

## Corporate environmental performance disclosures in publicly listed companies of Sri Lanka

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### Abstract

Corporate Environmental Performance Disclosure (CEPD) is the reporting of corporate information relating to a particular firms' interaction with the natural environment. Typically, the nature of reporting of CEPD may vary from one country to the other based on the stakeholder pressure and other requirements. In Sri Lanka, although some empirical research could be found, there is a significant dearth of descriptive research on nature and practice of CEPD. On this backdrop, this study examines the nature of CEPD of Sri Lankan firms. The annual reports of the top 25 companies, which includes both manufacturing and service-oriented firms, listed in the Colombo Stock Exchange with the highest market capitalization from 2015-2019 were selected for the study and the descriptive statistics were used to determine the nature of environmental disclosures. The results showed that a larger proportion of firms (80%) tend to report their environmental performance through their annual reports and that, forty-eight per cent (48%) of the firms' environmental disclosures have shown to include both quantifiable and descriptive information whereas 32% of the firms solely disclose their performance descriptively. The commonly identified quantifiable environment performance indicators in the disclosures include carbon footprint (44%), the energy consumption (32%) and water consumption (32%). Moreover, our analysis reveals that, the lowest numeric figures with regard to these indicators were reported by firms in the services sector. The most commonly reported indicator by the firms were carbon footprint information and the highest carbon footprint was reported by a diversified conglomerate. Thirty-six per cent (36%) of the top market capitalized companies have obtained environmental certification for their business processes while 40% of firms have disclosed their environmental performance through achievements and awards. This concluded that a larger number of Sri Lankan companies are engaged in environmental sustainability reporting considering the top market exposed companies in Sri Lanka and most of these firms disclose their environmental performance in terms of quantitative figures related to environmental indicators. The results provide insights to non-reporting companies on how the benchmarked firms in the industry perform and understand the general concepts to be included in their CEPD to minimize legitimacy issues and operational risks and enhance their firm reputation.

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

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