

Financial and Qualitative Determinants of Voluntary Environmental/sustainability Reporting in the Canadian Mining Sector

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Abstract - The ever increasing attention given to the environmental threats facing the planet have permeated almost all areas of human endeavor. Accounting and corporate reporting has not been immune to this effect and is a key area of interest. Much of the environmental damage and the public costs associated with its clean-up is a result of commercial activity. Captured under the headings of social responsibility accounting, environmental accounting, integrated reporting or sustainability accounting, there are only limited mechanisms in accounting standards that directly address environmental issues and the associated costs and benefits. The majority of reporting mechanisms over the last three decades are largely voluntary so companies can choose whether or not to provide this type of information to users of financial statements. The existing literature in this area has focused on how these disclosures (voluntary or otherwise) have affected user decision making, primarily investors and creditors, and shareholder value.

What factors lead to a decision to do voluntary reporting with respect to environmental issues? This research focusses on the Canadian mining sector (exclusive of oil and gas) and examines the financial and qualitative characteristics of companies and their respective reporting methods to build a generic profile of a company that would most likely to provide such voluntary reporting. Analysis of annual reports and the associated audited financial statements of companies in the sector will provide the raw data to build this generic profile.

We can infer that companies that are inclined to report on environmental issues, beyond their regulatory responsibilities, are likely to be better environmental stewards. Understanding the financial and qualitative characteristics and having a profile can aid in regulatory decision making and provide potential and current investors an additional analytical tool for assessing corporate social responsibility with regard to environmental and sustainability issues.

Index Terms – Mining, Accounting, Financial reporting, Environment, Sustainability

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