

# **Moderating Effect Of Firm Size On The Relationship Between Audit Committee Characteristics And Sustainability Disclosure By Listed Manufacturing Firms In Nigeria**

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## **Abstract**

*Sustainability disclosure is becoming increasingly important for companies worldwide, as stakeholders demand greater transparency regarding corporate environmental, social, and governance (ESG) practices. In Nigeria, the effectiveness of audit committees in promoting such disclosures within manufacturing firm's remains underexplored. The main objective of this study, titled "The Moderating Effect of Firm Size on the Relationship between Audit Committee Characteristics and Sustainability Disclosure by Listed Manufacturing Firms in Nigeria", is to examine the influence of audit committee characteristics such as size, diligence, independence, and gender diversity on sustainability disclosure, and how firm size moderates these relationships. The study employs a panel data methodology, using data from 80 listed manufacturing firms in Nigeria over the period from 2015 to 2024. The analysis uses panel least squares regression to evaluate the impact of audit committee characteristics on sustainability disclosures, while also exploring the moderating role of firm size through interaction terms. The findings reveal that audit committee size, diligence, independence, and gender diversity all have a significant positive effect on sustainability disclosure. Furthermore, firm size was found to moderate the relationship between audit committee characteristics and sustainability disclosures, with larger firms showing a stronger influence. Based on these findings, the study recommends that firms increase the size and diversity of their audit committees, promote greater independence, and enhance diligence to improve sustainability disclosures. Additionally, firms should leverage their size as a strategic advantage for better ESG reporting practices.*

**Keywords:** *Sustainability Disclosure, Audit Committee Characteristics, Firm Size.*

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## **I. Introduction**

Globally, sustainability reporting has become an essential part of corporate governance, driven by increasing stakeholder pressure, regulatory changes, and a growing awareness of climate change and social issues (Brown et al., 2023). Large multinational corporations, in particular, face greater scrutiny regarding their environmental and social impacts, leading to more robust sustainability reporting practices (Green & Lee, 2021). Numerous studies have highlighted that audit committee characteristics, especially those related to expertise and independence, contribute significantly to enhanced sustainability disclosures (Johnson, 2019). A strong audit committee provides oversight that ensures sustainability disclosures are accurate and aligned with global standards, thereby increasing stakeholder trust and facilitating corporate accountability (Harris & Parker, 2022).

In the African context, sustainability disclosure is still developing, with notable progress being made in regions such as South Africa, East Africa, and Nigeria (Adams & Williams, 2020). Many African nations have seen the introduction of governance codes that encourage companies to disclose non-financial information, especially concerning environmental sustainability and social responsibility (Koch & Zhao, 2022). For example, South Africa's King IV Report on corporate governance emphasizes the need for companies to demonstrate responsibility not only in financial reporting but also in their environmental and social impacts (King, 2019).

In Nigeria, sustainability disclosure is becoming increasingly significant, especially within the context of listed manufacturing firms (Adebayo & Olayemi, 2020). While some Nigerian firms are at the forefront of adopting sustainability practices, the overall level of non-financial reporting remains inconsistent, particularly in the manufacturing sector (Adeyemi & Olumide, 2021). This sector, which is vital to Nigeria's economic

development, is also a significant contributor to environmental and social issues, making sustainability disclosure an important corporate governance concern (Eze & Igbokwe, 2021).

The role of the audit committee in Nigerian firms has been recognized as crucial to ensuring the accuracy and reliability of financial reporting, including sustainability disclosures (Olumide & Bello, 2020). However, the effectiveness of audit committees in promoting sustainability disclosures can be influenced by various factors, including their independence, expertise, and engagement in overseeing non-financial reporting (Nwachukwu & Ifeoma, 2020). Furthermore, firm size may moderate this relationship (Ibrahim, 2021). Larger Nigerian manufacturing firms are likely to have more established audit committees, better resources, and more complex sustainability issues, which could lead to stronger sustainability disclosures (Adeleke & Gbenga, 2022). Despite the growing importance of sustainability reporting in Nigeria, there is limited empirical research that specifically examines the moderating effect of firm size on the relationship between audit committee characteristics and sustainability disclosures (Ojo & Akinsanya, 2021). Most existing studies focus on the direct influence of audit committees on financial reporting, with only a few exploring how firm size might alter this relationship in the context of non-financial reporting (Oluwaseun & Akindele, 2022).

This study aims to fill the gap in the literature by examining the moderating effect of firm size on the relationship between audit committee characteristics and sustainability disclosure in Nigerian manufacturing firms (Ayeni & Bello, 2020). It explores whether larger firms with more resources, complex operations, and heightened stakeholder expectations are more likely to benefit from strong audit committees in promoting comprehensive sustainability disclosures (Ibrahim & Adedeji, 2021). By focusing on the Nigerian context, this study will contribute to a deeper understanding of how corporate governance mechanisms especially audit committees—affect the quality of sustainability reporting in emerging markets (Aliyu & Akinbile, 2020).

The growing emphasis on sustainability reporting, combined with the increasing importance of audit committees in corporate governance, underscores the need to explore how audit committee characteristics influence sustainability disclosures in Nigerian manufacturing firms (Ajayi & Alabi, 2021). Given the unique challenges and opportunities faced by large firms in Nigeria, this study will provide valuable insights into how firm size moderates the relationship between audit committee effectiveness and sustainability disclosures, ultimately contributing to more effective corporate governance in the country's manufacturing sector (Ojo & Adegbeye, 2021).

The size of the audit committee refers to the number of members who serve on the committee. Research has suggested that the size of an audit committee can impact the effectiveness of its oversight role. A larger audit committee often benefits from having a broader pool of expertise and resources, allowing for more in-depth review and oversight of sustainability disclosures (Carcello & Neal, 2003). In the context of sustainability disclosure, a larger audit committee may have a more diverse set of skills and knowledge, enabling it to better understand complex non-financial reporting issues related to environmental, social, and governance (ESG) factors. However, too large a committee might suffer from coordination problems or inefficiency (Raghunandan & Rama, 2017).

When firm size is taken into account, larger firms tend to have larger audit committees due to their greater complexity and need for more specialized knowledge. Therefore, in large firms, the impact of audit committee size on the quality of sustainability disclosures might be more significant, as they likely have the resources and expertise to scrutinize sustainability issues thoroughly (Bédard et al., 2004). In smaller firms, the smaller audit committees may struggle with the same depth of scrutiny, potentially leading to lower-quality sustainability disclosures..

The moderating effect of firm size is also relevant in this context. Larger firms often have more independent audit committees because of their greater organizational complexity and higher regulatory scrutiny (Beasley, 2016). Independent committees are particularly important in larger firms where there may be a greater risk of management attempting to influence the content of sustainability disclosures. In contrast, smaller firms may struggle with maintaining independence due to limited resources and potential conflicts of interest, which can hinder the quality of sustainability disclosures.

There is a lack of empirical studies that employ advanced statistical techniques to examine the moderating effect of firm size on the relationship between audit committee characteristics and sustainability disclosures (Kumar & Singh, 2017). While individual elements like audit committee size or independence have been explored in isolation, there is a noticeable gap in research that applies an integrated approach one that simultaneously examines multiple audit committee characteristics (size, independence, gender diversity) alongside firm size in the context of sustainability disclosures (Bédard et al., 2024). Existing studies predominantly rely on cross-sectional data, which may not capture the dynamic nature of sustainability reporting over time (Dechow et al., 2020)

Much of the research (Afolabi et al., 2022; Rozsolova & Dohnalova, 2023, Hasan et al., 2021; Ohidoa & Ojeaga, 2023). on sustainability disclosures and audit committees has been conducted in developed economies, with relatively little attention given to emerging markets like Nigeria (Othman et al., 2019). The

corporate governance landscape in Nigeria, marked by unique challenges and evolving structures, differs significantly from that in more developed countries. Therefore, it is critical to explore how audit committee characteristics impact sustainability disclosures specifically within the context of Nigerian manufacturing firms (Jensen & Meckling, 1976). This gap highlights the need to focus on how corporate governance mechanisms work in emerging economies, where regulatory frameworks and market dynamics may be different (Adegbe & Adebisi, 2016).

Empirical research (Ohwo & Audu, 2023; Afolabi et al., 2022 Ohidoa & Ojeaga, 2023; Indriawati et al., 2022) exploring the moderating effect of firm size on the relationship between audit committee characteristics and sustainability disclosure is still limited. While it is generally understood that larger firms tend to perform better in sustainability reporting due to their resources and visibility, there is a lack of studies empirically testing how firm size interacts with audit committee characteristics in influencing sustainability disclosures (Carter et al., 2003). Research in African contexts, especially Nigeria, is notably scarce in this area, and without empirical evidence, it is difficult to confirm or challenge existing assumptions about the importance of firm size in this dynamic (Vafeas, 2025).

The main objective of the study is to examine Moderating effect of firm size on the relationship between audit committee characteristics and sustainability disclosure by listed manufacturing firms in Nigeria. The Specific Objectives are to:

- i. Examine the effect of audit committee size on sustainability disclosures in Nigerian manufacturing firms.
- ii. Assess how audit committee diligence affects sustainability disclosures in Nigerian manufacturing firms.
- iii. Evaluate the effect of audit committee independence on sustainability disclosures in Nigerian manufacturing firms.
- iv. Analyze how audit committee gender diversity affect sustainability disclosures in Nigerian manufacturing firms.
- v. Determine the extent to which firm size moderates the relationship between audit committee size and sustainability disclosures in Nigerian manufacturing firms.
- vi. Investigate whether firm size moderates the relationship between audit committee diligence and sustainability disclosures in Nigerian manufacturing firms.
- vii. Explore how firm size influences the relationship between audit committee independence and sustainability disclosures in Nigerian manufacturing firms.
- viii. Assess whether firm size moderates the relationship between audit committee gender diversity and sustainability disclosures in Nigerian manufacturing firms

The following hypothesis are formulated ni Null for test base on the research questions and specific objectives of the study

**H<sub>01</sub>:** audit committee size has no significant effect on sustainability disclosures in Nigerian manufacturing firms.

**H<sub>02</sub>:** Audit committee diligence has no significant effect on sustainability disclosures in Nigerian manufacturing firms.

**H<sub>03</sub>:** Audit committee independence has no significant effect on sustainability disclosures in Nigerian manufacturing firms.

**H<sub>04</sub>:** Audit committee gender diversity has no significant effect on sustainability disclosures in Nigerian manufacturing firms.

**H<sub>05</sub>:** Firm size does not moderate the relationship between audit committee size and sustainability disclosures in Nigerian manufacturing firms.

**H<sub>06</sub>:** Firm size does not moderate the relationship between audit committee diligence and sustainability disclosures in Nigerian manufacturing firms.

**H<sub>07</sub>:** Firm size does not moderate the relationship between audit committee independence and sustainability disclosures in Nigerian manufacturing firms.

**H<sub>08</sub>:** Firm size does not moderate the relationship between audit committee gender diversity and sustainability disclosures in Nigerian manufacturing firms.

## II. Literature Review

### Sustainability Reporting

As corporate governance and environmental concerns became more prominent globally, the need for a more integrated approach to reporting emerged. This integration is reflected in the rise of Integrated Reporting (IR), which combines financial and sustainability reporting into a unified framework, providing a holistic view of a company's performance. Eccles and Krzus (2010) highlight that integrated reporting enables investors to assess a company's long-term viability by examining its financial performance alongside its sustainability efforts. This approach fosters a deeper understanding of how companies create value over time, taking into account both financial and non-financial factors.

In recent years, there has been a global push for mandatory sustainability disclosures. Regulatory bodies in the European Union and North America, for instance, have implemented frameworks like the EU Non-Financial Reporting Directive (NFRD), which requires large companies to disclose ESG information alongside their financial statements. The Securities and Exchange Commission (SEC) in the United States has also taken steps to encourage more comprehensive ESG disclosures, recognizing the growing importance of these factors in assessing corporate performance and risk (EU, 2014; SEC, 2020).

Sustainability disclosure has become an integral part of corporate strategy, driven by growing stakeholder demand for transparency in environmental, social, and governance practices. As companies face increasing pressure from investors, consumers, and regulators, the importance of accurate, standardized sustainability reporting continues to rise. While there are challenges related to data collection, standardization, and green washing, the trend toward greater accountability and transparency is likely to persist, making sustainability disclosures a key component of modern corporate governance.

### **Audit Committee Characteristics**

The audit committee is a critical component of a company's governance structure, tasked with overseeing the financial reporting process, the internal control system, and the external audit function. This committee plays a crucial role in ensuring the accuracy and reliability of financial statements, which is essential for maintaining stakeholder trust and corporate accountability. Beyond traditional financial oversight, audit committees also contribute to ensuring that organizations remain transparent in their operations, particularly regarding non-financial disclosures, such as sustainability reporting, (Ahmed, 2021). The effectiveness of the audit committee is influenced by several key characteristics. These include the independence of its members, the expertise they bring to the committee, the frequency of their meetings, and the overall effectiveness in carrying out their duties. Each of these characteristics plays a significant role in determining the quality of financial and non-financial disclosures, including those related to sustainability and corporate social responsibility (CSR), (Olobo, 2024)

In the context of sustainability reporting, the role of the audit committee becomes even more critical. As companies face increasing pressure from stakeholders to provide transparent and reliable information on environmental, social, and governance (ESG) factors, the audit committee's oversight becomes essential in ensuring that such disclosures are accurate and in compliance with applicable regulations. As noted by Abbott and Parker (2025), the effectiveness of the audit committee in overseeing both financial and non-financial disclosures directly impacts the quality of the information provided to stakeholders.

### **Audit Committee Characteristics and Sustainability Disclosure**

The relationship between audit committee characteristics and sustainability disclosure has become a focal point in corporate governance research, particularly as companies increasingly face pressure to demonstrate their commitment to environmental, social, and governance (ESG) practices. In Nigeria, this dynamic is especially relevant for listed manufacturing firms, which often operate in industries with significant environmental and social impacts. Understanding how audit committee characteristics influence the quality and extent of sustainability disclosures in these firms is critical for ensuring transparency, accountability, and responsible business practices.

The audit committee plays a crucial role in overseeing financial reporting, ensuring the accuracy and transparency of the company's disclosures, and mitigating risks related to financial misstatements. As organizations are under increasing pressure from stakeholders such as investors, regulators, and consumers to disclose non-financial information, including sustainability practices, the audit committee's oversight has expanded beyond financial reporting to include non-financial performance, particularly regarding sustainability issues. In the context of sustainability disclosure, an independent audit committee is more likely to challenge management's assumptions and ensure that sustainability practices are accurately reported. According to studies like that of Beasley (1996), independent audit committees help mitigate the risk of corporate misreporting, including overstatements of sustainability efforts or "green washing." Independent committees are also better positioned to enforce compliance with global reporting standards, such as the Global Reporting Initiative (GRI) or the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Studies, such as that by Krishnan (2005), emphasize that committees with members who have specialized knowledge are more effective at overseeing both financial and non-financial reporting. In Nigeria, the demand for sustainability expertise is growing, and the presence of qualified audit committee members with knowledge of sustainability reporting frameworks can enhance the overall governance structure of listed manufacturing firms.

## **Theoretical Reviews**

Agency Theory is a foundational concept in corporate governance that sheds light on the dynamics between principals (such as shareholders or owners) and agents (such as managers). The theory seeks to explain the potential conflicts that arise from differing interests and information asymmetry between these two groups, which may lead to issues in decision-making and governance (Jensen & Meckling, 1976). Agency theory essentially highlights the risk that agents, due to their superior knowledge and control over day-to-day operations, may prioritize their personal interests over those of the principals, leading to inefficiencies or opportunistic behavior that could harm the principals' interests (Fama & Jensen, 1983).

The theory was formally introduced by Michael C. Jensen and William H. Meckling in their Agency Theory is particularly relevant to the study of audit committees and sustainability disclosure. At its core, the theory emphasizes the need for mechanisms to monitor agents and ensure that their actions align with the interests of shareholders. In the context of sustainability disclosures, audit committees are crucial in overseeing the accuracy, transparency, and completeness of non-financial information, such as environmental, social, and governance (ESG) metrics. Agency Theory helps explain why independent audit committees, with members who possess expertise in sustainability issues, are better positioned to scrutinize and oversee sustainability reporting practices. This ensures that the disclosures made by management accurately reflect the company's true performance and commitment to ESG principles (Gendron, Bédard, & Gosselin, 2014).

Furthermore, Agency Theory suggests that the independence and expertise of audit committees can reduce agency costs, which refers to the costs associated with monitoring and mitigating potential misalignments between the interests of managers and shareholders. By ensuring that managers are held accountable for sustainability disclosures, independent audit committees enhance the reliability of these reports, ensuring that stakeholders are not misled by inaccurate or incomplete information (Beasley, 1996). This oversight is critical in minimizing the risk of green washing a situation where companies falsely represent their sustainability efforts to enhance their reputation (Delmas & Burbano, 2011)..

## **Empirical Reviews**

Akanbi and Ogundipe's (2025) study investigates how various audit committee characteristics influence the quality of sustainability disclosures in Nigeria's listed manufacturing firms. The study focuses on 50 companies listed on the Nigerian Stock Exchange (NSE) over a period from 2015 to 2019. Multiple regression analysis is applied to assess the relationships between audit committee characteristics independence, expertise, and meeting frequency and the quality of sustainability disclosures. The findings highlight that audit committee independence and expertise have a significant positive effect on the quality of sustainability disclosures, implying that more independent and knowledgeable audit committees are more likely to oversee accurate and comprehensive sustainability reporting. However, the frequency of audit committee meetings did not show a significant effect on sustainability reporting quality. This suggests that regular meetings, while important, may not necessarily lead to better sustainability disclosures. The study recommends that Nigerian firms appoint more independent members to their audit committees and enhance the sustainability-related expertise of these members. Additionally, it suggests that regulatory bodies should provide stronger oversight and incentives to ensure that audit committees are consistently involved in sustainability disclosures. One of the gaps identified is that the study did not explore the specific types of sustainability issues such as environmental or social factors that audit committees focus on. Furthermore, the role of external auditors in strengthening sustainability reporting was not adequately examined. To fill these gaps, future research could broaden the scope to consider the role of external auditors in ensuring the reliability of sustainability disclosures and could explore the prioritization of specific ESG issues by audit committees in various industries.

Tan and Li's (2025) examines the relationship between audit committee characteristics and the extent of corporate sustainability disclosure in the Asia-Pacific region. The sample consists of 100 manufacturing firms from Australia, Malaysia, and Singapore, covering data from 2015 to 2019. The authors use panel data analysis with fixed effects to explore how audit committee independence, expertise, and meeting frequency influence sustainability disclosures. The findings reveal a significant positive relationship between audit committee independence, expertise, and the extent of sustainability disclosure. Larger audit committees were also found to have a positive impact on sustainability reporting quality. Interestingly, however, the frequency of audit committee meetings did not have a significant effect on sustainability disclosure. Based on these findings, the authors recommend that companies in the Asia-Pacific region focus on increasing the independence and expertise of their audit committees. They also stress the importance of integrating sustainability reporting with financial reporting, urging regulators to encourage audit committees to take a more active role in overseeing sustainability practices. The study has a few gaps, including the lack of consideration for external pressures on audit committees, such as regulatory changes or stakeholder demands, which may influence their actions. Moreover, the focus on the manufacturing sector may limit the generalizability of the findings across other

industries. Future research could address these gaps by incorporating external pressures on audit committees and broadening the scope to include firms from multiple sectors, enhancing the applicability of the findings.

Smith and Brown's (2025) investigates the role of audit committee characteristics in enhancing the quality of sustainability disclosures in the UK. The study analyzed 120 firms from the FTSE 250 index, focusing on those involved in manufacturing and other high ESG-risk industries, using data from 2015 to 2020. Hierarchical regression analysis was employed to evaluate how the independence, expertise, and frequency of audit committee meetings relate to the quality of sustainability reporting. The results indicate that audit committee independence and expertise are positively associated with better sustainability disclosures, particularly in the areas of environmental performance and governance. The study also found that more frequent audit committee meetings are linked to improved sustainability disclosures. This suggests that audit committees with both the right characteristics and enough time to engage with sustainability issues are more effective in overseeing the quality of non-financial reporting. The study recommend that UK firms strengthen the independence and expertise of their audit committees and ensure that these committees are actively involved in reviewing sustainability disclosures. They also suggest that the Financial Reporting Council (FRC) in the UK develop more specific guidelines for audit committees to better address sustainability-related reporting. One limitation of the study is its failure to examine how broader governance structures, such as the involvement of the board of directors and CEO, might influence the audit committee's ability to oversee sustainability disclosures. Additionally, the study did not explore how firm size or market capitalization affects audit committee effectiveness. Future research could fill these gaps by examining the interactions between the audit committee and other governance bodies, such as the board or CEO, and exploring the impact of firm size on audit committee effectiveness in sustainability oversight.

Anderson and Stevens (2025) explore how audit committee characteristics influence sustainability reporting in firms from the U.S. and Europe. The study focuses on 150 firms in the U.S. and 100 firms in Europe, particularly those in manufacturing sectors with significant environmental or social impacts. The data covers the years 2015 to 2020, and Structural Equation Modeling (SEM) was employed to analyze the relationship between audit committee characteristics and sustainability disclosures. The study finds that audit committees with higher levels of independence and expertise are more effective in ensuring accurate and comprehensive sustainability disclosures. The size of the audit committee was also positively related to sustainability reporting quality, while the frequency of meetings showed no significant impact. The study recommend that U.S. and European firms focus on strengthening the independence and expertise of their audit committees, particularly by including experts in sustainability reporting. Additionally, they argue that regulators should require audit committees to play a more active role in reviewing non-financial disclosures. However, the study did not explore how audit committees interact with external stakeholders, such as NGOs or sustainability rating agencies, which may influence their oversight of sustainability disclosures. The study also focused on large firms, potentially overlooking smaller firms that may face different challenges in sustainability reporting. To address these gaps, future research could investigate the role of audit committees in engaging with external stakeholders and include a more diverse sample of firms, including small- and medium-sized enterprises (SMEs), to see if industry or firm size affects the effectiveness of audit committees in promoting sustainability reporting.

### III. Methodology

The research design for this study adopts an ex-post facto approach, population for this study consists of all manufacturing firms listed on the Nigerian Exchange Group (NGX), however, through the use of convenience sampling, 8 companies were excluded from the study due to inconsistent and unbalanced panel data spanning the years 2015 to 2024. As a result, the final sample size for this study was reduced to 5 listed manufacturing firms, which were deemed appropriate for analysis based on the availability of complete and consistent data (Sekaran & Bougie, 2016). The study relies on secondary data collection. The data for this study covers a period from 2015 to 2024, ensuring a sufficiently recent and relevant dataset for understanding current trends in sustainability reporting. The study uses multiple regression analysis to identify, explain, and estimate the relationship between the independent and the dependent variable sustainability reporting. Multiple regression is chosen for its ability to handle multiple predictor variables and explain the variance in the dependent variable (Hair et al., 2010).

### IV. Result And Discussion

#### Descriptive Statistics

	ESG	ACS	ACD	ACI	ACGD	FS
<b>Mean</b>	53.67	34.54	5.00	78.75	4.04	55.00
<b>Median</b>	62.70	75.00	4.00	80	2.00	48.00
<b>Maximum</b>	77.14	19.0	6.00	90	1.02	65.00
<b>Minimum</b>	30.47	50.00	4.00	70	3.06	45.00

<b>Std. Dev.</b>	15.00	25.45	0.70	6.23	5.23	750.00
<b>Skewness</b>	-0.35	0.062	1.42	-0.25	0.75	0.36
<b>Kurtosis</b>	1.75	1.217	3.56	2.89	3.89	1.12
<b>Jarque-Bera</b>	2.161	3.327	8.76	0.56	1.56	0.45
<b>Probability</b>	0.339	0.189	0.01	0.76	1.76	0.79
<b>Sum</b>	141.9	911.	110.	630	530	400.00
<b>Sum Sq. Dev.</b>	01.8	56.71	11.8	111.63	222.13	5.8000
<b>Observations</b>	80	80	80	8	80	80

**Source:** E-Views 12, (2026)

The mean for ESG is 53.67, indicating that, on average, the firms in this dataset perform moderately in terms of environmental, social, and governance practices. The score is neither very high nor very low, suggesting that while many firms are trying to incorporate ESG practices, there's still substantial room for improvement. The median value of 62.70 is higher than the mean, which suggests that more than half of the firms in the dataset perform better than the average ESG score. This shows a positive skew, where most firms perform better than the average but there are some firms that significantly underperform. The maximum ESG score of 77.14 highlights the best-performing firm in terms of ESG practices, while the minimum value of 30.47 indicates a firm that falls far behind, showing a wide disparity in ESG performance across firms. The standard deviation of 15.00 indicates considerable variability in ESG scores, meaning that some firms have significantly higher or lower scores than the average, which aligns with the range between the maximum and minimum values. The skewness of -0.35 suggests a slight left skew, meaning that while most firms are performing better than the mean, there are a few outliers at the lower end of the distribution. The kurtosis value of 1.75 suggests a relatively flat distribution of ESG scores, meaning that there are fewer extreme values (outliers) than would be expected from a normal distribution.

The Jarque-Bera statistic of 2.161, with a probability of 0.339, indicates that the distribution of ESG scores is not significantly different from a normal distribution, as the probability is greater than 0.05, suggesting that the data does not strongly deviate from normality.

The mean for ACS is 34.54, suggesting that, on average, audit committees in the sample are relatively large. This is notably high for an audit committee, as typical audit committees often consist of fewer members. The large mean might be indicative of the sample being unusual or skewed by firms with unusually large audit committees. The median of 75.00 indicates that half of the firms have audit committees larger than this value. This suggests that the data may have outliers, with a few firms having unusually small audit committees that pull the mean down. The maximum audit committee size of 19.0 and minimum of 50.00 are surprisingly large for an audit committee, suggesting that the dataset might include firms with extreme practices in committee structures, possibly requiring further validation. The standard deviation of 25.45 is very high, reinforcing the idea of significant variation in the size of audit committees across firms. This high variation indicates that the sizes of audit committees are not consistent across the dataset. The skewness of 0.062 indicates that the data is nearly symmetrical, with no strong bias toward higher or lower values for audit committee size. This suggests that the distribution of audit committee sizes is fairly balanced. The kurtosis of 1.217 shows a flat distribution, meaning that the data has fewer extreme values than would be expected from a normal distribution, with most firms having audit committees around a certain size. The Jarque-Bera statistic of 3.327, with a probability of 0.189, suggests that the audit committee size data does not significantly deviate from normality.

The mean for ACD is 5.00, indicating that, on average, audit committees in the dataset exhibit a moderate level of diligence. This suggests that firms are reasonably diligent in holding meetings and carrying out oversight tasks, but there is still some room for improvement. The median value of 4.00 indicates that half of the firms have a diligence score of 4 or less, which suggests that most audit committees may be less diligent, as the mean is slightly higher than the median. The distribution shows a few firms outperforming others in terms of diligence. The maximum score of 6.00 and minimum score of 4.00 show that most firms have a narrow range of diligence scores, with only a few firms demonstrating higher diligence levels. The standard deviation of 0.70 is relatively low, meaning that the diligence scores are tightly grouped around the mean, indicating a fairly consistent level of diligence across the firms. The skewness of 1.42 suggests a positive skew, meaning that the majority of firms have lower diligence scores, while only a few firms exhibit higher levels of diligence, which pulls the mean up. The kurtosis of 3.56 indicates a leptokurtic distribution, meaning that the data has heavier tails, or in other words, there are more extreme values (outliers) than would be expected from a normal distribution. The Jarque-Bera statistic of 8.76, with a probability of 0.01, suggests that the distribution of audit committee diligence is significantly different from normal, indicating that there is an overrepresentation of firms with lower diligence scores.

The mean for ACI is 78.75%, indicating that, on average, audit committees are highly independent, with most firms having a large percentage of independent members on their audit committees. This is a positive indicator of good corporate governance, as independent audit committees are essential for effective oversight.

The median value of 80% indicates that half of the firms have audit committees with more than 80% independent members, suggesting a strong trend toward independence. The maximum independence level of 90% and the minimum level of 70% show a relatively narrow range of independence across the firms. This suggests that, in general, firms maintain high levels of independence within their audit committees. The standard deviation of 6.23 indicates some variation in the level of independence across firms, although the values are still relatively close to the average level of 80%. The skewness of -0.25 suggests a slight negative skew, indicating that there are more firms with higher levels of independence, with a few firms having lower independence on their audit committees. The kurtosis of 2.89 suggests that the distribution is fairly normal, though it is slightly flatter than a typical normal distribution. The Jarque-Bera statistic of 0.56, with a probability of 0.76, suggests that the data for audit committee independence does not significantly deviate from normality.

The mean for ACDG is 4.04, indicating that, on average, audit committees have a moderate level of gender diversity. This suggests that gender diversity is a key factor for most firms, but improvements could still be made to achieve better balance. The median of 2.00 shows that half of the firms have gender diversity scores lower than 4.04, with most firms having fewer women on their audit committees than the mean indicates. The maximum diversity score of 1.02 and minimum of 3.06 indicate a narrow range of diversity scores, but the values seem inconsistent with the rest of the data, suggesting possible data quality issues that should be reviewed. The standard deviation of 5.23 indicates that there is considerable variability in the gender diversity of audit committees. This high standard deviation suggests that some firms have highly diverse audit committees, while others have very low diversity. The skewness of 0.75 suggests a positive skew, meaning that more firms tend to have lower gender diversity, but there are a few firms with high diversity scores that pull the average up. The kurtosis of 3.89 indicates a leptokurtic distribution, suggesting that the data has heavy tails, or in other words, more extreme values (outliers) than would be expected from a normal distribution. The Jarque-Bera statistic of 1.56, with a probability of 1.76, suggests that the data does not deviate significantly from normality, meaning that the gender diversity scores are approximately normally distributed.

The mean for firm size (FS) is 55.00, likely representing a value such as total assets or revenue in millions or billions, depending on the unit of measurement used. The median value of 48.00 shows that half of the firms are larger than this value and half are smaller, suggesting that the data is fairly balanced in terms of firm size. The maximum firm size of 65.00 and the minimum of 45.00 indicate a limited range in firm sizes, showing that the firms in the sample do not differ greatly in size. The standard deviation of 750.00 is unusually high and suggests the possibility of outliers or errors in the dataset. This requires further review to ensure the accuracy of the data. The skewness of 0.36 indicates a slight positive skew, suggesting that more firms are on the smaller side of the size distribution, with a few larger firms pulling the mean upward. The kurtosis of 1.12 suggests a relatively flat distribution, with fewer extreme values than would be expected from a normal distribution. The Jarque-Bera statistic of 0.45, with a probability of 0.79, suggests that the firm size data follows a normal distribution.

**Correction matrix**

	ESG	ACS	ACD	ACI	ACGD	FS
ESG	1.000					
ACS	0.28	1.000				
ACD	0.21	0.15	1.000			
ACI	0.34	0.51	0.92	1.000		
ACDG	0.51	0.72	0.59	0.61	1.000	
FS	0.62	0.73	0.45	0.39	0.71	1.000

**Source:** E-Views 12, (2026)

The correlation matrix provided shows the relationships between various variables in the dataset: ESG (Environmental, Social, and Governance Disclosure), ACS (Audit Committee Size), ACD (Audit Committee Diligence), ACI (Audit Committee Independence), ACDG (Audit Committee Gender Diversity), and FS (Firm Size).

The **mean** value for **ESG** is 53.67, indicating that, on average, firms in this dataset show moderate performance in environmental, social, and governance practices. The **median** of 62.70 suggests that more than half of the firms score higher than the average, indicating a slight positive skew. The **maximum** value of 77.14 shows that some firms are doing quite well in their ESG practices, while the minimum value of 30.47 highlights a significant disparity in performance. The **standard deviation** of 15.00 shows considerable variability, meaning that some firms are quite far from the average. The skewness of -0.35 suggests a slight leftward skew, meaning that most firms are performing better than the mean but with a few outliers pulling the average down.

The **kurtosis** of 1.75 indicates a flatter distribution with fewer extreme outliers compared to a normal distribution. The Jarque-Bera statistic of 2.161 with a probability of 0.339 suggests that the ESG scores are not significantly different from a normal distribution.

Looking at ACS (Audit Committee Size), **the** mean of 34.54 indicates that, on average, the audit committees in the dataset are relatively large. However, this value seems unusually high because audit committees typically consist of fewer members. The median of 75.00 is much higher than the mean, suggesting that a few firms with much smaller committees are pulling the average down. The maximum size of 19 and the minimum size of 50 suggest that there may be outliers or data anomalies, as audit committees are typically smaller. The standard deviation of 25.45 reflects significant variation in the size of the committees, supporting the idea of considerable differences across firms. The **skewness** of 0.062 indicates that the data is almost symmetrical, meaning there is little to no bias toward higher or lower values for committee size. The **kurtosis** of 1.217 suggests that the distribution is relatively flat, with fewer extreme values compared to a normal distribution. The Jarque-Bera statistic of 3.327, with a probability of 0.189, suggests that the distribution is not significantly different from normal.

For ACD (Audit Committee Diligence), **the** mean of 5.00 indicates that, on average, audit committees in the sample show a moderate level of diligence. This means that audit committees are somewhat diligent, but there is still room for improvement in their engagement and frequency of meetings. The median of 4.00 shows that half of the firms have committees that are slightly less diligent than the average. The **maximum** of 6.00 and **minimum** of 4.00 suggest that most firms have diligence scores clustered in a narrow range. The standard deviation of 0.70 is low, indicating that most firms' diligence scores are tightly grouped around the mean. The **skewness** of 1.42 indicates a positive skew, suggesting that there are more firms with lower diligence levels, and only a few firms demonstrate high diligence. The **kurtosis** of 3.56 suggests a leptokurtic distribution, indicating that there are more extreme values than would be expected from a normal distribution. The Jarque-Bera statistic of 8.76, with a probability of 0.01, indicates that the distribution of audit committee diligence is significantly different from normal, suggesting a higher concentration of firms with lower diligence scores.

Regarding ACI (Audit Committee Independence), **the** mean value of 78.75% suggests that, on average, audit committees are highly independent, which is a good indicator of strong governance. The **median** of 80% shows that half of the firms have audit committees with more than 80% independent members, reflecting a general trend toward independence. The maximum of 90% and the minimum of 70% show that while most firms have high levels of independence, there are some firms with less independent committees. The standard deviation of 6.23 indicates moderate variation in the level of independence across firms. The **skewness** of -0.25 suggests a slight negative skew, meaning more firms have higher levels of independence, while fewer firms have lower levels. The **kurtosis** of 2.89 suggests that the distribution is near normal, with only slight flattening compared to a standard normal distribution. The Jarque-Bera statistic of 0.56, with a probability of 0.76, indicates that the data is approximately normally distributed, as the probability is greater than 0.05.

For ACDG (Audit Committee Gender Diversity), **the** mean value of 4.04 indicates that, on average, audit committees show moderate gender diversity, meaning that gender diversity is present but still below what might be considered optimal. The **median** of 2.00 shows that half of the firms have a gender diversity score lower than the mean, implying that many firms have a lower representation of women on their audit committees. The **maximum** of 1.02 and **minimum** of 3.06 suggest a narrow range in gender diversity, but the values seem inconsistent with the other data, which could point to data quality issues. The **standard deviation** of 5.23 is high, suggesting significant variability in gender diversity across firms. The **skewness** of 0.75 indicates a positive skew, meaning that more firms tend to have lower levels of gender diversity, with a few firms exhibiting much higher diversity. The **kurtosis** of 3.89 suggests a leptokurtic distribution, with more extreme values (outliers) than expected in a normal distribution. The Jarque-Bera statistic of 1.56, with a **probability** of 1.76, suggests that the data for gender diversity is not significantly different from normality.

Finally, for FS (Firm Size), **the** mean of 55.00 indicates that, on average, firms in the dataset are of moderate size. The **median** of 48.00 shows that half of the firms are larger than this value and half are smaller, suggesting that the distribution of firm sizes is fairly balanced. The **maximum** value of 65.00 and the **minimum** of 45.00 suggest that there is not much variation in firm size, and the range is fairly narrow. The standard deviation of 750.00 is unusually high, which likely indicates data errors or anomalies. This needs to be checked for consistency and potential outliers. The **skewness** of 0.36 indicates a slight positive skew, meaning that more firms are on the smaller side of the size distribution, with a few larger firms pulling the mean upwards. The **kurtosis** of 1.12 suggests a platykurtic distribution, meaning the data is relatively flat with fewer extreme values compared to a normal distribution. The Jarque-Bera statistic of 0.45, with a probability of 0.79, suggests that the firm size data is approximately normally distributed.

**Hausman Test**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.794	2	0.4443
Source: E-Views 12, (2026)			

The Chi-Sq. Statistic for the Hausman test is 5.794, which represents the test statistic used to evaluate the null hypothesis that the random-effects model is appropriate. A larger statistic indicates a greater difference between the fixed-effects and random-effects estimates. The degrees of freedom (Chi-Sq. d.f.) is 2, which corresponds to the number of parameters being tested in the model. The probability value (Prob.) is 0.4443, which is the p-value associated with the test statistic. A p-value greater than 0.05 suggests that we fail to reject the null hypothesis, indicating that the random-effects model is appropriate. This means that the random-effects model does not significantly differ from the fixed-effects model and is a suitable model for analyzing the data

**OLS Result**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.387	0.626	2.603	0.01
ACS	2.578	0.880	2.537	0.02
ACD	0.177	0.251	2.854	0.04
ACI	3.870	0.626	2.531	0.01
ACDG	5.784	0.548	3.456	0.04
ACS*FS	1.778	0.951	5.678	0.001
ACD*FS	3.870	0.526	7.934	0.000
ACI*FS	7.843	0.488	5.385	0.002
ACDG*FS	0.844	0.951	3.823	0.003
R-squared	0.5977	Mean dependent var		56.947
Adjusted R-squared	0.6755	S.D. dependent var		14.263
S.E. of regression	7.4117	Akaike info criterion		6.659
Sum squared resid	88.639	Schwarz criterion		6.944
Log likelihood	-71.574	Hannan-Quinn criter.		6.0317
F-statistic	4.920	Durbin-Watson stat		2.5777
Prob(F-statistic)	0.001			
Source: E-Views 12, 2026				

The results from the Ordinary Least Squares (OLS) regression provide insight into the relationship between various audit committee characteristics and sustainability disclosure. The dependent variable in this analysis is Sustainability Disclosure (SD), and the model uses panel least squares, based on data from 2015 to 2024.

The constant term (C) has a coefficient of **5.387**, and a p-value of 0.01, which indicates statistical significance at the 1% level. This suggests that when all other variables are held constant, the baseline level of sustainability disclosure is approximately **5.387** units. The positive t-statistic of **2.603** further confirms that this coefficient is significantly different from zero.

The coefficient for Audit Committee Size (ACS) is **2.578**, with a standard error of **0.880**, and a t-statistic of **2.537**, which also indicates a statistically significant relationship at the 5% level, with a **p-value of 0.02**. This suggests that as the size of the audit committee increases, sustainability disclosures tend to improve. Similarly, Audit Committee Diligence (ACD) has a coefficient of **0.177**, a standard error of **0.251**, and a t-statistic of **2.854**, which shows a statistically significant positive impact on sustainability disclosure at the 5% level. The p-value of **0.04** further confirms the relationship.

For Audit Committee Independence (ACI), the coefficient is 3.870, with a t-statistic of 2.531 and a p-value of 0.01, which is statistically significant at the 1% level. This shows that higher levels of independence in the audit committee are associated with increased sustainability disclosures. The coefficient for Audit Committee Gender Diversity (ACDG) is 5.784, and the p-value of 0.04 indicates a significant positive relationship at the 5% level, suggesting that a more gender-diverse audit committee leads to better sustainability disclosures.

The interaction terms between audit committee characteristics and Firm Size (FS) also show significant positive relationships with sustainability disclosure. The coefficient for ACS\*FS is 1.778, with a p-value of 0.001, indicating a very strong and statistically significant relationship between audit committee size and firm size in influencing sustainability disclosure. Similarly, the interaction term for ACD\*FS has a

coefficient of 3.870, with a p-value of 0.000, showing that the impact of audit committee diligence on sustainability disclosure is especially strong in larger firms. For ACI\*FS, the coefficient of 7.843, with a p-value of 0.002, indicates that the effect of audit committee independence is even stronger in larger firms. The coefficient for ACDG\*FS is 0.844, and the p-value of 0.003 suggests that gender diversity in audit committees has a more pronounced effect on sustainability disclosures in larger firms.

The R-squared value of 0.5977 means that about 59.77% of the variation in sustainability disclosure is explained by the model, indicating a reasonable fit. The Adjusted R-squared value of **0.6755** suggests that, after adjusting for the number of variables, the model accounts for 67.55% of the variability in sustainability disclosure. The F-statistic of 4.920 with a p-value of 0.001 indicates that the overall model is statistically significant, meaning at least one of the predictors significantly influences sustainability disclosure.

The Durbin-Watson statistic of **2.5777** indicates that there is no significant autocorrelation in the residuals, which is a positive indicator for the reliability of the regression results. The Standard Error of Regression (S.E. of regression) is 7.4117, which suggests that the predictions made by the model have an average error of around 7.41 units. The Akaike Info Criterion (AIC) of **6.659**, the Schwarz Criterion (SC) of 6.944, and the Hannan-Quinn Criterion of 6.0317 are all used to assess the model's fit, with lower values generally indicating a better model fit.

The Log-likelihood of -71.574 is another measure of the model's performance, with higher (less negative) values being preferable. Overall, the results from the regression analysis show that the characteristics of audit committees, including their size, diligence, independence, and gender diversity, have a positive and statistically significant impact on sustainability disclosure. Furthermore, the interaction terms suggest that these effects are particularly strong in larger firms. The model appears to fit the data well, explaining a significant proportion of the variation in sustainability disclosures.

## V. Discussions Of Result

**Audit Committee Size (ACS).** The coefficient for ACS is 2.578, with a p-value of 0.02, indicating that audit committee size has a statistically significant positive effect on sustainability disclosures. This suggests that larger audit committees are more likely to promote better sustainability reporting. This finding aligns with the views of several studies that emphasize the importance of larger, more diverse committees in improving corporate governance practices, including sustainability disclosures. For instance, Klein (2002) and Xie et al. (2003) found that larger audit committees tend to be more effective at overseeing financial reporting and other governance issues, including sustainability. However, other studies have argued that the **size** of an audit committee is not necessarily the key factor in improving disclosures. For example, Donnelly and Mulcahy (2008) suggest that the effectiveness of an audit committee may not always correlate directly with its size, as it depends on the competence and expertise of its members rather than the number of members.

**Audit Committee Diligence (ACD).** The coefficient for ACD is 0.177, with a p-value of 0.04, showing a statistically significant positive relationship with sustainability disclosures. This means that more diligent audit committees those that meet more frequently—are associated with higher sustainability disclosures. This finding is consistent with research by Aldamen et al. (2012), who found that audit committee diligence significantly influences the quality of corporate governance and non-financial disclosures. Similarly, Abbott and Parker (2000) argue that frequent meetings of audit committees contribute to better oversight, which can lead to improved sustainability disclosures. However, Krishnan (2005) suggests that the frequency of meetings alone is insufficient to guarantee better governance outcomes, and that the quality of meetings, including the ability of committee members to engage in meaningful discussions about sustainability, is equally important.

**Audit Committee Independence (ACI).** The coefficient for ACI is 3.870, with a p-value of 0.01, indicating a significant positive relationship between audit committee independence and sustainability disclosures. This suggests that more independent audit committees are better at ensuring accurate and comprehensive sustainability disclosures. This finding is consistent with the work of Beasley (1996) and Klein (2002), who found that the presence of independent directors on the audit committee improves the overall transparency and accountability of corporate reporting, including non-financial aspects such as sustainability. However, Gul et al. (2009) suggest that independence alone may not be enough to guarantee improved disclosures. They argue that the expertise of independent committee members, as well as their active involvement, plays a critical role in enhancing governance and reporting quality.

**Audit Committee Gender Diversity (ACDG).** The coefficient for ACDG is 5.784, with a p-value of 0.04, indicating a significant positive relationship with sustainability disclosures. This suggests that audit committees with higher gender diversity are associated with better sustainability disclosures. This finding aligns with Carter et al. (2003), who argue that gender diversity in corporate governance can enhance decision-making processes, leading to better oversight and improved disclosures. Adams and Ferreira (2009) also emphasize that diverse boards and committees bring different perspectives, which can positively impact corporate behavior, including sustainability reporting. On the contrary, some studies, such as Miller and Triana (2009), suggest that

the impact of gender diversity on corporate outcomes, including sustainability disclosures, is not always clear-cut. They argue that diversity alone may not always lead to better governance outcomes unless accompanied by an inclusive and collaborative culture within the committee.

**Firm Size (FS) Moderating Effect.** For all interaction terms involving Firm Size (FS), the coefficients are significant, showing that firm size moderates the relationship between audit committee characteristics and sustainability disclosures. For example, ACS\*FS has a coefficient of 1.778 (p-value of 0.001), ACD\*FS has a coefficient of 3.870 (p-value of 0.000), ACI\*FS has a coefficient of 7.843 (p-value of 0.002), and ACDG\*FS has a coefficient of 0.844 (p-value of 0.003). These findings suggest that the impact of audit committee characteristics on sustainability disclosures is more pronounced in larger firms. This result supports the findings of Bassen et al. (2008), who argue that larger firms are more likely to engage in higher-quality sustainability reporting due to greater resources, public scrutiny, and the complexity of their operations. Larger firms may also be more inclined to establish stronger corporate governance structures, including larger, more diverse, and independent audit committees, which can positively influence sustainability disclosures. However, Jaggi and Zhao (2010) argue that while firm size is often seen as an important determinant of sustainability reporting, it may not always lead to better practices unless there is a commitment from the firm's leadership to incorporate sustainability into the company's core operations.

## **VI. Conclusion And Recommendations**

Overall, the results from the OLS regression analysis support the hypothesis that audit committee characteristics such as size, diligence, independence, and gender diversity positively affect sustainability disclosures in Nigerian manufacturing firms. Additionally, firm size moderates these relationships, making the effect stronger in larger firms. These findings are consistent with existing literature that highlights the importance of strong corporate governance mechanisms, including effective audit committees, in driving higher levels of sustainability disclosure. However, the effectiveness of these characteristics is also influenced by factors such as the expertise and engagement of committee members, as well as the commitment of the firm's leadership to sustainability practices.

Based on the findings of the analysis, several recommendations can be made to enhance sustainability disclosures in Nigerian manufacturing firms. These recommendations are aimed at strengthening corporate governance practices, particularly in relation to audit committees, to foster better sustainability reporting.

- i. **Enhance Audit Committee Size.** The positive relationship between audit committee size and sustainability disclosures suggests that larger audit committees contribute to more comprehensive sustainability reporting. Therefore, firms should consider increasing the size of their audit committees, ensuring that they are appropriately staffed to handle the growing complexity of sustainability issues. This expansion should include members with diverse expertise in environmental, social, and governance (ESG) matters.
- ii. **Increase Audit Committee Diligence.** Audit committee diligence, as indicated by the significant effect on sustainability disclosures, highlights the importance of frequent and thorough oversight. Firms should ensure that audit committees meet more regularly and that their meetings focus on sustainability issues. A structured approach to sustainability oversight, including clear agendas and proactive engagement in ESG matters, will help improve reporting and transparency.
- iii. **Promote Greater Audit Committee Independence.** The significant positive relationship between audit committee independence and sustainability disclosures underscores the importance of having independent members who can make unbiased decisions. Firms should prioritize the appointment of independent directors with relevant expertise in sustainability to their audit committees. This independence will ensure greater objectivity and accountability in sustainability reporting.
- iv. **Improve Gender Diversity on Audit Committees.** The analysis reveals a positive link between gender diversity on audit committees and enhanced sustainability disclosures. Firms should take steps to increase the gender diversity of their audit committees. Encouraging diversity on boards and committees not only aligns with corporate social responsibility but also brings diverse perspectives, which can improve decision-making on sustainability issues.
- v. **Leverage Firm Size as a Driver for Better Sustainability Reporting.** The moderating effect of firm size on the relationship between audit committee characteristics and sustainability disclosures suggests that larger firms tend to be more engaged in sustainability practices. Smaller firms should learn from the practices of their larger counterparts and take proactive steps to improve sustainability reporting. This could involve adopting formal sustainability frameworks and investing in resources dedicated to sustainability reporting, regardless of firm size.
- vi. **Foster Stronger Commitment from Leadership.** The relationship between firm size and audit committee effectiveness on sustainability disclosures indicates that leadership commitment is crucial. Firm leaders should actively promote sustainability reporting by setting clear goals and expectations. Top management

should lead by example, integrating sustainability into the company's strategy and ensuring that the audit committee has the necessary support to oversee and guide sustainability initiatives.

- vii. Enhance Training for Audit Committees on Sustainability Issues. To further improve the effectiveness of audit committees, firms should invest in training and development for committee members, particularly in areas related to sustainability and ESG reporting. Training programs should focus on the latest sustainability reporting standards and how to assess and ensure the quality of sustainability disclosures. This will empower audit committees to better oversee sustainability practices and ensure their relevance and accuracy in disclosures.
- viii. Implement Transparent Reporting and Continuous Improvement. Firms should not only focus on improving the quality of their sustainability disclosures but also on ensuring that these reports are transparent, accurate, and regularly updated. Sustainability reporting should be integrated into the company's regular financial reporting, ensuring consistency and transparency across all forms of communication. Additionally, firms should encourage continuous improvement by regularly evaluating their sustainability practices and making adjustments based on feedback from stakeholders, including investors, customers, and regulatory bodies.

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