

A Descriptive Analysis on Corporate Environmental Reporting Practices of Sri Lankan Firms

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Corporate environmental reporting has gained significant international importance with the rising environmental risks and concerns that will be a threat to global economic growth and prosperity. Typically, the nature of reporting and the quality of environmental reports may differ from one country to another depending on diverse stakeholder pressure and other institutional requirements. Against this backdrop, this study examines the nature of existing environmental disclosure practices of Sri Lankan firms. The selected sample comprised of annual reports from 2015-2019 of the top 25 companies listed in the Colombo Stock Exchange with the highest market capitalization, and descriptive statistics were used to determine the behavior of the environmental disclosures. The results show that eighty percent (80%) of firms tend to report their environmental performance through their annual reports and a larger proportion of these firm disclosures have shown to include both quantifiable and descriptive information while smaller number of the firms solely disclose their performance descriptively. Carbon Footprint, total energy consumption and water consumption were commonly identified as quantifiable environment performance indicators in the disclosures. Furthermore, it was revealed that, the indicators with the least environmental impact were reported by firms in the services sector and the most commonly reported indicator was the carbon footprint information. More than one-quarter of the top market capitalized companies have obtained environmental certification for their business processes while some firms have disclosed their environmental performance through achievements and awards. Thus it can be concluded that in Sri Lanka, most of the firms having higher market exposure tend to disclose their environmental performance through environmental reporting. Moreover, with the rising awareness and concern of major stakeholders and general public on environment related issues, environmental reporting will act as an effective business opportunity and legitimization technique for firms' current business process to progress towards firms' sustainable growth.

Keywords: Environmental reporting, Quantifiable environmental performance indicators, Carbon footprint

Financial assistance from the Accelerating Higher Education Expansion and Development (AHEAD) project (AHEAD Development Oriented Research (DOR) grant) is gratefully acknowledged.