CHAPTER 3

CURRENT REQUIREMENTS AND THE STATUS QUO OF ENVIRONMENTAL REPORTING

3.1 Introduction

In South Africa there is a trend towards more openness and transparency in all matters affecting the individual. In the environmental arena recent examples of public involvement in issues where business influences the environment are the St Lucia dunes development and the Saldanha Steel development. This trend is not unique to South Africa. It is also experienced elsewhere in the world. Sandborg (1993:57) comments, from a United States perspective, that stakeholders are increasingly asking for environmental accountability as they become more environmentally aware. In some instances these demands have led to statutory rights. For example, the Emergency Planning and Community Right-to-Know Act has given the public a right to gain access to certain types of environmental information in the United States (Sandborg 1993:59).

In this chapter the current requirements, as far as environmental reporting by enterprises is concerned, will be considered. The future of environmental reporting is also considered. Various ways and types of reporting are examined. The theoretical discussion is used to develop the empirical study; therefore the final section deals with the link between the theory and the questionnaire used in the first empirical study.

3.2 Current Environmental Reporting Requirements

In most countries environmental reporting is done on a voluntary basis. Healy (1991:8) states, for example, that there are no standards or legislation requiring disclosure of environmental policies or other environmental information in the United Kingdom.

South African law has many provisions dealing with environmental problems (Rabie 1992:83). However, despite the array of legislation, there are also no specific disclosure requirements. The present government's major initiative, the Reconstruction and Development Programme (RDP), did mention environmental disclosure twice when it was still an ANC election manifesto (ANC 1994:39,41). These references, however, fell by the wayside when the RDP became official policy of the government of national unity (Ministry in the office of the President 1994). Legislation regarding environmental disclosure is virtually non-existent anywhere in the world (Gray 1993:204). The only known exceptions are legislation in Norway, the USA and Canada (Gray 1993:205). In spite of the lack of specific legislation, there are circumstances where changing perceptions of risk, environmental laws and public interest issues may make disclosure necessary (Collier et al. 1993:7).

Generally accepted accounting practice (GAAP) in South Africa does dictate some environmental disclosure where financial implications are involved or could arise. Contingent liabilities, provisions, for instance, for rehabilitation, waste disposal and recycling commitments and environmental catastrophe reserves are examples. Fixed asset valuation, depreciation policy and inventory valuation may also be influenced by environmental issues, and may therefore affect the financial statements, without necessarily being separately disclosed. These influences can be in the form of asset value impairments due to new environmental legislation that outlaws existing processes and products. Where phased introductions are employed, the remaining lifetime of a fixed asset may be reduced.

Table 3.1 gives a summary of the environmental matters that may impact on the financial statements of an organisation.

TABLE 3.1: SOME AREAS IN WHICH THE STATUTORY FINANCIAL STATEMENTS AND AUDIT NEED TO REFLECT ENVIRONMENTAL CONSIDERATIONS

- Contingent Liabilities: especially on contaminated land but also spills and unauthorised emissions;
- Provisions: especially for remediation, abandonment and decommissioning costs (the oil and gas company practice) but also waste disposal and recycling commitments as well as potential catch-up, insurance and legal costs;
- Reserves: especially for catastrophes;
- Valuation of Fixed Assets: especially land and buildings;
- Depreciation Policy: to recognise, for example, shorter life of productive assets;
- Additional Capital Costs Associated with Productive Assets: especially the need to incur additional costs to bring existing plant within current standards;
- Obsolete Inventory and Inventory Costs: including stock made obsolete through environmental concerns, storage and disposal costs of environmentally-malign materials and recycling commitments.

SOURCE: Gray 1993:221.

Although the environment may impact indirectly on the financial statements, the amounts involved may be material (Colbert and Scarbrough 1993:32). The International Auditing Practices Committee of the International Federation of Accountants (IFAC 1995:8) states that environmental matters include, for the purposes of an audit of financial statements, the following:

a) initiatives to prevent, abate or remedy damage to the environment or to deal with the conservation of renewable and non-renewable resources; and

b) consequences of violating environmental laws and regulations;

c) consequences of environmental damage done to others or to natural resources; and

d) consequences of vicarious liability imposed by statute.

They further assert that preparers and the auditors of financial statements should consider, amongst other things, the impact of environmental matters on the:

a) completeness of liabilities and contingencies,

b) valuation of liabilities and contingencies,

c) valuation of assets, and

d) completeness and valuation of commitments

specifically before finalising the accounts and expressing an opinion (IFAC 1995:16).

Because of the potential impact, the auditor needs to understand the environmental risks inherent in the client's operations, as well as the framework of environmental regulations and proceedings to assess the appropriateness of their accounting and disclosure standards (Chadich et al. 1993:23).

In summary, environmental information need only influence the financial statements of a South African enterprise if it has financial implications. Even then, separate disclosure is mostly not required to comply with GAAP. Separate disclosure will only be required if it is deemed that non-disclosure would not produce a "true and fair reflection" as defined in the conceptual framework (SAICA 1990:46).

Section 2 of the questionnaire used in the first empirical study aims to assess the awareness level of individuals regarding current environmental reporting requirements. The questions are broadly based on Table 3.1 above.

3.3 The Status Quo of Environmental Reporting

3.3.1 Introduction

Current trends could be helpful in making predictions about the future. Probably the most important trend is that of a general increase in environmental reporting (Gray 1993:211; FEE 1993:16; Steyn and Vorster 1994:46).

An investigation of the present could take on the form of assessing actual reporting or of assessing standards or recommendations by various bodies. The criteria used by researchers when assessing actual reporting may also be indicative of the types of reporting that may become commonplace in years to come. Certain types of reporting may be isolated in practice, but they may be the precursor to more general acceptance. The same goes for standards or recommendations. It may not meet with universal agreement at present, but could point the way for the future. Of the two sources of information mentioned, standards or recommendations are probably more important than a practice or technique employed by an organisation. The various sources of information are discussed below under the headings of "Content Analysis", "Criteria Used in Content Analysis" and "Standards".

3.3.2 Content Analysis

a. Conventional Environmental Reporting - Global perspective

The practice of reporting environmental information has been around for many years. In the 1976 financial statements of Fortune 500 companies in the United States, for example, McComb (1978:51) claimed that the following were common areas of environmental reporting:

1. Pollution control of industrial process
2. Research on new methods of production to reduce environmental hazard
3. Protection or reclamation of countryside
4. Energy conservation
5. Raw material conservation and recycling
6. Support for public or private action designed to protect the environment.

A few years later, Healy (1991:9) reported the following environmental disclosures:

1. Description of the environmental policy
2. Environmental audits
3. Results of audit disclosure
4. Cost of environmental protection measures.

Chatterjee (1991:14) found the following examples of environmental reporting around the same time:

1. Environmental lawsuits as contingent liabilities
2. Measures taken to decrease environmental damage and increase safety
3. Hazardous chemicals released
4. Commitment to reduce toxic use and waste generation by half in five years.

One of the landmark environmental reports in 1990 was that of BSO/Origin, a Dutch computer software company. They discuss a new topic in each annual report and the environment was the theme in 1990 (Huizing & Dekker 1992:449). They employed innovative ways to quantify and report their environmental news. According to Huizing and Dekker (1992:458), BSO/Origin use the concept of value added and the marginal cost of emission-reducing measures; thus they avoid the problem of having to estimate in financial terms the value of the ecological effects of their operations. Pollution prevention is emphasised and not the real environmental damage done.

The BSO/Origin report uses specific methods of disclosure that do not seem to be followed or recommended by others. As such, with the benefit of hindsight, it can probably be discounted as being not all that important as a method of environmental reporting.

The disclosure types identified in this section are summarised below with an indication of how they were covered in the questionnaire used in the first empirical study:

	Section 3 Question
1. Environmental policy	7b
2. Measures to decrease environmental impact	7c
3. Targets for decreases	7d
4. Waste releases	7f
5. Environmental costs	7j
6. Environmental lawsuits	7n
7. Support for actions to protect the environment	7p
8. Environmental audit results	7r,s
9. Plans to mitigate negative findings of audit	7c,d

b. Conventional Environmental Reporting - South African perspective

Several surveys have been undertaken to determine the level of environmental reporting by the South African business community. Some typical results are:

- In a study by Clulow (1991:107) 60% of the companies in the survey made no mention of the environment in their annual financial statements whatsoever.
- In a study by Savage (1994:3) 63% of the companies in the survey mentioned the environment in some form.
- In a study by Steyn and Vorster (1994:24), only 10% of the companies in the survey disclosed their environmental objectives.

Savage (1994:3) notes that environmental reporting "tends to be ... partial and unsystematic". Bogiages and Vorster (1993:53) conclude that although environmental reporting could be regarded as limited in the annual reports of European and USA companies, South African companies lag behind even the practices in those countries.

Environmental reporting is on the increase, according to Steyn and Vorster (1994:44), but can still not be regarded as satisfactory.

The fact that South Africa lags behind European and USA companies in corporate environmental reporting could be a reflection of the fact that the awareness level of South Africans regarding these matters may be low. This contention will be tested in the empirical study (refer to Hypothesis 1 in Chapter 1).

c. Sustainable Development Reporting

Apart from the more conventional type of disclosure mentioned in the previous section, some other initiatives are noteworthy for the fact that they are innovative and they may well be at the leading edge of environmental reporting. However, they often have inherent practical problems in their application. Three approaches, which were developed with the aim of accounting for sustainability, were identified. These are the inventory approach, the sustainable cost approach and the resource flow approach (Gray 1993:291-296). The inventory approach (Question 1 of Section 4 of questionnaire in Appendix 1) entails a separate statement of changes by category in the natural resources under the control of the organisation. In the sustainable cost approach (Question 2 of Section 4), costs required to correct any damage done to the biosphere by an organisation are deducted from profit in the Income Statement. The resource flow approach (Question 3 of Section 4) again entails a separate statement detailing, in this case, the resources flowing into the organisation, those flowing from it, and the losses or leakages from the process.

3.3.3 Criteria Used in Content Analyses

In different studies on environmental reporting, different criteria are used to assess the performance of the enterprises. These criteria constitute ways or types of environmental reporting available. These criteria would have to be practical options, because of their function as benchmarks. The criteria of a few studies are discussed below.

In a study by Harte & Owen (1991:53-55), for example, the following criteria were used:

1. Separately identified section on the environment
2. Statement of corporate objectives
3. Financial reporting
4. Non-financial statistical information
5. Specific narrative.

One of the most important studies of environmental reporting done on an annual basis is that of the Chartered Association of Certified Accountants (ACCA) in the United Kingdom. The criteria used for the judgement of the ACCA environmental reporting awards open to all UK companies (Owen et al. 1992:12) are given below, with an indication of how they were covered in the questionnaire used in the first empirical study:

	Section 3 Question
1. Disclosure of quantified corporate environmental objectives	7d
2. Specific, potentially auditable information	7f
The above may be financial or non-financial	
3. Reporting on compliance with standards (external or internal)	7e,f
4. External verification	7r,s
5. Emphasis on the core business of the company	-
6. Systematic approach to reporting	-
7. Comparative data and trend information	7f
8. Statement of future actions in auditable form	7d
9. Commitment to repetition of disclosure exercise	4

The criteria used by Harte & Owen are covered by the ACCA criteria apart from the requirement for a separate section on the environment. This was not covered in the questionnaire either.

In the South African context an annual study is conducted by the Department of Accounting, University of Pretoria. Their criteria are broadly based on the framework of the Institute of Chartered Accountants in England and Wales (ICAEW) (Bogiages & Vorster 1993:10). The ICAEW framework will be covered in the following section on standards.

As a final word on the ACCA environmental reporting award, it was reported that the 1994 winner was successful because of "systematic and understandable reporting against previously-set targets" (Certified Accountant 1994:22).

3.3.4 Standards

One of the most influential bodies, if not the most influential, to have set standards or recommendations on environmental disclosure by business enterprises is the United Nations. Their Commission on Transnational Corporations' Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting came up with the recommendations in Table 3.2 during their ninth session in March 1991.

TABLE 3.2: SUMMARISED UN RECOMMENDATIONS ON ENVIRONMENTAL DISCLOSURE

Directors' report
- Environmental issues pertinent to the company and industry
- Environmental policy
- Improvements since adoption of policy
- Emission targets and performance
- Response to government legislation
- Environmental legal issues the company is involved in
- Effect of environmental issues on capital investment and earnings
- Environmental costs charged in income statement
- Environmental costs capitalised

Notes to the financial statements
- Accounting policies
- Monetary amounts of liabilities, provisions, reserves
- Monetary amounts of contingent liabilities
- Tax effects
- Government grants received

SOURCE: UNITED NATIONS 1991: 19-21

The United Nations recommendations are pragmatic in nature and they should be fairly simple to implement. Because of this emphasis on practicality and because of the importance of the United Nations as a world-representative organisation, their recommendations should carry considerable weight, both for enterprises considering environmental reporting and for researchers.

Two national accounting bodies have also issued frameworks for environmental reporting. They are the Institute of Chartered Accountants in England and Wales (ICAEW) and the Canadian Institute of Chartered Accountants (CICA). The CICA issued a discussion paper in July 1993 in order to obtain the views of knowledgeable and interested parties. The salient points of the discussion paper are contained in Table 3.3.

TABLE 3.3: SUMMARISED FRAMEWORK OF THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS ON ENVIRONMENTAL DISCLOSURE

Organisation profile
- Major environmental risks and impacts
- Environmental philosophy
- Future initiatives

Report card
- How policies translated into programs
- Results of programs
- Consists of:
  1. *Policies, objectives and targets*
  2. *Statement of resource management*
     - Quantitative summary of performance against targets
  3. *Detailed analysis and narrative*
     - Narrative and analysis to put performance data into perspective. May include:
       - performance against benchmarks (laws, industry standards, own targets)
       - performance by line of business or site-by-site
       - reporting of exceptions to averages
       - contributory effect on biodiversity
       - internal offsets (reuse, regenerative)
       - environmental programs with employees, customers, suppliers
  4. *Environmental management processes*
     - Processes to measure, monitor and mitigate environmental impact
  5. *Glossary of technical terms*
  6. *Third-party opinion/attestation*

SOURCE: CICA 1993:19-20

The CICA framework is somewhat more comprehensive than the United Nations recommendations. It is also more structured and follows a natural flow from more general to more specific information. The proposed structure has two sections. The first consisting mainly of general narrative information and the second of detailed quantitative and narrative information. If a corporation follows this structure and reports the fact that they follow the CICA structure, users will gain valuable insight in their activities and be assured that not only the good news is reported.

The ICAEW did not go as far as their Canadian counterparts when their document was issued in 1992. It was called a "policy and research agenda" in stead of a discussion paper. A summary is to be found in Table 3.4.

TABLE 3.4: SUMMARISED FRAMEWORK OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES ON ENVIRONMENTAL DISCLOSURE

Publish in annual financial report details of:

- Environmental policy
- Identity of director with responsibility for environmental issues
- Environmental objectives expressed in a way that enables performance against them to be measured
- Actions taken in pursuit of environmental objectives including details of the nature of and the amount of expenditure incurred
- Key impacts of the business on the environment and related measures of environmental performance
- Recognition of good performance by outside agencies
- Extent of compliance with regulations and any industry guidelines
  Completeness of environmental reporting
  Includes:
  - EC eco-audit scheme
  - BS 7750 applications and approvals
- Significant environmental risks not required to be disclosed as contingent liabilities
- Key features of external audit reports on the enterprise's environmental activities, including those relating to particular sites

SOURCE: ICAEW 1992:1-2

The ICAEW framework is again fairly comprehensive and could be used as a guideline to more complete environmental reporting. The United Nations, the CICA and the ICAEW recommendations and frameworks can be regarded as the most important work in creating environmental reporting standards. However, other bodies and researchers made recommendations and created guidelines of their own.

Other bodies to express their opinions on environmental reporting include the Public Environmental Reporting Initiative (PERI) and the Hundred Group of Finance Directors. The Hundred Group of Finance Directors is an organisation based in the United Kingdom. The Environmental Working Party of the Hundred Group of Finance Directors issued a Statement of Good Practice in Environmental Reporting in Annual Reports. The statement is summarised in Table 3.5:

TABLE 3.5: SUMMARY OF THE HUNDRED GROUP OF FINANCE DIRECTORS, ENVIRONMENTAL WORKING PARTY, STATEMENT OF GOOD PRACTICE, ENVIRONMENTAL REPORTING IN ANNUAL REPORTS:

Operational reports
- environmental impacts, risks and targets

Environmental policy and organisation
- environmental policy, principles, priorities and key issues
- measurable (where possible) targets
- practical examples of how policy is implemented
- procedures for monitoring against standards and targets

Chairman/chief executive's report
- environmental policy reinforced

SOURCE: HUNDRED GROUP OF FINANCE DIRECTORS 1992:4

The Hundred Group Statement is noticeably less onerous than some of the previous frameworks discussed. At first glance the casual observer may consider its contents not to be that far removed from the others, but specific performance information can be incomplete and still comply with the statement. An enterprise could easily comply with the statement by giving information regarding their good intentions, with reference to their actual performance against targets for only the areas where they performed well. Note, for example, the reference to "where possible" where measurable targets are mentioned in the statement. This implies that even should an enterprise decide to report a measurable target, there is apparently no obligation to report their performance against the target.

The PERI guidelines are a deeper shade of green than the Hundred Group Statement, as it was prepared by a group specifically formed for the purpose of drawing up environmental reporting guidelines. PERI is essentially an American-based organisation with founding members such as Dow Chemicals, IBM and Polaroid. The guidelines are summarised in Table 3.6:

TABLE 3.6: PERI GUIDELINES ON ENVIRONMENTAL REPORTING

1. *Company profile*
   - general information including the nature of the environmental impacts of the company
2. *Environmental policy*
3. *Environmental management*
4. *Environmental releases*
   - quantified information on emissions, effluents or wastes released to the environment
5. *Environmental risk management*
   - details on environmental audit program
   - remediation programs
   - environmental emergency response programs
   - approach taken to minimise workplace hazards
6. *Environmental compliance*
   - information on transgressions
   - programs to prevent future occurrence
7. *Product stewardship or Product life-cycle management*
8. *Employee recognition*
   - motivation and encouragement of employees to act green
9. *Stakeholder involvement*
   - academic organisations, policy groups, NGOs, industry organisations
   - local community involvement

SOURCE: PERI 1993

In the Peri guidelines there is more emphasis on "hard" or quantified information. There is also specific mention of the need to report bad environmental news with the appropriate plans to prevent recurrence. The reference to product life-cycle management, a thorny issue at the best of times, is a further indication of the good faith displayed by the members of the initiative.

In the United States, one of the important bodies to prescribe disclosure in financial statements is the Securities and Exchange Control Commission (SEC). The SEC rules force companies to include detailed data on known environmental liabilities in their accounts (Economist 1994:77). In Europe, no such rules exist (Economist 1994:77).

These rules along with the "superfund" regulations may be the reason for the preoccupation in the United States with environmental liabilities and their disclosure, almost to the exclusion of all other types of environmental reporting.

According to Zuber & Berry (1992:46) the SEC's main objective is to ensure securities purchasers and sellers have access to vital information about a company's environmental liabilities. This is evident from the type of information required which, according to Crist (1989:36), can be classified into three categories, namely:

1. Information on the material impact of environmental regulations (capital expenditure next two years)
2. Information on environmental legal proceedings (if greater than 10% of assets or if greater than $100 000)
3. Information relating to company environmental compliance policy.

The SEC requirements are one of the few examples of environmental reporting standards which are in place and being enforced. Most of the other standards mentioned are voluntary or mere recommendations.

The fifth action programme of the Fédération des Experts Comptables Européens (FEE), an important and influential group in the European Union, proposed that enterprises should disclose the following in their financial statements (Slomp 1993:54):

1. Details of environmental policy and activities and their effect
2. Expenses on environmental programmes
3. Provision for environmental risks and future environmental expenses.

These recommendations are not as strict as, for example, the CICA framework and do not add new suggestions. However, as an important organisation in the European Union, which is in turn a leading economic region in the world, their views should not be ignored.

In an article by Christophe & Bebbington (1992:285), they propose the disclosure of the following:

1. Both financial and non-financial quantitative environmental information

2. Pollution information should distinguish between changes due to changes in level of production and other reasons
3. Information on expenditure for environmental protection.

There would seem to be many voices calling for quantitative information. It would be much more difficult for enterprises to sing their own environmental praises in the face of quantified information.

The suggestion that pollution information should separate out the effect of changes in production volumes is a logical and important contribution.

Allen (1993:62) believes that the following should be reported in the financial statements of New Zealand enterprises:

1. Environmental policy
2. Environmental impacts, standards and liabilities
3. Resetting of targets.

Although no new suggestions are included in the above, the recommendations show that some basic types of environmental reporting seem to meet with almost universal acceptance in countries all over the world.

Apart from liability reporting, Roger Adams from ACCA (Economist 1994:77) would welcome reporting of:

1. Capital spending required to keep pace with changing regulations in the future.
2. Energy consumption and environmental impact in monetary terms and technical terms
3. Quantify environmental costs, such as pollution control and cleaning of contamination
4. Quantify savings, such as packaging and waste.

Again some suggestions are repeated, but the one about future capital expenditure is of interest. Information about the future can only assist users of financial statements in their decisions. Whether the information is of an environmental nature or not, future-orientated information should be encouraged.

The European Union's voluntary scheme entails firms registering their environmental management programmes on a site-by-site basis. This environmental management plan is then published by the enterprise followed by regular reports, subject to verification by independent eco-audit firms (World Accounting Report 1993/1994:6). The publication of environmental information is once again encouraged.

A Canadian Institute of Chartered Accountants study group (Longworth & Montano 1993:58) recommends disclosure of:

1. Total environmental costs during current period with dollar amount and nature of each category
2. Under certain circumstances - separate disclosure of particular expenses and capital expenditure
3. Separate disclosure of total environmental liabilities
4. Any measurement uncertainty.

The recommendations of the study group do not go as far as the discussion paper mentioned above. The reason for this is that the group's mandate was to consider only environmental liabilities. Nevertheless, a number of disclosures with almost universal appeal are again recommended.

In the proposals discussed, the same types of environmental reporting are often suggested. A summary of all the proposals was prepared. The method adopted was that the first proposal was taken (that of the UN) and any new methods in the following proposals added. The summary is contained in Table 3.7. The first reference is to the first organisation or party mentioned in the chapter to propose the method. The second reference is to the number of the question in the first empirical study where the method is covered.

TABLE 3.7: SUMMARY OF ENVIRONMENTAL REPORTING STANDARDS

Method		Ref. to organisation	Section 3 Question
1.	Environmental issues pertinent to the company and industry	UN	7a
2.	Environmental policy	UN	7b
3.	Improvements since adoption of policy	UN	7f
4.	Emission targets and performance	UN	7d,e,f
5.	Response to government legislation	UN	7e
6.	Environmental legal issues the company is involved in	UN	7n
7.	Effect of environmental issues on capital investment and earnings	UN	7m
8.	Environmental costs charged in income statement	UN	7j
9.	Environmental costs capitalised	UN	7k
10.	Accounting policies	UN	7h
11.	Monetary amounts of liabilities, provisions, reserves	UN	7i
12.	Monetary amounts of contingent liabilities	UN	7i
13.	Tax effects	UN	-
14.	Government grants received	UN	7l
15.	Future initiatives	CICA	7c
16.	How policies translated into programmes	CICA	7c
17.	Performance against benchmarks (government, industry, own)	CICA	7e
18.	Performance by line of business or site-by-site	CICA	7g
19.	Reporting of exceptions to averages	CICA	7g
20.	Contributory effects on biodiversity	CICA	-
21.	Internal offsets (reuse, regenerative)	CICA	7j
22.	Environmental programmes (employees, customers, suppliers)	CICA	7p
23.	Processes to measure, monitor, mitigate environmental impact	CICA	7c
24.	Third party opinion/attestation	CICA	7r,s
25.	Identity of director with environmental responsibility	ICAEW	7c
26.	Recognition of good performance by outside agencies	ICAEW	7o
27.	Compliance with standards/completeness of reporting	ICAEW	7q
28.	Details on environmental audit programmes	PERI	7c
29.	Programmes to prevent recurrence of environmental transgressions	PERI	-
30.	Product life-cycle management programmes	PERI	-
31.	Pollution: separate between changes due to production level change and other	Christophe & Bebbington	-

3.4 Conclusions

Corporate environmental reporting is on the increase. More and more companies will produce environmental reports in future and those who don't will be regarded as non-progressive.

An international study was done by Deloitte Touche Tohmatsu International and the Institute for Sustainable Development and Sustainability in early 1993 (Collier et al. 1993:26). Some of the key findings were:

1. Businesses will not be able to hide the environmental damage they cause
2. There will be growing pressure on companies to report on the sustainability of their products and processes
3. Major companies that do not produce environmental performance reports will begin to be judged as poor performers in other areas such as quality
4. The next generation of reports will contain much more quantitative data.

There may be a lack of consensus regarding environmental reporting techniques and types, but that does not imply that companies should not become involved in developing and testing different types of disclosure. Even traditional financial statements have their shortcomings but that does not stop anyone from publishing them. Therefore, there is no need to wait for a perfect environmental statement before starting to publish environmental information (Christophe & Bebbington 1992:288).

3.5 Linkages Between the Theory and the First Empirical Study

Table 3.8 below gives an indication of the structure of the questionnaire used in the first empirical study (see Appendix 1). The "Reference" refers to the section in this chapter that the questions originate from.

TABLE 3.8: LINKAGES BETWEEN THE THEORY AND THE FIRST EMPIRICAL STUDY

Questionnaire	Subject	Reference
Section 1	General biographical information	For statistical purposes
Section 2	Awareness levels of current environmental reporting requirements	3.2
Section 3	Willingness to support more comprehensive environmental disclosure in the annual report	3.3
Section 4	Willingness to support accounting for sustainability	3.3.2 b