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Mandating Sustainability Reporting under Islamic Jurisprudence: An Analytical Assessment on the Environmental Dimension

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ABSTRACT

SUBJECT & OBJECTIVES: In the contemporary era, growing concerns over environmental degradation and the increasing importance of sustainability across economic, social, and environmental spheres have made sustainability reporting a fundamental mechanism for enhancing transparency regarding the impacts of organizational activities. Organizations are increasingly expected to disclose the environmental impacts of their operations to promote accountability, facilitate informed decision-making, and contribute to sustainable development. Despite the growing importance of this issue, the legal obligation to disclose environmental sustainability information remains a subject of ongoing scholarly and regulatory debate. Against this background, the present study analytically examines the obligation to report on sustainability from the perspective of Islamic jurisprudence, with particular emphasis on its environmental dimension. It seeks to determine whether the principles and jurisprudential foundations of Islamic law provide sufficient grounds for recognizing environmental sustainability reporting as a mandatory obligation. By analyzing relevant jurisprudential principles and legal maxims, the study aims to clarify the normative basis for mandatory environmental sustainability reporting within Islamic jurisprudence.

METHOD & FINDING: Using a descriptive-analytical method, the research finds that although mandatory environmental reporting may initially seem inconsistent with certain jurisprudential principles, such as the rule of authority over one's property (taslīṭ), it is strongly supported by established doctrines. These include the principle of no harm nor reciprocating harm (lā ḍarar), the rational implication between an obligation and its prerequisites, the priority of greater interests over lesser ones, the denial of means leading to wrongdoing, the prohibition of assisting oppression, justice and equity, respect for others' property, the maxim "whoever benefits bears the burden," and the duty to avert potential harm.

CONCLUSION: Accordingly, despite its development within international frameworks, sustainability reporting is substantively compatible with Islamic jurisprudential principles. Nonetheless, in light of current economic conditions, incentive-based governmental policies should be prioritized over coercive enforcement.

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Introduction

In the past, it was assumed that corporate responsibility was limited to the disclosure of financial performance and quantitative information aimed at maximizing shareholders' profit and wealth; consequently, firms paid insufficient attention to environmental, social, and governance disclosures because such information is non-financial and qualitative. Today, however, with changing mechanisms and growing attention to non-financial reporting, companies and all stakeholders have come to recognize that non-financial issues ultimately contribute to long-term corporate value (Abdi et al., 2019). Sustainability reporting provides a fundamental means of meeting users' needs for non-financial information.

According to the World Commission on Environment and Development, sustainable development is an effort to achieve the best possible outcome for humanity and the environment. Sustainability reporting supplies stakeholders with information on firms' environmental, economic, social, and corporate governance performance. The concept of sustainability made significant advances at the corporate level in the late twentieth and early twenty-first centuries. In the Global Risks Reports issued by the World Economic Forum in 2017 and 2018, seven of the principal global risks were related to sustainability issues. Similarly, in 2019 three of the five major global risks were sustainability-related (John et al., 2019).

Through sustainability reports, firms disclose their performance on sustainable development to all stakeholders, both internal and external. The Global Reporting Initiative (GRI) guidelines, as one of the principal international frameworks for sustainability reporting, include performance indicators in the economic, social, and environmental domains that companies can use to report and evaluate their performance in pursuit of sustainability objectives (Su et al., 2021). Such reports are published for objectives including accountability to stakeholders, performance improvement, reputation and brand enhancement, alignment with international communities, influence on investors' decisions, and compliance with legal requirements in jurisdictions where such mandates exist (Ahmadi et al., 2022).

One of the most important dimensions of sustainability is the environmental aspect. Environmental degradation and pollution may impose high costs on society and ecosystems, even though they may, in some cases, enable organizations to reduce short-term expenses and increase current-period profits. Conversely, environmental responsibility can contribute to long-term organizational sustainability by strengthening reputation, reducing regulatory risks, improving stakeholder trust, enhancing access to investment, and supporting sustainable economic performance. Therefore, environmental considerations have become an essential component of corporate accountability and responsible organizational conduct.

Despite the growing importance of environmental sustainability, the extent to which organizations should be legally required to disclose environmental information remains a subject of ongoing debate. The absence of adequate environmental transparency may limit effective oversight of economic activities, hinder informed decision-making by stakeholders, and increase the risk of harm to collective interests and the rights of future generations. In this context, regulatory intervention aimed at ensuring environmental accountability requires a normative justification.

Accordingly, this study examines the jurisprudential foundations of obligating organizations to disclose environmental sustainability information. By adopting an analytical approach rooted in Islamic jurisprudence (*fiqh*), the research seeks to assess whether relevant jurisprudential principles provide a sufficient basis for recognizing the environmental dimension of sustainability reporting as a mandatory obligation.

Conceptual Framework

To examine the jurisprudential feasibility of legally mandating sustainability reporting with respect to the environmental dimension, it is necessary to provide a preliminary clarification of some fundamental concepts as follows:

1. Sustainability Reporting

The concept of sustainability is derived from the broader concept of sustainable development. Sustainable development refers to a comprehensive form of development that meets the needs of the present generation without compromising the ability and the right of future generations to meet their own needs from the environment (World Commission on Environment and Development, 1987). Based on this concept, sustainability reporting has emerged as a mechanism through which organizations disclose their impacts and commitments regarding sustainable development. According to the definition provided by the Global Reporting Initiative (GRI), a sustainability report is a report in which a company discloses the economic, environmental, and social impacts arising from its activities. In addition, sustainability reporting presents the organization's values and governance model and illustrates the relationship between the company's strategy and its commitment to a sustainable global economy (GRI, 2019).

From the perspective of the Sustainability Accounting Standards Board (SASB), sustainability reporting encompasses several dimensions, including the environmental dimension, the social dimension, corporate governance, human capital, and the business model and innovation. The main objective of this board is to develop accounting and reporting standards for environmental, social, and governance (ESG) issues. This board has now been integrated with the International Financial Reporting Standards in the field of sustainability.

In the environmental dimension of sustainability reporting—which constitutes the focus of the present article—the objective is to disclose the environmental impacts resulting from organizational activities in order to assess the degree of alignment between an organization's business activities and the goals of sustainable development (Jenati & Heidari, 2011). The scope of reporting in the environmental dimension of sustainability reporting includes areas such as water consumption management, energy consumption management, waste management, management of raw material consumption, climate change management, and environmental management and monitoring (Babaei et al., 2022). Environmental reporting is commonly guided by internationally recognized standards and frameworks. For example, the GRI Environmental Standards (GRI 300 Series) provide detailed disclosure requirements related to energy (GRI 302), water and effluents (GRI 303), biodiversity (GRI 304), emissions (GRI 305), waste (GRI 306), and environmental compliance (GRI 307) (cf. GRI, 2021). Similarly, SASB standards identify industry-specific environmental issues and metrics, while the IFRS Sustainability Disclosure Standards, particularly IFRS S2 (Climate-related Disclosures), require organizations to report climate-related risks, opportunities, greenhouse gas (GHG) emissions, and transition strategies (IFRS, 2023). Accordingly, environmental reporting is not merely a qualitative disclosure practice but a structured and indicator-based system aimed at measuring, comparing, and managing environmental performance across organizations (KPMG, 2022; IFRS, 2023).

2. Jurisprudential Rules (*al-qawāʿid al-fiqhiyyah*)

Jurisprudential rules are very general formulas that serve as the source for deriving more specific laws. They are not limited to a single particular case; rather, they form the basis for a variety of different rules (Mohaghegh Damad, 1986, Vol. 1, p. 2). Due to their general and comprehensive nature, jurisprudential rules are not confined merely to governing individual relations; rather, they possess the capacity to encompass social relations as well. From this perspective, whenever individual or organizational activities affect public interests or the shared rights of society, jurisprudential rules may serve as a basis for the regulation, restriction, or imposition of obligations upon such conduct.

3. The Rule of No Harm (*Lā Ḍarar*)

It signifies that harm is not recognized as legitimate in Islam. This principle of non-legitimacy applies both at the stage of legislative enactment and at the stage of the implementation and application of laws (Mohaghegh Damad, 1986, Vol. 1, p. 150).

4. The Rule of Dominion (*al-Taslīṭ*)

It means that every owner has full authority over his property and may exercise any type of lawful disposition over it. No one is entitled to prevent an owner from exercising control over his property without a legitimate religious (*sharʿī*) justification (Mohaghegh Damad, 1986, Vol. 1, p. 227).

5. The Rule of the Obligation to Avert Harm

According to the principle of the obligation to avert probable harm, whenever there is a reasonable possibility of harm, preventing it becomes obligatory (Mostafavi, 2001, p. 306).

Literature Review

A review of the literature indicates that, from a jurisprudential perspective, no independent study has yet been conducted specifically on sustainability reporting. However, limited research has addressed sustainable development. For instance, Kiaei and Samavati (2019) examined the theoretical foundations of sustainable development from the perspective of Islamic jurisprudence as a component of soft power. Their findings suggest that the power of a society is closely related to its mode of governance, the dominant ideological outlook, and the lifestyle of both citizens and officials. Islam, through its emphasis on social and economic justice, trust-based conduct, environmental protection, and safeguarding the heritage of future generations, offers a model that can serve as an example for other societies. Accordingly, realization of this model may attract others to the Islamic paradigm and enhance Islamic military power at regional and international levels. In a subsequent study, Kiaei and Samavati (2021) analyzed the role of justice in sustainable economic development from the viewpoint of Islamic jurisprudence. Their findings indicate that injustice and unequal distribution of social achievements deepen class divisions, weaken national resolve, reduce motivation and productivity, and intensify psychological harms within society. In contrast, sustainable development entails reducing social inequality, strengthening national determination, and benefiting from a healthy and hopeful workforce. Thus, adherence to justice is regarded as the key to the survival and sustainability of development. In contrast to the aforementioned studies, which adopt a macro-level and theoretical approach to explaining the relationship between sustainable development, soft power, and economic justice within the framework of Islamic jurisprudence, the present study examines the feasibility of legally mandating sustainability reporting with a focus on its environmental dimension. While prior research has concentrated on the normative foundations and social functions of sustainable development, this study explores the capacity of Islamic jurisprudential principles to justify legislative intervention and regulatory oversight at the corporate level.

A Jurisprudential Review of Mandatory Sustainability Reports

1. Challenges to Enacting a Legal Obligation

With respect to the permissibility and feasibility of enacting a legal obligation for reporting the environmental dimension, it may at first appear that, insofar as an organization's information effectively constitutes its intellectual capital and may be regarded as part of its property, imposing a legal obligation to disclose such information in the form of a report lacks jurisprudential legitimacy under the rule of *taslīṭ* (the owner's control over his property). According to the rule of *taslīṭ*, every owner has full dominion over his property and may make any disposition of it, and no one may lawfully prevent him from disposing of his property without a valid religious authorization (Mohaghegh Damad, 1986, Vol. 1, p. 227). Consequently, keeping a company's information confidential—as an instance of its intellectual capital—and the company's non-disclosure of information constitute a form of disposition that, under the rule of *taslīṭ*, the company is permitted to perform; hence, by the same token, enacting a legal obligation to disclose information would be contrary to the rule of *taslīṭ*.

In response to this claim, it should be noted that the matters disclosed in the environmental dimension of sustainability reporting are not personal in nature but concern the organization's environmental impacts and relate to the interests of others; indeed, non-disclosure may amount to harm to the rights of third parties. The scope of the rule of *taslīṭ* is limited to cases that do not cause harm to others (Mousavi Bejnordi, 1999, Vol. 1, p. 242). Therefore, such cases are not governed by the rule of *taslīṭ*; rather, the primacy of the principle of *lā ḍarar* (no harm) over *taslīṭ* dictates the necessity of disclosure in these circumstances. In other words, although at first glance corporate environmental information may be regarded as part of a firm's intellectual capital or proprietary informational assets, such information is not exclusively characterized by a private ownership nature. Rather, due to the direct impacts and consequences of corporate activities on public health, natural resources, and the rights of future generations, such information also embodies dimensions of public interest and *ḥaqq al-nās* (the rights of the people). Consequently, from a jurisprudential perspective, information whose effects extend beyond the sphere of private interests and become intertwined with the rights of society is deemed to possess a public character and may therefore become subject to governmental regulatory intervention.

2. Necessities for Enacting a Legal Obligation

Concerning the necessity of enacting a legal obligation for reporting the environmental dimension from a jurisprudential perspective, various principles may be invoked; each of these will be examined below.

2.1. The Principle of Rational Implication between an Obligation and Its Prerequisite

Allah took a twofold stance regarding the environment. First, He has granted human beings the right to benefit from nature; as stated: *"He it is Who created for you all that is on the earth"* (Quran, 2:29). In the interpretation of this verse, the phrase "for you" (*lakum*) is understood as "for your benefit" (*li-intifāʿikum*) (Ravandi, 1985, Vol. 2, p. 261). Thus, the verse recognizes the utilization of nature as a right belonging to all people.

Second, in accordance with the principle linking rights and duties, human beings are charged with the obligation to make proper use of and to preserve nature. Allah clarified this duty and said: *"He brought you forth from the earth and appointed you to cultivate it"* (Quran, 11:61). In this verse, He did not say that He placed the earth in your possession already cultivated; rather, He delegated and entrusted to you the task of developing and cultivating the land (Makarem Shirazi, 1974, Vol. 9, p. 151).

On the plain reading of the verse, this duty applies not only to individual citizens but also to the state; indeed, the state may bear an enhanced responsibility in this regard.

Because the environment is a form of public capital and damage to it threatens the whole community, and since securing the public interest (*maṣlaḥat ʿāmm*) is among the duties of governance, environmental protection—being an instrument for safeguarding the public good—imposes a significant obligation on the state and its authorities.

The importance of this duty is reflected in Imam ʿAlī's letter to Mālik al-Ashtar, his governor in Egypt: "Let your concern for the cultivation of the land be greater than your concern for collecting revenue, for revenue cannot be obtained except through cultivation" (Sharīf al-Raḍī, 2008, Letter 53).

Accordingly, if environmental protection is obligatory upon the governing authority, then furnishing the prerequisites for that protection is likewise obligatory. This follows from the principle of rational implication between an obligation and its prerequisite, which holds that when an act is obligatory, reason mandates that its necessary preconditions are also obligatory (Mozaffar, 1991, Vol. 1, p.

236). One such prerequisite is the enactment of environmental legislation, and among those laws may be a statute requiring reporting on the environmental dimension of activities. Therefore, based on the principle that the obligation of an end entails the obligation of its means, legislating a legal requirement for environmental sustainability reporting possesses particular and compelling necessity. It is important to emphasize that the protective effect of environmental reporting does not arise from disclosure per se, but from its function within a broader regulatory feedback system. Environmental disclosure reduces information asymmetry and renders firms' environmental impacts observable, verifiable, and comparable, thereby enabling regulatory authorities and other stakeholders to conduct effective monitoring and performance evaluation. This informational foundation activates accountability mechanisms through which competent institutions may impose corrective measures, require remediation, apply sanctions, or design incentive-compatible policies. Anticipation of such monitoring and enforcement further generates ex ante behavioral incentives for firms to internalize environmental externalities and reduce environmental harm at the production level. Accordingly, the linkage between reporting and environmental protection is indirect yet normatively necessary, operating through a structured sequence of information disclosure, regulatory oversight, accountability enforcement, and behavioral adjustment.

2.2. The Rule of Prioritizing the More Important over the Less Important

When rights and duties conflict, one of the frequently applied jurisprudential rules is the principle of giving precedence to the more important over the less important (*taqdīm al-ahamm ʿalā al-muhimm*). According to this rule, if two rulings or two rights cannot be reconciled in practice, reason requires that the one judged more important should be preferred (Seifi Mazandarani, 2004, Vol. 3, p. 183).

In this study, we face, on the one hand, the right to development as an inalienable human right. Under this right, all human beings are entitled to benefit from various forms of development—economic, social, cultural, and political—and this right is, in fact, a basis for the realization of all human rights and fundamental freedoms (United Nations, 1986). On the other hand, there is the right to a healthy environment, i.e., the entitlement of all human beings to enjoy a sound environment, which is itself a human right. The state's duties in relation to these rights include, on one side, enabling development and progress and, on the other, protecting the environment. Thus, when an entity pursues activities that promote national development but also cause environmental harm, the state may, in practice, be confronted with two obligations: facilitating the entity's development-promoting actions and preventing actions that entail environmental destruction.

If the state's confrontation with these two duties is treated as a case of conflict, then—given that the benefits of environmental protection are long-lasting and accrue to future generations, whereas the benefits of development accompanied by environmental degradation are temporary—practical application of the rule of precedence of the more important over the less important requires that environmental protection take priority. In effect, responsibility for protecting the environment constrains and regulates the development activities of organizations; in other words, reconciling development with environmental protection, or promoting sustainable development, is a desirable objective that gains normative force through the rule of precedence of the more important over the less important. Consequently, when formulating policy and enacting legislation, the state is bound to observe this consideration. The content of Article 50 of the Constitution also reflects this point: under that article, environmental protection is regarded as a public duty, and the permissibility of economic and other activities is conditioned on their not necessarily entailing pollution or environmental destruction. The term "public" in this provision encompasses both the state and citizens, and thus the article implicitly assigns a degree of responsibility to the government for environmental protection.

Therefore, since environmental reporting is a means for disclosing an organization's environmental impacts and a tool for state monitoring and control of environmental compliance, the rule of precedence of the more important over the less important implies that one of the state's duties is to enact a legal obligation for environmental reporting.

In other words, it may be argued in this context that, on the one hand, practices such as reducing organizational costs—even where they result in environmental pollution—may increase the company's profit for the current fiscal year and, from this perspective, be regarded as measures aimed at organizational growth and advancement. On the other hand, however, such practices come into conflict with collective welfare and the public right to a healthy environment. Given that the right to organizational development constitutes an individual right concerned with securing the interests of the organization, whereas the right to a healthy environment is a public right directed toward the protection of collective interests, the state is obligated to safeguard the public welfare and to accord priority to the right to a healthy environment over the right to development. Accordingly, governmental intervention aimed at mandating the disclosure of an organization’s environmental impacts may, from a jurisprudential perspective, be regarded as justified and defensible.

2.3. The Principle of Prohibiting the Creation of a Path to Domination (*Qāʿidah Nafy al-Sabīl*)

Today, compliance with sustainability issues has become one of the prerequisites for participation in international trade. Institutions such as the European Union have established mechanisms to monitor this matter and have imposed various fines and sanctions for noncompliance with sustainability concerns, including environmental considerations (KPMG, 2022). On the one hand, since no country is sufficiently self-sufficient and independent that it can meet all its needs without engaging with other nations, maintaining relations with the outside world is necessary in the contemporary era. On the other hand, neglecting environmental issues may, in the not-too-distant future, expose a country to difficulties operating in global markets, which in turn can lead to economic isolation and underdevelopment (Fakhari et al., 2017).

Accordingly, because this very situation can be a source of humiliation for the Muslim community and of economic dependence, the principle of negation of domination (*nafy al-sabīl*) mandates preventing the facilitation of such conditions. Moreover, given the leading role of the West—particularly Western countries—in matters of sustainability and environmental regulation, failure to attend to these issues may gradually produce a dependence in this domain. It is conceivable that, in the near future, Western actors will define sustainability frameworks and standards as prerequisites for participation in international competition; the sale and imposition of related technologies on other countries, or the entry of Western firms as contractors implementing those standards, could create conditions for their dominance over less developed countries in this field.

For example, recent European Union legislation requires companies to examine their supply chains with respect to forced labor and environmental harms, and heavy penalties are imposed in cases of violation. These measures have provoked strong reactions from companies operating within and outside the European Union. Qatar, as one of the world's largest exporters of liquefied natural gas (LNG), has responded seriously to this issue. According to the *Financial Times*, Qatar has threatened to cut LNG exports to Europe if it were fined for breaching sustainability criteria under the EU directive (*Financial Times*, 2024).

Accordingly, the principle of negation of domination requires that the prerequisites of dependency and domination be restrained prior to their actual realization. One of the most important preventive strategies in this regard is the establishment of a domestic infrastructure for transparency, accountability, and the assessment of firms' environmental performance. In this context, the legal obligation imposed upon organizations to undertake environmental reporting and disclosure should not be regarded merely as an administrative duty; rather, it constitutes a regulatory instrument aimed at strengthening domestic governance, enhancing firms' preparedness for international competition, reducing regulatory gaps, and preventing dependence upon externally imposed standards and mechanisms. Therefore, from the perspective of the principle of *nafy al-sabīl*, it may be argued that the imposition of a legal obligation concerning the reporting of the environmental dimension of sustainability is jurisprudentially justified insofar as it serves to prevent the emergence of conditions conducive to economic and regulatory domination and dependency.

2.4. The Principle Prohibiting Assistance in Oppression

Given that the environment belongs to all humankind, harming it constitutes a violation of others' rights and is, in effect, an instance of oppression. If supervisory bodies remain silent in the face of such injustice and do not adopt measures to prevent it or to hold the wrongdoer accountable, they have in effect facilitated the perpetration of the wrongdoing and aided the oppressor; thus their conduct falls under the prohibition against assisting oppression. Consequently, adopting deterrent policies to prevent such injustice is necessary and obligatory.

One possible rebuttal holds that omission (failure to act) is not a form of assistance because it lacks the element of attribution. In reply, however, it must be observed that when a given act is itself a duty or obligation incumbent upon an actor, omission likewise carries the element of attribution; therefore, omission in such circumstances is also a form of assistance to oppression (Mohaghegh Damad, 1986: vol. 4, p. 185).

With respect to the government, as noted above, environmental protection is its duty. Moreover, given the government's authority and capacity to intervene in environmental matters—and because it controls financial resources and enforcement personnel—if it fails to take action to prevent environmental destruction, such failure can be attributed to it as assistance to that destruction. Consequently, one of the government's responsibilities regarding organizational activity is to set environmental safeguards for those organizations, and enacting a legal obligation to report on the environmental dimension of operations is an example of such a safeguard.

Therefore, in accordance with the principle of negation of domination—

which forbids creating the prerequisites for domination or control by non-Muslims—preventing such preconditions is imperative. One of the important prerequisites in this regard is the country's attention to sustainability matters. A concrete measure that can promote better observance of environmental considerations is legally obliging organizations to report and disclose their environmental dimension. Consequently, the principle of negation of domination can be regarded as one of the jurisprudential bases for the necessity of enacting a legal obligation for environmental sustainability reporting. Environmental sustainability reporting can be conceptually linked to the prevention of assistance in injustice (*aʿānat ʿalā al-ẓulm*) through its role in structuring transparency, oversight, and accountability. In the absence of disclosure, environmentally harmful practices may remain unobserved or insufficiently documented, thereby limiting the capacity of regulatory authorities and other stakeholders to identify, attribute, and respond to environmental damage. Mandatory reporting reduces this informational opacity by making environmental impacts measurable and publicly or institutionally accessible, which in turn enables monitoring and enforcement mechanisms to operate effectively. Consequently, reporting does not merely describe environmental performance but functions as an enabling mechanism that reduces the likelihood of unaddressed environmental harm. Thus, environmental reporting is a tool for preventing injustice, strengthening oversight, and ensuring accountability to safeguard public rights and collective interests.

2.5. The Principle of Justice and Equity

When a right is shared among different individuals, and there is no reason to prefer one person over another, reason demands—on the basis of justice and equity—that all be treated equally with respect to that right (Mostafavi, 2001, p. 159). Given that nature and the environment belong to all generations of humankind, and that everyone has a right to benefit from them, justice requires that both the present generation and future generations enjoy that right equally; neither generational precedence nor delay should justify greater enjoyment or deprivation. Accordingly, the exploitation of nature must not be carried out in a manner that infringes the rights of future generations.

Therefore, pursuant to the principle of justice and equity, the state is obliged to establish policies and guidelines governing the present generation's use of natural resources so that the rights of future generations remain protected. One mechanism by which the state can oversee and restrain the present generation's exploitation of natural resources is the enactment of legislation; among such laws could be a statute mandating environmental reporting by organizations.

2.6. The Principle of Respect for Others' Property

Jurists maintain that whatever satisfies people's needs and is desirable for their livelihood is regarded as "property" (*māl*) (Mousavi Bejnordi, 1999, Vol. 2, p. 30). According to this definition, the various components of the environment also qualify as property; nature and the environment therefore constitute a form of public capital that belongs to all humankind. Accordingly, under the principle of respect for others' property, first, encroachment upon it—namely, its destruction or damage—is impermissible; and second, where such encroachment occurs, the transgressor bears liability (Mohaghegh Damad, 1986, Vol. 1, p. 213).

Moreover, if harm to the environment results in its destruction, it also falls under the rule of liability for destruction (*itlāf*), by virtue of which the destroyer is likewise responsible for the consequences of his act. In this light, disclosure of an organization's environmental impacts may be viewed as a means of safeguarding respect for others' property. Specifically, where legal disclosure requirements and oversight are in place, organizations are likely to act with greater caution toward the environment; and where damage nevertheless occurs, disclosure serves as a mechanism for estimating the extent of harm and for obliging the organization to provide compensation.

2.7. The Principle of "He Who Enjoys the Benefit Bears the Burden"

The maxim "*man lahu al-ghunm faʿalayhi al-ghurm*," also expressed as "*al-kharāj bi'l-ḍamān*," denotes the necessary correlation between gain and liability, or benefit and loss. It signifies that whoever derives benefit from something must also bear responsibility for compensating the harm or loss arising from it (Mostafavi, 2001, p. 284). Accordingly, those who exploit and benefit from nature and the environment are obliged to assume liability for the damage resulting from such use.

Among these beneficiaries are organizations and companies that, in various ways, utilize natural and environmental resources in the course of their activities; in many cases, such activities and exploitation are accompanied by environmental harm or damage. Therefore, pursuant to the principle of "*man lahu al-ghunm*," these entities are responsible for compensating the losses they cause. Consequently, the governing authority is required to enact laws that, first, assess the environmental impacts of organizational activities and, second, in cases where damage is caused, oblige the organization—on the basis of this principle—to provide compensation.

2.8. The Principle of "*Lā Ḍarar*" (No Harm)

As noted earlier, all human beings possess the right to benefit from nature.

Given that some jurists extend the rule of *taslīṭ* to encompass rights as well (Makarem Shirazi, 1991, Vol. 2, p. 36), it may be argued that an individual is permitted to exercise any form of control over his own right. Accordingly, with respect to organizations as legal persons, since they enjoy a right to utilize nature, it might be claimed that legally obliging them to disclose their environmental impacts—and, consequently, subjecting their modes of utilization to oversight through such disclosure—constitutes an interference with the exercise of their rights, which would be impermissible under the rule of *taslīṭ*.

In response, it must be emphasized that the predominance of the principle of *lā ḍarar* over the rule of *taslīṭ* confines the permissible scope of exercising one's rights to cases that do not entail harm to others (Mousavi Bejnordi, 1999, Vol. 1, p. 242). In other words, the abuse of rights in a manner that causes harm to others is prohibited under the principle of *lā ḍarar*. Moreover, under such circumstances, the absence of oversight over the manner in which organizations exploit resources and conduct their activities may facilitate their harmful domination over public interests. This, in turn, may result in the violation of rights such as the right to a healthy environment, the right to health, and the right to life. Accordingly, state intervention is justified on the grounds of the necessity to safeguard collective welfare. In this regard, one of the mechanisms of such intervention is the imposition of an obligation upon organizations to undertake reporting on the environmental dimension of their activities.

Accordingly, since non-compliance with sustainability considerations—particularly in their environmental dimension—by organizations constitutes a factor leading to the violation of rights such as the right to a healthy environment, the right to human health, and the right to life, and ultimately results in harm to the public at large, state oversight of compliance is of particular necessity. One of the mechanisms for such oversight is the legal obligation imposed on organizations to report on their environmental impacts.

Moreover, the non-disclosure of environmental impacts and the absence of a legal obligation to disclose can themselves potentially constitute a source of harm, because the lack of legal oversight in this area typically leads to organizational negligence in observing environmental considerations. Therefore, given that the principle of *lā ḍarar* also applies to omissions (Mohaghegh Damad, 1986, Vol. 1, p. 161), it is necessary, first, to prevent environmental harms and risks caused by organizations through the enactment of legal disclosure obligations. In other words, it may be argued that, insofar as the absence of state oversight over an organization's compliance with sustainability considerations creates conditions conducive to harm to the public at large, the state is permitted to establish mechanisms to control such a situation, including the imposition of a legal obligation to report on the environmental dimension of sustainability. In this context, the prevention of public harm constitutes a jurisprudential justification for state intervention. Second, where an organization has caused harm as a result of failing to observe environmental requirements, to oblige it to provide remediation and compensation. In this context, disclosure serves as a means of accurately assessing the extent of damage caused by the organization.

2.9. The Principle of the Obligation to Prevent Probable Harm

According to the principle of the obligation to avert probable harm, whenever there is a reasonable possibility of harm, preventing it becomes obligatory (Mostafavi, 2001, p. 306). A legal requirement for environmental reporting can contribute to the prevention of harm in several respects. First, the disclosure of environmental impacts by companies, together with governmental oversight, can promote better compliance with environmental considerations and thereby prevent the harms that may arise from prior non-compliance.

Second, reporting constitutes a powerful instrument for assessing environmental risk. In other words, it serves as a mechanism for disclosing the potential hazards that corporate activities may pose to human health and the environment (Fakhari et al., 2017), and thus can be regarded as an appropriate measure for risk management. Through the timely identification of risks and potential harms by means of reporting, their occurrence may be prevented.

Third, as noted above, neglecting environmental issues can lead to economic isolation, national dependence, and domination by foreign powers—outcomes that represent serious and unacceptable harms. Preventing such harms requires attention to sustainability concerns, particularly their environmental dimension.

Accordingly, in light of the foregoing considerations, enacting a legal obligation for organizations to engage in sustainability reporting, on the basis of preventing probable harm, is necessary. From a practical perspective, mandatory environmental sustainability reporting enhances transparency and produces important governance and market effects. It improves investors' and stakeholders' decision-making by reducing information asymmetry and enabling more accurate assessment of environmental risks and corporate performance (IFRS, 2023). It also generates reputational and benchmarking pressures that encourage firms to progressively improve their environmental performance (KPMG, 2022). In addition, it strengthens the capacity of regulatory authorities to monitor compliance, identify environmental risks, and implement targeted enforcement or incentive-based policies (European Commission, 2023). Overall, environmental reporting operates as a governance instrument that advances public interest through enhanced transparency, accountability, and regulatory efficiency.

3. Assessing the Manner of the Government's Response to the Content of Environmental Reports

As discussed above, from a jurisprudential perspective, the imposition of a legal obligation on organizations to report on the environmental dimension is justified and supported by legitimate Islamic legal foundations. However, an issue that requires further examination concerns the nature of the government's response once organizations disclose their environmental impacts: assuming such disclosure takes place, how should the state respond to the reported content?

In answering this question, it should be noted that, in accordance with the principle of justice and equity, the government must adopt differentiated responses toward organizations that perform positively in the field of sustainability and those that act negatively or in the opposite direction. What is of particular importance here is the quality of the response to the content of the report, since an appropriate response can play a significant role in encouraging organizations to observe environmental considerations more effectively.

On the one hand, based on principles such as "*man lahu al-ghunm*" (whoever derives benefit must bear liability), "*itlāf*" (liability for destruction), "*lā ḍarar*" (no harm), and similar rules, if a company's activities result in environmental damage or degradation, the company bears liability. From this perspective, imposing penalties and obliging the company to provide compensation may appear fair and justified. Moreover, given that violations of environmental standards by organizations entail numerous adverse consequences—some of which are latent and pertain to the future—it could even be argued, on the basis of the principle of proportionality between offense and punishment, that imposing sanctions exceeding the immediately realized damage may be justifiable.

Nevertheless, the factor that must be given the greatest consideration in determining the appropriate governmental response is its compatibility with existing constraints and capacities. One of the main reasons for the failure to implement laws lies in their lack of proportionality with practical and executive realities. When the content of legislation is not aligned with the tools and resources available to its enforcers, its implementation becomes impracticable in practice (Abrishamirad & Asadi Ojaq, 2022). In essence, neglecting present conditions leads to idealistic lawmaking that is, by its nature, destined to fail.

Accordingly, under current economic conditions and in light of prevailing economic difficulties, adopting punitive policies such as imposing heavy financial penalties for non-compliance with environmental requirements cannot readily be regarded as just. Such sanctions impose an additional burden on companies that are already struggling to survive. In the present circumstances, this may even constitute an instance of imposing an unbearable obligation (*taklīf mā lā yuṭāq*), since compliance is often beyond the companies' capacity; even if it is not strictly categorized as such, severe punitive policies will undoubtedly place companies under significant strain. Such outcomes are, from a jurisprudential standpoint, prohibited under the principle of the avoidance of hardship and excessive difficulty (*ʿusr wa ḥaraj*).

Moreover, the enactment of such regulations, coupled with companies' inability to pay substantial fines, may push organizations toward deceptive disclosure practices or even lead to serious financial distress and bankruptcy. Corporate bankruptcies, in turn, adversely affect national employment levels and the overall economy. Put differently, if companies are deprived of financial resources due to heavy penalties, their capacity to invest in clean technologies or improve environmental performance diminishes; instead of remedying environmental harm, companies become increasingly entangled in financial difficulties and reduced productive capacity.

Therefore, although punitive policies toward non-compliant companies may appear justifiable from one perspective, they entail adverse consequences that warrant, at least temporarily, refraining from such approaches. Additionally, in some cases environmental non-compliance cannot be attributed solely to the organization itself. For instance, when power plants are compelled to burn heavy fuel oil due to insufficient gas supply—resulting in environmental hazards—it would be inappropriate to regard the organization alone as responsible and to direct punitive measures exclusively at it.

Consequently, under current conditions, it appears preferable to emphasize incentive-based policies in response to positive environmental performance by organizations. Examples include tax incentives, lowinterest loans, or government subsidies aimed at investment in clean technologies. Such an approach can, on the one hand, encourage organizations to comply with environmental standards and, on the other, prevent corporate collapse under present economic constraints. Furthermore, given that one of the legitimate uses of the public treasury (*bayt al-māl*) is to secure the public interest, allocating resources to encourage and motivate organizations to disclose environmental matters—which themselves serve the public good—may be regarded as both justified and legitimate.

Conclusion

The present article, entitled "A Jurisprudential Feasibility Study of the Legal Mandate for Sustainability Reporting: A Comparative Analysis of the Environmental Dimension," arrives at the following conclusions:

1. At first glance, the imposition of a legal obligation for environmental reporting may appear to conflict with the rule of dominion (*qāʿidat al-taslīṭ*), since organizational information is regarded as a type of property and its owner (the company) is entitled to withhold disclosure. However, insofar as non-disclosure of such information constitutes harm to others, the company's dominion over its information becomes restricted, rendering disclosure necessary.
2. In cases of conflict between economic development and environmental protection, priority must be given to the preservation of the environment, as its impacts are enduring and affect all generations. Accordingly, the state must prioritize environmental considerations in its policymaking.
3. Given the state's obligation to protect the environment, the enactment of supportive laws—such as mandating environmental reporting—as a prerequisite to fulfilling this obligation is also necessary.
4. Failure to observe environmental standards may lead to sanctions and economic dependency. On this basis, compliance with these principles is essential to prevent foreign domination over the country, and one measure that can facilitate better adherence to environmental considerations is the legal obligation imposed on organizations to report and disclose environmental information.
5. Environmental degradation constitutes a form of injustice, and indifference toward it amounts to assisting injustice. Therefore, the state is obliged to enact regulatory and supervisory laws governing organizations in this field.
6. The environment is a shared right of all generations, and its exploitation must not result in the deprivation of future generations. Consequently, the state must establish regulatory laws to ensure the equitable preservation of this right.

7. The environment is a form of public capital, and companies are obligated to protect it, comply with environmental standards, and compensate for any damages caused.
8. Given that organizations benefit from nature, they are required to compensate for environmental damages, and reporting serves as a means of disclosing such damages and estimating the costs of compensation.
9. Since non-compliance with environmental standards by organizations ultimately leads to harm to the public, governmental oversight of such compliance is of particular importance, and one method of oversight is the legal obligation imposed on organizations to engage in environmental reporting.
10. The necessity of environmental reporting lies in its capacity to function as a tool for identifying and preventing potential risks, thereby playing a significant role in risk management.
11. Concerning the government's response to organizational reporting, the adoption of incentive-based policies to encourage compliance with environmental standards holds particular priority in light of current economic conditions.

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