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Corporate Environmental Reporting: An EmergingIssue in the Corporate World

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Abstract

Corporate environmental reporting becomes a crucial issue in today's corporate reporting. The present status and future focus gives every indication that it is going to capture a permanent position in the bundle of general-purpose financial statement. Because, the corporate reporting is for the stakeholders and every stakeholders show a keen interest on such disclosure. Protecting the environment is the social responsibility and commitment of corporations towards the society. It is believed that corporation is responsible for the environmental crisis and so they should pay for this (cost-benefit trade off). However, reporting is mostly guided by standards, guidelines etc. And, we do not have any standards designed for such disclosure. So, such reporting is still voluntary that has no specific format and style. Voluntary disclosure often leads to non-disclosure and mandatory disclosure leads to minimal disclosure. Thus, environmental disclosure should have both type of orientation, as it is a question of life and sustainability. The paper gives a conceptual discussion on corporate environmental reporting and guidelines. It also gives a literature review of current reporting practices to highlights the developments till date. And, this concludes that the level, extent and style of disclosure are not satisfactory at all in any respect. The professionals and respective regulatory authorities should come forward with stricter standards and guidelines to this issue that is the demand of time.

Keywords: Corporate environmental reporting, Corporate environmental report, Environmental accounting, Financial reporting

1. Introduction

The awareness of the environment and man's ability to cause damage started from the fifties of last Century. In 1972, a World Conference was held in Stockholm where heads of States from all over the world came together for the first time to consider the state of the Globe as a whole, which ultimately gave birth to a special UN Agency titled UN Environmental Program (UNEP) to deal with environmental issues. In the mid-eighties, on the basis of changing situation and becoming the environmental issues a worldwide phenomenon in the developed and the developing countries, World Commission on Environment and Development (WCED), known as Bruntland Commission was established by the UN. The Commission published a report called "Our Common Future"' in 1987, with the proposed concept of 'sustainable development'. This concept received worldwide acceptance and led to the convening of the UN Conference on Environment and Development (UNCED) in Rio de Janerio, Brazil in 1992, known as "EARTH SUMMIT". In this conference, heads of different States signed four agreed document including the Agenda 21. The Agenda 21 contains a checklist of do's and don'ts to protect the environment through the next Century. Particularly, the role of corporate entities in respect of overall management of the environment has been duly recognized in this conference.

In recent years, adverse environmental effect of economic development has become a matter of great public concern all over the world. Gradually, environment is becoming a much more urgent economic, social and political problem. Accountant, as the prime custodian and light bearers of economic development, can no longer shut their eyes to the effect of environmental issues on business management, accounting, auditing and disclosure system. Protection of environment and the potential involvement of accountants is becoming a common subject of discussion among the accountants all over the world. Now-a-days, accountant are expected to take a proactive role in the environmental protection process.

Ultimately, corporate environmental accounting and reporting has been considered by the accountants as an important issue. It has now also become a “global issue” with a pressing need to harmonize accounting and reporting of environmental costs and liabilities. The global community considered it necessary to determine the best practice in accounting for environmental transactions and events in the financial statements and associated notes. Still date, accountants face the problem of how to place an “objective value” of the environmental impacts. Unfortunately, no one has developed an acceptable, objective and verifiable measurement technique. But, the problem is not outside the scope of accounting as because accountants are able to measure other ‘uncertain costs’. But, in fact, formulation of valuation, accounting and reporting technique is a great challenge to the accounting profession considering the corporate entity’s responsibility towards environmental protection.

We intentionally picked the title of the paper as corporate environmental reporting. More emphasis is given on reporting though reporting is the secondary issue. We believe that if we have a good number of qualitiful reporting, it will guide us to build a conceptual framework for both accounting and reporting standards. We have gone through various research findings to highlight current reporting practices and in most of the cases, the studies concluded that environmental reporting is not satisfactory at all. Everybody feels the absence of standards to this effect. Corporate environmental reporting is discussed in full with special reference to India.

2. Literature review

Deegan and Gordon (1996) examined the environmental disclosure practices of Australian companies revealing low voluntary environmental disclosure in Australia. Cunningham and Gadenne (2003) investigated whether an enhancement in environmental regulations acts as a momentum for changes in annual report disclosure behavior and concluded that environmental regulation acts as an impetus for companies to include information on certain environmental issues in the annual report. Harte and Owen (1991) analyzed the annual reports of 30 British companies to investigate the environmental reporting in their annual reports and suggested for external standards on environmental reporting. Gray et al. (2001) examined the relation between corporate characteristics and environmental disclosures by taking a sample of 100 UK companies drawn from the Center for Social and Environmental Accounting Research (CSEAR). The authors observed that the volume of disclosure is related to the turnover, capital employed, number of employees and profit, as larger and more profitable firms have disclosed more environmental information. Fortes (2002) examined the significance of environmental reporting in Sweden and observed that environmental reporting showed notable benefits to businesses.

Gamble et al. (1995) investigated the quality of environmental disclosures in 10K and annual reports for 234 companies and concluded that companies belonging to petroleum refining, hazardous waste management, steel works and blast furnaces industries provided the highest quality of disclosures. ACCA published a report entitled “The State of Corporate Environmental Reporting in Singapore in 2002” that summarized the findings of a study of the latest annual reports, and any stand-alone reports, of 160 listed companies and 13 Government Linked Companies (GLCs) and Statutory Boards (SBs). Some 14% of listed companies and 23% of GLCs and SBs had some form of CER. Rajapakse (2003) carried out a study on environmental reporting practices in Sri Lanka and found no sign of any significant improvement in social and environmental reporting. Lodhia (2002), in his study that explained environmental reporting in Fiji, reports that the current practices in Fiji were far from satisfactory; with limited disclosures in corporate annual reports and in these reports the focus was good news disclosures. Imam (1999) conducted a study on environmental reporting in Bangladesh and reported that environmental disclosures remain at a minimal level. Shil and Iqbal (2005) conducted a study based on the annual reports of 121 companies in Bangladesh and found that only 13 companies (11 percent) out of 121 disclosed the environment related information in a qualitative way. Rahman and Muttakin (2005) selected 196 companies in Bangladesh for their study out of which 125 are manufacturing companies and the rest 71 are service companies that gives same result.

Savage (1994) examined corporate social disclosure practices in South Africa. He pointed out that environmental accounting needs much more attention in this country and descriptive and assertive reporting reins supreme vis-à-vis quantitative and audited form of disclosures. Niskala (1994) studied environmental accounting issues in Finland and concludes that issues relating to environmental accounting are just beginning to be widely discussed in Finland. Surmen and Kaya (2003) studied environmental accounting and reporting in Turkey and found that like other developing countries, Turkey has not seen environmental issues as a priority. Nuhoglu (2003) also examined environmental reporting practices in Turkish companies and reported that Turkish companies' reports were lower standard and prepared much less seriously vis-à-vis multinational companies' reports.

Romlah et al. (2002) studied the practices in Malaysian companies and showed that 74 out of 362 companies (20.44 percent) is environmentally sensitive industries and provide environmental information in their annual reports. The study by Thompson (2002) reveals that 7 of the top ten largest Malaysian companies provide information on environmental issues. Ahmed and Sulaiman (2004) examined the extent and type of voluntary environmental disclosures in annual reports for the year 2000 by Malaysian companies belonging to construction and industrial products industries and concluded that the extent of environmental disclosure was very low and was scattered throughout the report without any concentration. Thomson and Zakarai (2004) examined the extent, nature and form of corporate social and environmental disclosure made by Malaysian companies and observed that the corporate environmental reporting of these companies was poor in quality and low in quantity.

Bhate (2002) investigated the extent to which consumers of India are aware of environmental issues and it was found that Indians are most involved with environmental issues. Paul and Pal (2001) examined corporate environmental reporting in the annual reports of 23 companies for the sample period of 13 years (i.e., from 1986-87 to 1998-99) and concluded that reporting is gaining momentum with the passage of time even in the absence of any compulsion and standards or guidelines.

3. Conventional financial accounting and reporting model and need for environmental accounting and reporting

The conventional model of financial accounting and reporting is one that emphasizes the importance of financial performance. The annual report deriving from the conventional model highlights financial assets and liabilities, shareholders' worth, operating income and changes in the financial position of the enterprise over the reporting period. The conventional model contains relatively little by way of predictive or forward-looking information.

The conventional model routinely ignores environmental issues. The conventional model of financial reporting minimizes the role to non-financial data. Although the environment has played a larger role in corporate strategy over the last decade, it is nevertheless apparent that annual reports at present fail to convey either the significance of environmental issues to the reporting entity or any adequate description of how corporate management is attempting to integrate environmental strategy into overall corporate strategy.

The objective of financial statements as contained in the "Objectives of Financial Statements" issued by International Standards on Accounting and Reporting is to provide information about the financial position of an enterprise, which is useful to a wide range of users in making decisions and is necessary for the accountability of management for resources entrusted to it. The environment is a resource that is significant to many enterprises, and it must be managed efficiently for the benefit of both the enterprise and the society.

And ultimately, issues associated with accounting for the environment have become increasingly relevant to enterprise (whether they be businesses, non-profit organizations or govt. enterprises) as the pollution of the environment has become a more prominent economic, social and political problem throughout the world. Steps are being taken at the national and international level to protect the environment and to reduce, prevent and mitigate the effects of pollution. As a consequence, enterprises are now expected, or even required, to disclose information about their environmental policies, environmental objectives, and programs undertaken, and the expenditures incurred in pursuit of these policies, objectives and programs, and to disclose and provide for environmental risks.

Topics of environmental accounting and reporting have received substantial interest from academic researchers for the past three decades. (Deegan and Gordan 1996; Freedman and Jaggi 1988; Gray and Owen 1988; O'Donovan and Gibson 2000). It is agreed that all parties should play an active role to preserve and maintain the environment. Corporate, especially, are expected to play the most active role since their activities have caused most harm to the environment. Moreover, corporations also have more resources to undertake preservation activities. Past research on environmental management accounting issues looking into on how environmental issue can be incorporated in the overall accounting system of a corporation. In the environmental costing aspect, environment related cost should be assigned to products and processes, since they most probably produce residuals that are harmful to the environment.

4. Corporate environmental reporting

Corporate Environmental Reporting (CER), as a recognized sub-set of corporate reporting, is now a decade old. The emergence of corporate environmental reporting in the 1990's has been an important development, not only in terms of environmental management, but also more generally for overall corporate governance. At present, the subject of environmental reporting is gaining prominence as a "hot issue" in the financial reporting community. It also becomes an international phenomenon and as result many companies specially those with a high public profile or perceived environmental impact have felt increasingly obliged to report externally to stakeholders on their environmental performance. And ultimately, the companies in different countries have started the practice of making environmental disclosure in their annual report.

4.1 CER: A Conceptual Analysis

Corporate Environmental Reporting can be defined as an umbrella term that describes various means by which companies disclose information on their environmental activities to the users. This should not be confused with corporate environmental reports, which represents only one form of corporate environmental reporting. A Corporate Environmental Report is a tool to communicate a company's environmental performance.

Corporate environmental reporting is the process by which a corporation communicates information regarding the range of its environmental activities to a variety of Stakeholders including employees, local communities, shareholders, customers, government and environmental groups.

4.2 CER: Objectives, Importance and Methods

Financial Accounting Standard Board (1994, FAS – 1) defines the main objectives of financial reporting as:

"…………..to provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions. The information should be comprehensible to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence".

The objectives for environmental reporting can be expressed in the light of the above main objectives of financial reporting as follows:

"……… to provide information to present and potential stakeholders in making rational decisions. The information should be comprehensible to those who have a reasonable understanding of business and economic activities as well as of environmental impacts caused through these activities and who are willing to study the information with reasonable diligence". Some writers have considered environmental disclosure in annual reports as very significant. "………..Corporate reports which disclose the performance and position of companies without significant environmental cost reporting will be showing a distorted view of the business" (Pizzey 1998). Corporate Environmental Reporting serves many different purposes for different stakeholders, which are:

- It empowers people with the information they need to hold corporations accountable and invites shareholders more fully into the process of corporate goal-setting;
- It permits investors to harness the power of the capital markets to promote and ensure environmentally-superior business practices;
- It allows companies and their Stakeholders to measure companies' adherence to the standards set forth in their statements of environmental principle, and their various goals and objectives;
- As an internal driver of change, it helps illuminate weaknesses and opportunities and set new goals;
- It will allow society to understand the false implications of corporate activity thereby to design more sustainable local and global systems.

The main reason for incorporation of environmental information within the annual reports is to increase stakeholders' awareness of the company's activities, performance, and interactions with the environment. It was hoped that stakeholders might use the information to assist their decision-making process (Jones 2000).

The methods of reporting among the companies have grown over the years. Many means of reporting were relied upon in conveying environmental information to stakeholders. Among them are newsletters, press release, magazine and corporate booklets (Zeghal and Ahmed 1990). Nevertheless, annual report has been the primary means of corporate reporting and it is the fundamental source of environmental reporting. The usage of annual reports has grown over the years; environmental information was reported in one of the sections in the report and later as separate section. Subsequently, the practice grew with the introduction of "Stand-alone" environmental reports (O' Donovan 1999).

5. Factors influencing CER

Corporate environmental reporting awards are one of the global initiatives designed in promoting and encouraging business organization to actively disclose and report their environmental issues. Among them are the "GREEN REPORTING AWARDS" in Japan, the ACCA Awards in U.K. and the "WWF Annual Environmental Award' in South Africa.

Besides awards, pressures from various groups have also influenced the development of voluntary exercises. On the other hand, internal pressures from employees are due to their worries on the work environment and wanting to ensure that the company in which they are working for is doing the right thing environmentally. Again, the top management is interested on the financial benefits that environmental strategy can offer to the business. A range of external groups including environmental organization, Government and public community are also increasingly demanding for extensive environmental reporting (Tilt 1994).

The initiatives to make environmental reporting mandatory for certain countries have also exerted pressures for environmental reporting. Denmark regulated the matter in 1996, the Netherlands and Norway in 1999, Sweden also made the environmental disclosure mandatory. In U.S.A., companies having more than 10 employees will have to report on specified toxic emission to the US Environmental Protection Agency.

For the rest of the world, environmental disclosures are encouraged through the voluntary local and international guidelines, such as, the Coalition for Environmentally Responsible Economics (CERES) Principles, the Global Environmental Management Initiatives (GEMI), the European Union Eco-Management and Audit Scheme and Global Reporting Initiative (GRI). These guidelines design and build acceptance of a common framework for reporting environmental information in sustaining corporate public accountability.

6. Standard setting bodies: initiatives to formulate environmental accounting standards

The professional accounting bodies were typically slow in formulating accounting standards as regards environmental issues. The survey of current activities and developments in environmental accounting and auditing carried out by the "Federation of European Accountants" (FEE 1993) reported none of the accounting standard-setting bodies in the countries reviewed was involved at that time in setting standards in relation to environmental accounting matters.

However, by the mid-1990s, professional bodies in Belgium, Denmark, Germany, the Netherlands and the United Kingdom, all had taken some initiatives in this regard. Furthermore, some national accounting standard setting bodies had begun the proves of examining (i) the need for accounting standards on environmental issues; and (ii) the need for guidance so that extant accounting policy could cope with the increasing financial impact of the environment on companies. It was all very slow and reactionary although the U.K. bodies – IAAEW, ICAS, ACCA and CIMA – had all sponsored research projects concerned with environmental accounting.

Perhaps, one of the most positive initiatives from the accounting bodies was the ACCA's Environmental Reporting Award Scheme (ERAS). The scheme was having a major influence on the direction of environmental reporting in the United Kingdom and elsewhere in Europe by highlighting 'good' and 'better' practices and publishing companies attempts in the environmental reporting field.

At present, a global environmental accounting standard is under consideration by the International Accounting Standards Committee (IASC). The emergence of the World Bank, United Nations and International Federation of Accountants (IFAC) to come out with an environmental guidance document has added pressure on the International Accounting Standards Committee to come out with an environmental standard.

The Federation of European Accountants (FEE) has also requested the IASC to add stricter on environmental accounting guidance procedures. Although many of the IASC's general standards have applicability, still a standard addressing specific environmental issues is necessary.

The International Accounting Standards Committee, now International Accounting Standards Board, working hard to formulate a global environmental accounting standard to close the gap among nations with regard to environmental accounting practices.

At present, International Accounting Standards Board has completed 'core' set of standards including all new standards that are particularly relevant to environmental issues. The standards are:

IAS 3: Impairment of Assets (issued in June, 1998 and effective from the accounting period beginning on or after 1st July, 1999);

IAS 3: Provisions, Contingent liabilities and Contingent Assets (Issued on September, 1998 and effective from the accounting period beginning on or after 1st July, 1999);

IAS 3: Intangible Assets (issued on October, 1998 and effective from the accounting period beginning on or after 1st July, 1999)

7. Corporate environmental reporting guidelines

Although environmental reporting is still compared to financial reporting, a relatively new practice, many guideline/approaches have been developed so far for the structuring of environmental reports. It appears that three groups are attempting to develop guidelines for the same. These are:

- International / National Industrial Organization;
- Government Initiatives; and
- Initiatives from Accountancy Bodies.

7.1 Proposal from Industrial Organization

The first proposal from industrial organizations as regards the guidelines for the structure and contents of environmental reports came from the American CERES Organization (Coalition for Environmental Responsible Economics) in continuation of the work performed as a result of the Exxon Valdez disaster in 1989. This was released as the Valdez Principles in 1989 and presented as a 10-point environmental ethic devised to assist corporations in their transition to safe and sustainable practice including guidance for environmental reporting. Since then other international and national business organizations have issued guidelines.

The Public Environmental Reporting Initiative (PERI) was established in 1993 by nine leading North American Corporation. PERI issued reporting guidelines to help organizations in improving environmental reporting. The PERI guidelines are general to allow organizations to choose an appropriate format, style and level of details. There is no emphasis on the need for quantitative data except with regard to emissions.

The Global Environmental management Initiative (GEMI), U.S. based organization designed to evaluate an organization's against the 16-Principles defined within the International Chamber of Commerce's (ICC's) "Business Charter for Sustainable Development".

The European Chemical Industry Council produced a detailed reporting guideline in 1998 entitled "Responsible Care – Health, Safety and Environmental Guidelines" in response to stakeholders demand. The World Business Council for Sustainable Development was formed by the merger of the World Industry Council for the Environment (WICE) and the Business Council for Sustainable Development in 1993. IN 1994, it published a manager's guide to environmental reporting practices and performance. In the 1994 report (UNEP – Technical Report No. 24) "Company Environmental Reporting : A Measure of the Progress of Business & Industry Towards Sustainable Development", UNEP/Sustainability Ltd., identified 50 reporting ingredients which can be used as a guide when reporting. In 1996, UNEP published a follow-up report, "Emerging Stakeholders". In 1999, Global Reporting Initiative (GRI) launched its exposure draft "Sustainability Reporting Guidelines".

7.2 Proposals Based on Government Initiatives

Several environmental reporting guidelines have been passed by the government initiative; among them EMAS Environmental Statement and the Danish Green Accounting Legislation are important. The European Union's Eco-Management and Audit Scheme requires participating companies to produce an environmental statement to provide specific public information on its environmental performance.

The (U.K. Government) Advisory Committee on Business and the Environment (ACBE) has developed guidelines with an emphasis on the need of the financial sector (Environmental Reporting and the Financial Sector – An Approach to Good Practice). Among another information, the guidelines include examples of financial disclosures and environmental performance that have material financial information.

7.3 Proposal from Accountancy Bodies

Accountancy bodies have also taken part in the environmental debate in recent years and have issued some guidelines regarding environmental reporting. The Canadian Institute of Chartered Accountants (CICA) has produced a guidance document aimed at developing a framework for the reporting information about how organizations perform in accordance with standards and expectations of environmental conduct and responsibility. In addition, the Association of Certified Chartered Accountants (ACCA), U.K. and the Institute of Chartered Accountants of England and Wales (ICAEW) have also issued their guidelines regarding corporate environmental reporting.

8. Legislation/ Statute on environmental reporting

An increasing number of countries impose requirement on companies to report on their environmental performance. Denmark was the first country to adopt legislation on public environmental reporting. In this country, the companies are required to prepare a so-called "Green Account". In the Netherlands, new legislation on mandatory environmental reporting has been adopted. Both Danish and Dutch regulations require reporting to the authorities and to the public. In Norway, the new Accounting Act requires that all companies include environmental information in the annual report from 1999 onwards. In Sweden, similar legislation has been adopted for mandatory environmental disclosure in annual financial reports. In U.S.A., the companies are required to submit data on emissions of specified toxic chemicals to the Environmental Protection Agency under the Toxic Release Inventory (TRI). In addition, the Securities and Exchange Commission (SEC) requires disclosures on legislative compliance, judicial proceedings and liabilities relating to the environment in Form K-10. In Canada, the SEC requires public companies to report the current and future financial or operational effects on environmental protection requirements in an Annual Information Form. Australian companies are now expected to give information on performance with regard to the environmental regulations that apply to them. In addition, a National Pollutant Inventory (NPI) is being created which requires industrial companies to report emission and inventories for specified chemicals. In the European Union, based on Article 15 of the Integrated Pollution Prevention and Control (IPPC) Directive, Member States will be required to register emission data from large companies and report this data to the Commission.

9. Environmental reporting in Asian countries

In Asian countries, there is no statutory requirement for companies to disclose environmental information in their annual reports. In Japan, the Japanese Industrial Association KEIDANREN's "Global Environmental Charter" promulgated in 1991, calls for companies to publicize relevant information, carry out educational activities on their measures for protecting the environment and provide users with information on the appropriate use and disposal (including re-cycling) of their products. The Korean Securities Exchange Commission followed suit by enacting in 1996 a provision in the Corporate Accounting Standards (CAS), which requires the inclusion of environmental information in the form of accompanying footnotes to the corporate financial report. In Bangladesh, there is no professional or legal requirement for environmental disclosure in their annual reports of companies. However, despite this lack of regulation, it is found that a very few progressive companies are making environmental disclosures in their annual reports purely on a voluntary basis. In Hong Kong, there is no statutory requirement for listed companies to quantify report and disclose environmental information to the public. Environmental Reporting in Sri Lanka is predominantly voluntary. In Sri Lanka, there is neither a prescribed professional standard nor legal framework addressing the issues of environmental reporting. Currently, there is no statutory requirement in Malaysia that requires publicly listed companies to disclose environmental information to the public. In Malaysia, the most commonly included disclosure item found in the annual reports of the companies with Corporate Environmental Policy (CEP) is "environmental policies or company concern for the environment".

10. Corporate environmental reporting: Indian scenario

Following the end of the British Rule, India plunged into a serious series of troubles and communal riots. And India was not in a position to pay proper attention to the matters relating to environment. The First Five Year Plan was implemented with a view to economic development of the country. The Second Five Year Plan designed for industrial development, paid no attention to the harmful consequences of nature that would have to face with the growth of industry. Hence, the plans remained unconcerned about protecting nature.

The public awareness towards environmental issues like environmental pollution, environmental preservation and environmental development has grown tremendously at the beginning of the seventies. This is evident from the contemporary regulatory regime that is being enforced for businesses by the Central and State Government of India. Various pieces of legislation have been enacted since mid-70's for the protection of environment.

In 1974, the Water (Prevention and Control of Pollution) Act 1974 came into effect to prevent watercourses both surface and underground from pollution. Subsequently, the Water (Prevention and Control of Pollution) Cess Act, 1977 was passed. Again in 1981, another act was enacted to prevent air from pollution that came to be known as Air (Prevention and Control of Pollution) Act, 1981.

The Bhopal disaster was an eye-opener to the Government, resulting in the enactment of a more comprehensive and well-knitted act known as Environmental (Protection) Act, 1986. In 1991, the Public Utility Insurance Act 1991 was also enacted.

Moreover, from time to time, various rules have been notified to regulate environmental hazardous material, which are:

- The Water (Prevention and Control of Pollution) Rules, 1975;
- The Water (Prevention and Control of Pollution) Cess Rules, 1978;
- The Environment (Protection) Rules, 1986;
- The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989;
- The Public Utility Insurance Rules 1991;
- The Environment Impact assessment Notification, 1994;
- The Environment Import assessment (Public Hearing) Notification Rules, 1998;
- Noise Pollution (Regulation & Control) Rules, 2000.

But, in the context of requiring environment-related information from businesses on a periodic basis, the first public pronouncement was made by the Central Government in 1991. The Ministry of Environment and Forest has proposed that "every company shall, in the report of its Board of Directors, disclose briefly the particulars of compliance with environmental laws, steps taken or proposed to be taken towards adoption of clean technologies for prevention of pollution, waste minimization, waste re-cycling and utilization pollution control measures, investment on environmental protection and impact of these measures on waste reduction , water and other resource conservation. The Ministry has also examined the Company Laws so that the aforesaid proposal on environmental reporting by the companies could be put into effect. Incidentally, such a proposal did not find a place in the Companies Bill, 1993. As regards the accounting and reporting aspects of environmental protection, some companies in India do make policy statement in their Annual Reports. These are, however, mentioned in the Chairman's or Director's report. The companies do not disclose any quantitative facts on expenditures incurred, and targets set and achieved.

In India, level of environmental related disclosure in the corporate annual reports, both financial and non-financial, is not an encouraging level. Neither the Company Law nor the accounting standard / guidelines issued by the Institute of Chartered Accountants of India prescribed disclosure norms for the environment-related matter in the corporate financial statements.

11. Conclusion

In different countries, the accounting and reporting practices in respect of environmental issues have become mandatory. But in many countries, no such mandate has been issued. Now, it is the urgent need to take steps globally and nationally to formulate the accounting and valuation technique as well as the reporting guidelines to incorporate these issues in the corporate accounting and reporting system. The present status of voluntary reporting should not be continued for long. Rigid guidelines in the form of standards, rules or acts should be enacted and implemented in this respect so that a sort of compulsion becomes in force. Once the corporations start to incur environmental costs more than environmental liabilities, only then they can ensure equitable treatment towards the environment. For doing businesses in future, corporate world should turn their attention towards the long-term sustainability of the environment. And, accountants' role to this effect is of paramount importance as a compiler and presenter of information.

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