2024
E1	Energy Efficiency Program (number of projects)	Energy saving policies through control of electricity use and office operational devices	Continued by limiting electricity use outside work hours and optimizing electronic devices	Energy efficiency policies on electricity and fuel oil savings	Energy efficiency policies consistently continued as part of environmentally friendly operations	Energy saving policies still implemented without quantitative efficiency measures
E2	Total carbon emission (tCO_2 e)	No carbon emission calculation; only general energy management	Environmental impact managed without GHG emission calculation	Energy consumption reported without conversion to carbon emissions	Energy consumption reported without carbon emission calculation	No carbon emission calculation presented
E3	Green financing (Rp billion)	Financing channelled generally without green classification	Environmentally friendly financing not specifically classified	Financing not categorized as green financing	698,615	Green financing not separately disclosed
S1	Social Funds (SER, zakat, infaq, waqf/ZISWAF)	CSR activities conducted without nominal disclosure	CSR and ZISWAF programs continued narratively	Social programs focused on community activities	Social programs described narratively	Social and ZISWAF activities continued without quantitative disclosure
S2	MSME Financing and MSME development	Commitment stated in business plan without realization disclosure	Commitment included in internal policy without figures	MSME financing reported narratively	Commitment reiterated as part of business strategy	MSME support continued without quantitative data
S3	Human resource development and financial inclusion	Employee training conducted to improve competency	HR development and training sustainably carried out	Training continued through internal learning methods	HR development continued to strengthen internal capacity	Routine training without quantitative data
G1	Good Corporate Governance (GCG)	Governance structure explained (BoC, BoD, GMS, Sharia Supervisory Council)	GCG applied qualitatively with organ functions described	Strengthening of Sharia Supervisory Council and internal supervision	Governance aligned with sustainable finance and sharia banking governance	GCG applied without disclosure of assessment score
G2	Management of Risks and Compliance	Risk management and compliance implemented as internal control	Strengthening through internal policies and procedures	Risk management adapted to regulatory stipulations	Risk management integrated into sustainable business activities	Risk management conducted without quantitative indicators
G3	Audit and Transparency (Internal, External, WBS)	Internal and external audits conducted to apply transparency	Audits and supervision continued per banking rules	Audit mechanisms and internal control reported descriptively	Audits and WBS management continued	Audits and WBS implemented without statistical disclosure

Source: The author compiled the ESG table primarily based on the sustainability reports uploaded by Bank Panin Dubai Syariah (BPDS), [41]

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