

The Impact of Corporate Governance Characteristics on Environmental Disclosure Level – Evidence From listed Companies Sri Lanka

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Abstract

In the twenty-first century, environmental accounting and reporting has become a critical component of a company's external information system. Companies have been influenced to operate in an environmentally responsible manner by increasing pressure on them to be socially responsible.

The purpose of this study is to investigate the relationship between environmental reporting and corporate governance attributes of companies in Sri Lanka. The corporate governance attributes includes board size, board independence, CEO duality, managerial ownership and women representation selected through code of best practice on corporate governance issued by CA Sri Lanka in 2017. In addition control variables used are firm size and profitability. The paper adopts a quantitative analysis approach. It examines the annual reports during four years from 2018, 50 companies. Those represent industries of retailing, capital goods, material, consumer service, and food, beverage, and tobacco sectors listed on Colombo stock exchange. A checklist of items based on the Global Reporting Initiative guidelines is used to analyze environmental disclosures. Environmental disclosure items are extracted from annual reports and sustainability reports using content analysis. The study examines the relationship between corporate governance and environmental disclosure using stakeholder theory, agency theory, and legitimacy theory. The data are analyzed using correlation and multiple regression analysis of Eviews statistical software.

This research will provides empirical evidence for Sri Lankan regulatory bodies, policymakers and company strategists to improve corporate governance mechanisms and environmental disclosure levels of listed companies.

Key words: *Corporate Social Responsibilities, Environmental Reporting, Corporate Governance, Board characteristics*