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AUDIT COMMITTEE ATTRIBUTES AND ENVIRONMENTAL DISCLOSURE PRACTICES: EVIDENCE FROM LISTED NIGERIA INDUSTRIAL GOODS FIRMS

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Abstract

In Nigeria's industrial goods sector, environmental disclosures are essential for promoting corporate transparency and addressing stakeholders concern about sustainability. Audit committees as part of corporate governance structures are expected to influence the quality and constituency of these disclosures. This study examined the effect of audit committee attributes on environmental disclosure practices of Nigerian listed industrial goods firms. The population of the study consists of the 13 industrial goods firms listed on the Nigeria Exchange Group (NGX) out of which 11 were purposively selected as the sample size based on availability of data. The study periods covered year 2011 to 2022. Descriptive statistics, correlation and panel regression analysis were utilized to analyze the data gathered for this study. Findings from this study revealed that audit committee meeting and audit committee size does not have any statistically significant effect on environmental disclosures (EVD) whereas audit committee independence (ACI) was found to have a significant positive effect on EVD evidenced with coefficient of 17.608. This implies that only ACI was found to have a notable impact on EVD. The study concludes that audit committees' attributes in terms of audit independence can improve the disclosure of environmental practices. Thus, this study recommends that firms should ensure that audit committees (AC) should comprise entirely of independent members who do not have any financial or personal ties to management. Firms should also provide AC with specialized training in environmental issues and reporting standards.

Keywords: Audit Committee Meeting, Audit Committee Size, Audit Committee Independence, Environmental Disclosures

JEL Code: M40, M42

INTRODUCTION

Environmental disclosure (EVD) in industrial firms has gained attention as stakeholders demand more transparency regarding the environmental impact of business operations. Industrial firms, due to the nature of their activities, are significant contributors to environmental issues such as pollution, resource depletion, and waste generation. Consequently, disclosing environmental information has become an essential part of corporate reporting, allowing firms to demonstrate their commitment to sustainability and regulatory compliance (Hahn & Kühnen, 2013). Olagunju

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et al. (2023) noted that over recent decades, industrial activities have contributed to significant ecological problems, exacerbated by human activities that deplete natural resources and cause pollution, pushing the environment to a critical point. For stakeholders to make informed decisions and evaluate performance effectively, companies need to disclose high-quality environmental data (Global Reporting Initiative, GRI, 2013). Organizations are expected to incessantly improve their financial performance while addressing environmental impacts (Muhammad et al., 2015). In addition to financial reporting for shareholders, companies must also provide comprehensive non-financial information (Thayaraj & Karunarathne, 2021).

Recently, Nigeria took significant steps to align with global standards in environmental disclosure and sustainability reporting. Regulatory bodies such as Financial Reporting Council of Nigeria (FRCN) and the Nigeria Exchange Group established guidelines that support sustainability reporting across industries by integrating global standards into Nigeria's financial reporting landscape (FRCN, 2023). Notably, Nigeria was the first African country to announce the early adoption of International Financial Reporting Standards (IFRS) sustainability disclosure standards. These standards, which became available in June 2023, include the IFRS S1 (for general sustainability related disclosures) and IFRS S2 (focused on climate-related disclosures). These standards create a unified global baseline for sustainability reporting, which help firms provide consistent, investor relevant information on sustainability risks and opportunities' (Olajide, 2023).

According to Uchenna et al. (2024), the audit committee (AC) is appointed by the board of directors to oversee the accounting and auditing processes of a company's financials, with its composition in Nigeria clearly outlined in the CAMA (2020), requiring at least one member to be a financial expert. As highlighted by Okeoghene and Edirin (2019), the AC is a key operating committee within the board, tasked with overseeing financial reporting. Syahri et al. (2024) noted that the AC is expected to closely monitor both financial and non-financial reporting practices to reduce information asymmetry between management and stakeholders. Agyei-Mensah (2019) emphasized that the AC must thoroughly carry out its supervisory duties to prevent manipulation of financial reports. Today, the broader role of the AC includes ensuring that companies are accountable for their long-term economic, social and environmental impacts on stakeholders (Kolk & Pinkse, 2010). AC attributes, such as its size, frequency of meeting, and financial proficiency, are critical in enhancing management oversight and minimizing actions detrimental to shareholders (Madi et al., 2014). Buallay and Aldhaen (2018) asserted that no other corporate governance committee is as focused on a company's governance as the AC. Olagunju et al. (2023) further highlighted that management often relies on advice from various committees, including the audit committee, when making decisions.

The Code of Corporate Governance (NCCG) in Nigeria emphasizes that taking sustainability as priority will improve long-term corporate performance and motivates businesses to behave responsibly as corporate citizens, which promotes economic growth (FRCN, 2018). While it is still optional for businesses to disclose how their operations affect the environment (Plumlee et al., 2015). FRCN (2023) report stated that by integrating global standards into Nigeria financial reporting landscape, Nigeria's listed firms are mandated to adopt the sustainability reporting standards voluntarily, but mandatory compliance will begin for some sectors starting from 2028. In other to prepare firms for the sustainability standards adoption with a structured roadmap in place for phased compliance through 2030, FRCN and Nigeria Exchange Group conducted

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educational initiatives such as webinars and stakeholders' engagements for firms in various sectors in year 2023 and 2024 (FRCN, 2024).

The influence of audit committee (AC) attributes on EVD has gained increasing attention as companies face growing pressure to enhance transparency in their sustainability practices. Effective environmental disclosure (EVD) is crucial for stakeholders seeking to evaluate a company's environmental impact and long-term sustainability. The AC, which oversees financial reporting and ensures compliance with corporate governance standards, plays a pivotal role in this process. Key attributes of the AC, such as its size, independence, expertise, and frequency of meetings, are often linked to the quality and comprehensiveness of environmental disclosures. Prior research such as the studies of Frias-Aceituno et al., (2013); Peters and Romi (2015) suggested that AC with more independent members and those with financial or sustainability expertise tend to enhance transparency and accountability in corporate environmental reporting. Additionally, regular committee meetings provide opportunities for better oversight and encourage detailed EVD practices (Khan et al., 2013).

Further, developing countries often face challenges due to a lack of stakeholder pressure and social expectations concerning environmental awareness (Ismail & Rahman, 2016). Where environmental accountability is not strongly demanded, audit committees may lack the motivation to prioritize environmental matters (such as recruiting members with specific expertise in EVD, environmental risk and compliances). Ozordi et al. (2018) opined that problem including air pollution, climate change, and hazardous waste have a negative impact on the sustainability of economies, especially in sub-Saharan Africa. Environmental pollution from industries has been linked to increased respiratory infections and chronic lung diseases, exacerbating climate change-related challenges (Nriagu et al., 2016). Governments, international organizations, and other stakeholders are increasingly concerned about global warming caused by environmental pollution (Kalu et al., 2016). With audit committees overseeing corporate governance, companies are expected to align with stakeholder expectations through sustainability reporting. Voluntary sustainability disclosures can enhance corporate reputation (Orazalin & Mahmood, 2018). Bicer and Feneir (2019) noted growing international recognition of the beneficial role AC can play in EVD.

Several research works have been found on AC attributes and sustainability reporting some of which are the studies of Adegboye et al. (2020), Afolabi et al. (2022), Al-shaer and Zaman (2018), Bicer and Feneir (2019), Ohidoa and Ojeaga (2023), Madi et al. (2014), Mohammadi *et al.* (2021) and Setiawan and Ridaryanto (2022) while few study such as the study of Olagunju et al. (2023) in the Nigeria content has been found to have reviewed the influence of audit committee attributes on environmental disclosures. This current study investigates the impact of audit committee traits on environmental disclosures in Nigerian industrial goods firms, given the paucity of previous research on the subject. The study examines the impact of audit committee features, which adds to the growing body of research on environmental disclosures. This article is distinct in that it examines the significance of the audit committee meeting, the independence of the audit committee, and the size of the audit committee in relation to its contribution to environmental disclosures. This study thus investigates in-depth, the impact of audit committee characteristics on environmental disclosures of quoted Nigerian industrial goods companies.

LITERATURE REVIEW

Audit Committee Attributes

The audit committee (AC) is tasked with overseeing management's adherence to sustainable reporting regulations (KPMG, 2016). According to Uchenna et al. (2024), the attributes and unique features of the audit committee are referred to as its characteristics. These include factors such as the composition of the committee, financial expertise, size, frequency of meetings, and independence. Other characteristics encompass gender diversity, religiosity, and financial literacy within the AC. Improving the quality of information revealed to all pertinent stakeholders is the main objective of the AC's oversight function (Mamman et al., 2021). Khlif and Samaha (2014) highlighted how important the AC is to meet investors' demands for thorough, transparent, and pertinent information. Furthermore, the AC serves as a governance instrument that improves voluntary disclosure, allowing for a precise evaluation of the actions and decisions of top management and balancing their interests with those of shareholders. This study used AC meetings, AC independence and AC size to proxy AC attributes.

Audit Committee Meeting

Audit committee members benefit from an attribute that allows them to monitor corporate activities more frequently and efficiently (Arif et al., 2020). Regular audit committee meetings can indicate heightened vigilance and oversight, which are often linked to improved quality and quantity of financial reporting (Chen et al., 2006). Liyanto and Anam (2019) highlighted that for the AC to effectively fulfill its supervisory role in the financial reporting process, consistent meetings are essential. Committees that meet more regularly are better positioned to perform their oversight duties effectively (Ohidoa & Ojeaga, 2023). Recently, there is disagreement over the optimal frequency of meetings; however, several professional audit companies, such as PricewaterhouseCoopers and KPMG (1999), recommended that audit committees meet three to four times a year at the very least.

Audit Committee Independence

Independence is regarded as a fundamental element of AC effectiveness, as it allows members to be more autonomous and freer from conflicts of interest when assessing a company's performance (Hamid et al., 2015). The ratio of non-executive members to other committee members is commonly used to calculate ACI (Kang & Kim, 2011). According to Baxter and Cotter (2009), ACI is essential for improving the committee's capacity to supervise the financial reporting procedure. Independent directors are thought of as highly skilled decision-makers with sound judgment (Abbott et al., 2004). According to Mohd et al. (2009), an AC is deemed more independent if it has a higher proportion of non-executive directors compared to executive directors.

Audit Committee Size

The number of individuals that make up an audit committee within a corporation is referred to as the audit committee size. The committee's efficacy in overseeing financial reporting, internal controls, and regulatory compliance can be significantly impacted by its size. A well-balanced committee size is crucial for facilitating productive discussions, decision-making, and oversight. A public company's AC must have three shareholders and two non-executive directors, with at least one member having membership in a Nigerian professional body, in accordance with the modified CAMA (2020). According to the FRCN (2018), the AC membership should correspond

with the board's size. Bicer and Feneir (2019) opined that an audit committee with a larger size typically possesses more legitimacy and authority, as well as a varied range of talents, experiences, and viewpoints. This helps the committee tackle potential challenges in the financial reporting process and accomplish tasks within the given timeframe. Such committees are better equipped to oversee sustainability report disclosures, mitigate information asymmetry, and address agency problems due to their varied expertise (Syahri et al., 2024). An optimal committee size is typically one that balances adequate representation and participation while avoiding logistical or management difficulties.

Environmental Disclosures

Environmental disclosures involve reporting a company's impact on the environment, its practices, and its performance in financial or sustainability reports. These disclosures offer stakeholders insight into how a company handles environmental risks and supports sustainability objectives. They generally cover aspects like resource use, waste management, emissions, and adherence to environmental regulations. Chang et al. (2017) noted that environmental reporting serves as a key tool for transparency, showcasing organizations' policies and strategies related to environmental activities, and demonstrating their accountability for their operational impacts. Stakeholders increasingly push companies to address environmental concerns such as greenhouse gas emissions and waste, as these issues affect both business operations and the broader environment (Braum et al., 2016).

Audit Committee Attributes and Environmental Disclosures

The characteristics of the AC have a big influence on the caliber and scope of EVD. Efficient reporting of a company's environmental performance and resolution of stakeholder issues are contingent upon various factors, including the committee's size, independence, and frequency of meetings. Anghel (2014) highlighted that the frequency of audit committee meetings is a key determinant of the committee's reliability and efficiency, noting that more frequent meetings enhance the likelihood of achieving organizational goals. Arif et al. (2020) found that increased meeting frequency improves adherence to GRI standards in ESG disclosures. Similarly, Beasley et al. (2000) confirmed that more frequent meetings are associated with higher quality financial statements.

The effectiveness of managing financial statements by the AC is significantly influenced by its independence (Adegboye et al., 2020). Independent directors are more likely to uphold stringent standards, even bringing in external experts and consultants when faced with complex issues. This proactive approach helps foster a strong ethical environment, which can enhance the firm's value (Kantudu & Samaila, 2015). Research by Al-Shaer and Age (2018), Adegboye et al. (2020), and Mohammadi et al. (2021) has demonstrated that ACI notably improves the quality of EVD.

Furthermore, a larger audit committee is probably going to provide a more varied range of experience, knowledge, and abilities, which can improve the committee's capacity to recognize and resolve possible problems in corporate reporting (Raimo et al., 2020). Research indicates that larger audit committees tend to be more effective, with increased expertise on the board leading to more extensive voluntary disclosures (Adegboye et al., 2020; Buallay et al., 2020). Madi et al. (2014) confirmed that a larger audit committee favorably influences corporate voluntary

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disclosure. However, some studies suggest that a larger committee may also slow down decision-making and complicate communication processes.

Theoretical Review

This study is anchored on legitimacy theory. This theory opined that when businesses are constrained by social contracts, they find it difficult to acquire societal legitimacy. Sociologist Suchman (1995) was the one who first proposed and developed legitimacy theory. Legitimacy theory states that in order for an organization to be legitimate, its actions must conform to societal norms. Businesses can show stakeholders that they are committed to environmental responsibility by disclosing information about their environmental practices (Suchman, 1995). An independent AC is crucial for the legitimacy of environmental disclosures. Independence ensures that the AC can objectively oversee the company's environmental reporting processes without undue influence from management. This objectivity enhances the credibility of the disclosures and aligns with societal expectations for transparency and accountability (Deegan, 2002).

AC with members who possess financial or environmental expertise can better understand and evaluate complex environmental issues, leading to more thorough and accurate disclosures. This comprehensive reporting helps meet stakeholder demands for detailed and reliable information, thereby reinforcing the firm's legitimacy (Kolk & Pinkse, 2010). The frequency of AC meetings can reflect the board's commitment to overseeing and improving environmental reporting practices. Regular meetings facilitate ongoing scrutiny and updates of environmental disclosures, which helps address stakeholder concerns and maintain legitimacy by demonstrating proactive management of environmental issues (Peters & Romi, 2015). Critics note that legitimacy theory tends to overemphasize the importance of external stakeholders' perceptions and societal expectations, potentially neglecting internal organizational dynamics. It assumes that organizations primarily act to maintain external legitimacy, but other internal factors, such as leadership values or corporate culture, might also drive behavior (O'Donovan, 2002).

Empirical Review

Redita et al. (2024) investigated the influence of audit committee (AC) traits on environmental, social and governance (ESG) disclosures. The study period focused on year 2017 to 2021. Bloomberg were used to assess the selected Indonesia industries examined in this study. 67 Indonesia firms were sampled with 335 as the total observations. Fixed effect Panel data analysis was utilized as the data estimation method. The outcome of this findings disclosed that AC independence have a favorable noteworthy impact on ESG. AC meeting was found to have an adverse noteworthy effect on ESG. Whereas AC expertise and AC Size have no noteworthy effect on ESG.

The influence of AC and gender diversity on sustainability reporting (SR) of 23 Indonesia firms was studied by Syahri et al. (2024). The study time frame ranges from year 2019 to 2021. The data were sourced from the NCCR records. Multiple regression analysis was employed to analyzed the data collected for this study. Findings from the study disclosed that AC Size, AC meeting, AC expertise, AC gender diversity all have a notable effect on SR.

Olagunju et al. (2023) reviewed the influence of AC traits on corporate EVD of 70 quoted non-financial firms in Nigeria. The study period covered 2011 to 2020. Fixed effect and the feasible generalized least square method were used as data estimation tools. The discoveries from the study

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revealed that AC independent and AC gender diversity have a favorably and noteworthy effect on EVD. Whereas ACS and ACM have an insignificant effect on EVD.

Ohidoa and Ojeaga (2023) reviewed the connection between AC attributes and sustainability reporting (SR) of some selected Nigeria firms for a 9-year period ranging from year 2014 to year 2022. Panel regression estimation tools were utilized to analyzed the data collected for this research work. The outcome of the investigation revealed that ACS has an adverse and notable effect on SR, AC meeting and AC independence were found to have an adverse but non-significant influence on SR. AC directorship was found to have a noteworthy favorable influence on SR.

Afolabi et al. (2022) in their research on the nexus between AC traits and SR of quoted Nigeria firms, carried out on a study time frame of 2010 to 2019. Content analysis and secondary data were used to gather the data utilized for this review. The study outcome found out that AC size and AC independence have a favorable and noteworthy influence on SR. AC size and Auditors remuneration were found to have an adverse effect on SR.

Bicer and Feneir (2019) conducted a study on the influence of AC attributes and the level of environmental and social disclosures of quoted banks in Borsa Istanbul. Findings from the research revealed that no noteworthy relationship exists between AC traits EVD and social disclosures. They further stated that AC traits do not have any effect on any type of voluntary disclosure.

METHODOLOGY

This research utilized a causal research design, this research method was used because it helps to establish a cause-and-effect relationship between variables. The population of the study comprises of 13 industrial goods firms listed on the Nigeria Exchange Group (NGX). Out of these, only firms with complete data required for the study were selected. Using purposive sampling techniques, 11 firms from the total population were chosen for their complete data. The study's 12-year timeframe was from 2011 to 2022. Both descriptive and inferential statistics were utilized to examine the gathered data.

Model Specification

To empirically explore the relationship between audit committee attributes and environmental disclosure practices in Nigeria Industrial firms, the following econometric model was adapted and modified from the study of Adegboyega et al. (2020); Olagunju et al. (2023) and Redita et al. (2024).

$$EVD = f(ACM, ACI, ACS, FSI, LER) \dots \dots \dots (1)$$

$$EVD_{it} = \delta_0 + \delta_1 ACM_{it} + \delta_2 ACI_{it} + \delta_3 ACS_{it} + \delta_4 FSI_{it} + \delta_4 LER_{it} + \varepsilon \dots \dots \dots (2)$$

Where:

EVD = Environmental Disclosures

ACM= Audit Committee Meeting

ACI = Audit Committee Independence

ADS = Audit Committee Size

FSI = Firm Size

LER = Leverage

δ_0 - δ_4 = Parameters of the Regression Coefficient

ε = Error terms

Table 1: Measurement of Variables

S/N	VARIABLE	MEASUREMENT	SOURCE
DEPENDENT VARIABLE			
1.	Environmental Disclosures	A proportionate index score based on the GRI methodology indicates how much environmental information a corporation discloses.	Olagunju et al. (2023)
INDEPENDENT VARIABLE (Audit Committee Attributes)			
2.	Audit Committee Meeting	Total number of audit committee meetings in a fiscal year	Olagunju et al. (2023)
3.	Audit Committee Independence	Proportion of independent directors in the board	Bako (2024)
4.	Audit Committee Size	Total number of the audit Committee members.	Khoiriyah et al. (2022)
Control Variables			
5.	Firm Size	Natural log of the total asset of the firm	Redita et al. (2024), Olagunju et al. (2024)
6.	Leverage	The ratio of liability to equity	Redita et al. (2024), Adenle et al. (2023), Olagunju et al. (2024)

Source: Researcher's Compilation (2024)

RESULTS AND DISCUSSIONS

Table 2: Descriptive Statistics

	EVD	ACM	ACI	ACS	FSI	LER
Mean	0.6371	4.7197	0.5048	5.2593	7.1463	0.9413
Median	1	4	0.5	6	6.89	0.5477
Maximum	1	6	1	6	20.7187	7.2017
Minimum	0	4	0	3	-5.9892	0.0409
Stand Dev.	0.4819	0.8588	0.1219	0.9703	2.4119	1.3377
Skewness	-0.5678	0.5705	0.5063	-1.2768	0.4469	3.4640
Kurtosis	1.3236	1.6047	7.7050	3.6152	18.9276	14.5209
Observation	132	132	132	132	132	132

Source: Authors' Computation (2024)

The results from the descriptive statistics indicate that the EVD has an average value of 0.6371, a median of 1, a maxi. of 1, and a mini. of 0. As regards the independent variables, ACM, ACI and ACS exhibited mean, median, maxi., and min. values of (4.7197, 0.5048, 5.2593), (4,0.5,6), (6, 1, 6) and (4, 0, 3) respectively. The control variables FSI and LER have a mean, median, maxi. and mini. values of (7.1463, 0.9413), (6.89, 0.5477), (20.719, 7.2017), (-5.989, 0.0409) respectively. Control variable FAG has a mean, median, maxi and mini. values of (31.96, 36, 48, 5) respectively. EVD has a standard deviation value of 0.4819 whereas ACM, ACI and ACS have standard deviation values of (0.8588, 0.1219, 0.9703) correspondingly. FSI and LER have standard deviation values of (2.4119 and 1.3377) respectively. All variables in the study exhibited positive skewness, indicating right-skewed distributions except EVD and ACS. Furthermore, kurtosis analysis revealed that none of the variables displayed a platykurtic distribution; their kurtosis values exceeded three, except for EVD and ACM which had a value below three.

Correlation Analysis

Table 3: Correlation and test of Multi-collinearity

	EVD	ACM	ACI	ACS	FSI	LER	VIF	1/VIF
EVD	1.000							
ACM	0.1232	1.000					1.14	0.8780
ACI	-0.2187	-0.1919	1.000				1.22	0.8188
ACS	0.1133	0.0640	-0.3843	1.000			1.20	0.8312
FSI	-0.3722	-0.0271	0.0600	-0.2092	1.000		1.02	0.9782
LER	0.0259	0.3345	-0.1960	0.0389	-0.3470	1.000	1.13	0.8881

Source: Authors' Computation (2024)

The correlation analysis table's results discovered a weak positive connection between EVD and ACM, as indicated by a coefficient of 0.1232. Also, ACI exhibited a very weak negative correlation of -0.2187 with EVD. Furthermore, ACS and LER showed a positive connection with EVD (0.1133 and 0.0259), while FSI have a weak negative connection of -0.3722 with EVD. The table's VIF values, which span 1.02 to 1.22, attested to the absence of multi-collinearity among the factors that were being studied.

Table 4: Model Regression Diagnostic and Specification Test Results

Test	P-value	Remarks
F-test	0.0000	Pooled OLS is not recommended over panel regression.
Breusch pagan Heteroscedasticity test	0.569	There is no heteroscedasticity
Hausman Test	0.678	Random Effect is Preferred

Panel Regression Result

Hypothesis: H₀: Audit committee attributes does not have any significant effect on environmental disclosure practices of listed Nigeria industrial goods firms.

	Coefficient	Std. Error	T-Stat.	Prob.
C	0.5666	0.1641	3.45	0.001
ACM	0.00025	0.00267	0.10	0.923
ACI	17.608	8.4956	2.07	0.038
ACS	-0.00067	0.00214	-0.32	0.751
FSI	0.5017	0.1534	3.10	0.0019
LER	0.00031	0.00083	0.37	0.709
R-square	0.36			
Adj R-Squ.	0.31			
F-Statistics	52.06			
Prob>F	0.000			

Source: Researcher's Computation (2024)

The results from the hypothesis tests revealed that the R² value is 36%, indicating that 36% of the variation in EVD can be attributed to the AC attributes (ACM, ACI, ACS) of the sampled Nigerian Industrial goods firms, while the remaining 64% is influenced by unspecified factors. The analysis also shows an F-statistics of 52.06 with a p-value of 0.000, demonstrating the overall fitness of the model. The t-stat. for ACM is 0.10 with a p-value of 0.923, suggesting an insignificant association between ACM and the EVD of quoted Nigerian Industrial goods companies. Conversely, ACI was found to have a positive and noteworthy effect with EVD represented by t-stat and p-val. of (2.07) and (0.038) correspondingly. This infers that both ACI have a positive and significant connection with the EVD of the selected quoted industrial goods firms. However, ACS exhibited a negative non-significant connection with EVD (t-stat = -0.32, p-val.=0.751). Additionally, the control variable FSI have a substantial effect on EVD, as indicated by the t-statistic and p-value of (3.10, 0.0019) respectively. Whereas LER was found to have no significant effect with EVD (t-stat. = 0.37, p-val. = 0.709)

Discussion of Findings

The outcome of the data estimation revealed that audit committee attributes represented by ACI was found to have a positive significant effect on EVD whereas the other proxy of audit committee attributes such as ACM and ACS were found to have no significant effect on EVD. Independence of the audit committee has a strong propensity to influence the magnitude of a company's environmental practice disclosures, according to this study findings. This suggests audit committee independence have a great impact on environmental disclosures practices. The practical and economic implication of these findings is that independent audit committees are more likely to attract environmentally conscious investors, which will lead to lower cost of capital, improved stock performance and enhanced market valuation. This will also lead to transparency and accountability regarding EVD practices. This finding is also in line with legitimacy theory which states that firms seek to maintain their legitimacy and societal acceptance by aligning their practices with societal expectations. The finding was further supported by Chariri et al. (2017), who claimed that a larger audit committee will provide greater oversight because it will have the

knowledge and abilities the business needs. The ability to resolve issues with financial reporting and promote the disclosure of non-financial information, such as CSR disclosures in situations pertaining to sustainability report disclosures, increases with the number of audit committees (Buallay et al., 2020). The study of Afolabi et al. (2022); Al-Shaer and the Age (2018); Adegboye et al. (2020); Chariri et al., (2017); Mohammadi et al. (2021); Redita et al. (2024), Syahri et al. (2024), Olagunju et al. (2023) also found that ACI has a positive and notable impact on EVD whereas Aprianti et al. (2021); Bicer and Feneir (2019); Ohidoa and Ojeaga (2023) discovered that ACI have no significant effect on EVD.

ACM and ACS were found to have no statistical effect on EVD according to the regression result, this implies that the number of members in the AC and the number of times they hold meeting in every fiscal year does not have impact on EVD. This result is contrary to the study of Madi et al. (2014) which stated that ACS has a noteworthy positive impact on corporate voluntary disclosure in Malaysian companies. Adegboye et al. (2020) found that no significant connection exists between ACS and EVD. Khoiriyah et al. (2022) also support the discoveries of this study by stating that there is no notable correlation between the rate of ACM and environmental disclosures. The studies of Ohidoa and Ojeaga (2023), Syahri et al. (2024), Afolabi et al. (2022) found a negative notable influence on the connection between ACS and EVD whereas the studies of Redita et al. (2024), Olagunju et al. (2023), Bicer and Feneir (2019) found no significant effect on the connection between ACS and EVD in support of this study findings. Contrary to the results of this study, Syahri et al. (2024), Chariri et al., (2017) found a positive connection between ACM and EVD, Redita et al. (2024) discovered a negative impact of ACM on EVD. Olagunju et al. (2023), Ohidoa and Ojeaga (2023), Bicer and Feneir (2019) all found that ACM has no substantial effect on EVD.

CONCLUSION AND RECOMMENDATION

Environmental reporting serves as a key tool for transparency, showcasing organizations' policies and strategies related to environmental activities, and demonstrating their accountability for their operational impacts (Chang et al., 2017). The impact of audit committee attributes on environmental disclosures of listed industrial goods firms in Nigeria was examined in this study. The findings underscored that ACI have great impact on the disclosures of environmental practices of listed industrial goods firms in Nigeria whereas ACM and ACS were found to have no significant effect on EVD. Consequently, the study concludes that independent AC are more likely to ensure that firms comply with environmental regulations and reporting standards. Therefore, audit committee attributes specifically ACI have a noteworthy impact on EVD.

This study recommends that firms should ensure that audit committees (AC) comprise entirely of independent members who do not have any financial or personal ties to management. Firms should also provide AC with specialized training in environmental issues and reporting standards. This will equip them with the knowledge necessary to critically assess and oversee environmental disclosures.

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