

Environmental Awareness of Enterprises through Their Disclosure Magnitude: UK and US Evidence

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ABSTRACT

In the absence of a validly mandatory public policy and a meaningful conceptual framework, corporate environmental disclosure practices have been diverse (Matthews, 1993). In other words, the lack of a single generally accepted standard in which environmental reports can be developed, akin to that of financial reporting principles, is one of the reasons for this undoubted dissimilarity in environmental reporting practices. However, there are imperative requirements relating to environmental information disclosure in many developed countries, for example, environmental related information is required in the Business Review in accordance with s.417 of the Act (Great Britain. Companies Act 2006) in the UK and the US Securities and Exchange Commission (SEC) has developed rules governing disclosure of environmental liabilities, in relation to Items 101, 103, 303 and 503(c) in SEC Regulation S-K (SEC, 2008). The former is rather vague as it is not underpinned by a robust speculative structure, whereas the latter has only focussed on the disclosure of financial information that is environmentally related despite the non-financial nature of predominant environmental information. In response to these, the International Accounting Standards Board (IASB) and The International Sustainability Standards Board (ISSB) has very recently issued the foundational standards, which are IFRS S1 and IFRS S2, to steer corporate sustainability-related disclosures worldwide. The former inaugurally provide general conceptual foundations and the latter has primarily pointed on climate risks and opportunities. The other dimensions are forsaken to line up sometimes in the future.

Keywords: Environmental Information Disclosure, Environmental Reporting, Disclosure Quantity, UK, US