ABSTRACT

This chapter presents, in a descriptive manner, the interrelation of the sustainability reporting concepts and the sustainability disclosure through internal and external stakeholders. The main objectives of this chapter are approaching the disclosure of environmental information, presenting the views of the stakeholders on the content and format of environmental reporting. The factors underlying the disclosure of the environmental information and the impact of these, including the views stakeholders on the content and presentation format of the environmental reporting, are presented and analyzed. A case study is also presented in order to highlight the disclosure and presentation of the environmental report of an industrial entity and the importance of the accounting information provided. This chapter brings a theoretical contribution to expand the knowledge on the environmental disclosure and reporting approaches. The authors’ approaches remain open to the expansion of these issues at both national and international level and both in the academia and business area.

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Sustainability Reporting

INTRODUCTION

The environmental and social accounting researches have been replaced by the research on sustainability reporting (Sciulii, 2009). In these circumstances, accounting is no longer considered a mere technical practice, but a social and institutional practice (Miller, 1994) that involves and generates social and institutional pressures, determining entities to adopt certain measures and decisions on behalf of the legitimacy of these institutions (Hopwood & Miller, 1994). In the current business environment, the notion that no business is profitable and successful without the approval of stakeholders is considered a socially and ecologically responsible entity (Gray, 2010). The environmental information should help both the civil society and companies in knowing the environmental impact of the business decisions of the companies (Milne & Patten, 2001; Kuk et al., 2005). This information, especially provided through IT, helps the managers identifying the environmental risks, cost structure, and investment that their companies face. In order to meet and respect the environmental requirements of the International Organization for Standardization (ISO), the stakeholders considered that the most important way of communicating with the companies is through the accounting information provided by the annual report of the company (Fernando et al., 2010). Starting from the overall sustainability reporting framework, the concept of environmental reporting/sustainability reporting, sustainability disclosure, and stakeholders’ views on the sustainability reporting are presented and analyzed. The main objectives of this chapter are: (1) the evolutionary presentation of the concept of sustainability reporting and disclosure; (2) the presentation of the concept of stakeholders and their views on the content and format of the sustainability reporting; and (3) the presentation of a case study related to the sustainability reporting of an economic entity in the industrial field as required by the stakeholders.

THE SUSTAINABILITY REPORTING AND THE IMPACT ON THE FINANCIAL PERFORMANCE

The concept of Sustainability Reporting has begun its development since the first environmental reporting in 1980 (IISD, 1980). Since the beginning, this concept has also had other approaches: (1) reporting the corporate responsibility (CRR) used for describing the performance, or (2) the Triple Bottom Line reporting (TBL) that highlighted three aspects: profit (economic), people (social) and planet (environment) (Elkington, 1998) indicating the company’s commitment to the stakeholders. According to G3.1, the economic dimension of sustainability refers to the impact of the organization on the economic conditions of the stakeholders and on the local, national and global economic systems (GRI, 2011).

By reporting to the existing literature theories related to the sustainability reporting, there have been identified the following:

1. **The Stakeholder Theory:** Claims that ‘the companies have a responsibility to a wide range of stakeholders such as creditors, customers, suppliers, employees, government, community, environment, future generations etc.’ (Freeman, 1984). Strengthening the relationship between the company and the society in which it operates is achieved through the use of integrated sustainability reports
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