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Corporate boards and sustainability reporting: do board committees matter?

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ABSTRACT
Corporate entities in Nigeria are preparing for mandatory sustainability reporting. To this end, the study examines the specific contributions of board sustainability and risk management committees to promoting the disclosure of sustainability reports among listed non-financial, environmentally sensitive companies in Nigeria. The study population consists of 61 listed non-financial, environmentally sensitive companies in Nigeria from 2014 to 2024, and a sample of 43 companies was selected for the study. Data were collected from the companies' annual reports and analyzed using regression techniques. The results of the study showed that the board sustainability committee has a negative and insignificant relationship with sustainability reporting, while the board risk management committee has a significant and negative relationship with sustainability reporting. Drawing on the study's findings, the study concludes that the presence of both the board sustainability and risk management committees reduces the level of sustainability reporting among the firms studied. Therefore, the study recommends that top management put in place a strict monitoring mechanism to ensure the strict implementation of committees' responsibilities.

Keywords
Mandatory Sustainability Reporting, Risk Management Committee, Sustainability Committee, Sustainability Reporting

1. Introduction

Reporting of business activities is aimed at providing relevant, material, and reliable information to meet stakeholders' information needs for decision-making. Reporting of business information is not limited to financial information only, but also includes non-financial information so that shareholders and other stakeholders who do not have an ownership stake in the business can have information to make better-informed decisions. Sustainability reporting is the disclosure of the economic, social, and environmental impacts of a business to relevant stakeholders. This means that sustainability reports provide information for business shareholders and the social and environmental stakeholders of the business.

Business shareholders are the owners of the business who contribute capital to its operations. They are interested in information about the financial performance of the business. The social stakeholders of a business include the employees, customers, suppliers, and the community in which the business operates. They are concerned about how well the business has kept to the social contract of protecting and promoting their interests and require the disclosure of the business's impacts on the social contract. The environmental business stakeholders are concerned with how business activities affect the natural endowments and resources in the environment. They require information on how good or bad business operations affect the conservation of natural resources in the environment where the business operates. Business environmental stakeholders include the host communities, environmental rights activists, and environmental regulatory agencies of the government.

In Nigeria, sustainability reporting is transitioning from voluntary reporting to mandatory reporting. The Financial Reporting Council of Nigeria has rolled out guidelines for the process of adopting mandatory sustainability reporting. This guideline clearly spells out the roadmap for the adoption of International Financial

Reporting Standards (IFRS) sustainability disclosures in Nigeria. From the accounting period beginning on or after 1 January 2028, it will become mandatory for all entities except government and government organizations to adopt the IFRS sustainability disclosure standards, FRC (2024). The roadmap stipulates that during the period before mandatory reporting commences, reporting entities are required to build capacity and get ready for mandatory adoption. This study advocates that part of the preparation for mandatory sustainability reporting is for companies to understand and identify factors that will promote the disclosure of sustainability reports. A significant contributor to corporate performance is the central role of the board of directors.

According to Deloitte (2018), the board of directors of reporting entities recognizes sustainability as an essential component of their stewardship and fiduciary role. They are key to implementing corporate governance regulations and leading reforms because they are the highest governing body in the decision-making process of companies (Pasko et al., 2022). This means that corporate boards can contribute to sustainability reporting by virtue of their strategic role in corporate operations. The activities of the board of directors are commonly performed through board committees. The OECD (2023) recommends specialised board committees to support the full board in performing oversight functions, including disclosure, audit, and risk management. Examples of the board committees include the audit committee, risk management committee, sustainability/Corporate Social Responsibility (CSR) committee, among others.

Corporate board committees have been used as a vehicle to promote and achieve corporate sustainability initiatives. Yahaya et al. (2022) noted that the objective of corporate board committees is to ensure that the interests of shareholders are prioritized and to satisfy the needs of other business stakeholders. In the same breath, Abdulwahab et al. (2023) argued that corporate board committees play a vital role in directing the firm on sustainability-related matters. For instance, the board sustainability committees often consist of internal members involved in a firm's management and external members, such as leaders from different disciplines (e.g., politics, media, ethics, and science). The committee members' skills, experience, and knowledge ensure that different sustainability perspectives are embedded in the reporting process (Liao et al., 2015). Such a committee typically assists in managing sustainability issues and facilitates the firm's interaction with stakeholders regarding sustainability (Peters & Romi, 2015).

Establishing a sustainability committee can contribute to developing and adopting standards for sustainable business practices and reviewing corporate performance against those standards (Mahmood et al., 2019). In addition, sustainability committees assess and monitor stakeholders' needs (Mallin et al., 2013; Ioannou & Serafeim, 2017), ensuring that sustainability reports include reliable information as required by stakeholders (Martínez-Ferrero & Garcia-Sánchez, 2018). In this regard, a report tailored to stakeholders' needs has higher information content since the sustainability committee may highlight the importance of sustainability issues within the firm (Adel et al., 2019). Hence, a sustainability committee's existence can be an important corporate governance mechanism for ensuring sustainability reporting.

The risk management committee is a governance support mechanism (Ngu & Amran, 2020) that establishes risk strategies, reviews risk reports, and provides enterprise risk management advice to board members (KPMG, 2001). According to Yanto and Hajawiyah (2022), the risk management committee is responsible for measuring and resolving the risks at a certain level of tolerance and is expected to increase disclosure, including through sustainability reporting. The risk management committee is a corporate governance tool consisting of directors who not only deal with traditional risk issues but also recognize the need for managing sustainability risks and opportunities (Ngu and Amran, 2020). Transparent disclosure of company reports is encouraged by the company's risk management. The existence of a risk management committee can enable companies to increase exposure, including disclosure of company risk. Companies with separate risk management committees aim to provide broad, valuable information for decision-makers, especially information related to company risks and anticipated changes. A separate risk management committee can increase the transparency of risk-related information (Tao & Hutchinson, 2013).

How then do board committees contribute to sustainability reporting among companies in Nigeria? Do corporate board committees matter as firms consider board attributes that will build their capacity towards seamless mandatory sustainability reporting in the near future? This study therefore provides empirical evidence from the non-financial high-impact environmental companies listed on the Nigerian Exchange Group.

2. Review of literature and hypothesis development

This section reviews relevant literature, starting with a conceptual review, then the empirical review, and concluding with the theoretical review.

Conceptual Review

Sustainability Reporting

According to Nelson and Grayson (2017), the World Business Council for Sustainable Development defined sustainability reporting as public reports by companies to provide internal and external stakeholders with a picture of corporate position on activities in economic, environmental, and social dimensions. Therefore, the purpose of sustainability reporting is to provide accurate and credible reports by companies to stakeholders on their environmental and social activities, regardless of the economic impact on the firm (Githaiga & Kosgei, 2022). Sustainability reporting is the most comprehensive and integrative corporate and voluntary reporting tool focusing on increased corporate transparency of social and environmental performance and sustainable development (Alonso-Almeida et al., 2015).

In the view of Odum (2023), the concept of sustainability reporting centers around measuring, analyzing, and communicating the connections and interplay among the three dimensions of sustainability, including social, environmental, and economic aspects. Sustainability reporting is the measurement, disclosure, and accountability of sustainable development goals to both internal and external stakeholders (Global Reporting Initiative, 2019). According to Uwaifo and Okoh (2024), sustainability reporting encompasses disclosing a company's environmental, social, and governance (ESG) objectives and the strategies to achieve them. According to Lewa et al. (2024), sustainability reporting, also known as the triple bottom line (TBL), is a framework for evaluating a company's performance across social, economic, and environmental dimensions. Orazalin et al. (2024) submit that sustainability reporting is a departure from the traditional focus of businesses on maximizing wealth toward a more holistic focus on societal welfare. It provides stakeholders with information to evaluate a company's social, environmental, and economic actions.

Board Sustainability Committee

Companies create different board committees, including sustainability committees, that reflect corporate policies on specific tasks (Elbardan et al., 2023) and show commitment to stakeholders by addressing social and environmental risks and strategy issues (Liao et al., 2015). Ong and Djajadikerta (2018) posit that the sustainability committee is typically in charge of reviewing the sustainability policies and conducting internal audits of a company's sustainability efforts in business operations. The existence of a sustainability committee in a company signals the importance of sustainability issues to the company. It highlights the board's commitment to the company's sustainable development and ensures that designated personnel are accountable for sustainability issues. Similarly, the sustainability committee has been an important mechanism and continues to evolve to encompass such roles as monitoring the reporting practices at the corporate board level (Michelon & Parbonetti, 2012).

The board sustainability committee brings to the board new valuable knowledge, skills, and expert resources that play a significant role in enhancing sustainability reporting, offering better sustainability information to stockholders, and strengthening its effect on firm value. Sustainability committee members with relevant experience and expertise may leverage their external connections to build relations, develop corporate social responsibility projects, and identify sustainability initiatives that stockholders expect (Kılıç et al., 2021). Valle et al. (2019) argue that the presence of a sustainability committee is the most important reflection of a company's true sustainability commitment. The well-balanced sustainability committee, consisting of a small group of directors with previous sustainability knowledge or experience, directs management actions toward sustainability requirements and prevents shareholders from interpreting sustainability reporting as window dressing (Valle et al., 2019). Companies with a sustainability committee are more likely to offer more comprehensive and higher-quality sustainability reporting (Michelon & Parbonetti, 2012; Liao et al., 2015).

Risk Management Committee

In the view of De Villiers et al. (2022), corporate risk management procedures include establishing a board of directors' risk management committee (RMC) to reduce risk, which may include environmental risk. The existence and characteristics of the board's RMC evidence the internal risk management procedures and should be indicative of their effectiveness in managing risks, including environmental risks. De Villiers et al. (2022) also posited that the RMC could be a standalone committee, a single committee solely for risk management, and a

combined RMC, comprising two or more board committees working together to mitigate corporate risks. From the perspective of Aliyu (2019), for risk management to succeed, the inclusion of a majority of non-executive directors to be part of the RMC is paramount because the non-executive directors in the committee will work expressly ahead of time to keep a risk occasion from happening or to reduce its results when it does.

The risk management committee plays a role in monitoring the company's activities and provides a broader scope for identifying risks within the company (Abdullah & Said 2019; Harymawan et al. 2021). This scope has shifted from the traditional risk management issues affecting business operations and financial risks to cover contemporary matters like sustainability. This is why Ngu and Amran (2020) noted that in this era of interest in sustainable development, the functions of the risk management committee have increasingly gained recognition for managing sustainability risks and opportunities.

Empirical Review

Board Sustainability Committee and Sustainability Reporting

Usman (2024) provided empirical evidence on the influence of sustainability committees on corporate sustainability reporting among Nigerian listed companies. The study adopted an ex-post facto research design using a population of 115 listed non-financial firms, from which 92 companies were purposively selected. Data obtained from the annual reports of the sampled firms covering the period 2016–2022 were analyzed using descriptive statistics and the Panel Corrected Standard Error (PCSE) estimation technique. The findings demonstrated that the existence of a sustainability committee significantly enhances corporate sustainability reporting among Nigerian listed non-financial firms at the 5 percent significance level.

Similarly, Omolehin and Obaje (2023) investigated the relationship between board structure and sustainability performance among listed oil and gas firms in Nigeria. Panel data obtained from annual reports, sustainability reports, and the CSRHub database for the period 2012–2022 were analyzed using the generalized least squares random-effects model. The results indicated that board sustainability committee exerts a positive and significant influence on both social and environmental performance.

Qaderi et al. (2022) investigated whether the existence of sustainability committees influences sustainability reporting through integrated reporting among companies listed on Bursa Malaysia between 2017 and 2020. Sustainability reporting quantity and quality were measured using a content analysis index comprising 100 disclosure items, while multivariate Ordinary Least Squares (OLS) regression was employed for hypothesis testing. The study found that the presence of a sustainability committee positively influences sustainability disclosure and further strengthens the relationship between board characteristics and sustainability disclosure through its moderating role.

In contrast, Rupley et al. (2012) investigated the relationship between corporate governance characteristics and voluntary environmental disclosure using a sample of 127 firms selected from 361 companies listed on the Dow Jones Global Index over the period 2000 -2005. The findings indicated that the existence of sustainability committees did not significantly influence the extent of sustainability disclosure. However, the study focused exclusively on environmental disclosure, excluding the social and economic dimensions of sustainability reporting. Drawing upon Stakeholder Theory, Michelon and Parbonetti (2012) examined the influence of board composition, leadership, and board structure on sustainability disclosure among 57 firms included in the Dow Jones Sustainability Index (DJSI), together with a matched sample of firms from the Dow Jones Global Index for the year 2003. The study reported that sustainability committees had no statistically significant impact on sustainability disclosure, attributing this outcome to the relatively recent establishment of sustainability committees within the sampled firms.

Overall, the reviewed literature provides substantial evidence that board sustainability committees can influence sustainability reporting. Therefore, the study's hypothesis on the relationship between corporate board sustainability reporting is:

H1: Board sustainability committees have a significant relationship with sustainability reporting of non-financial, environmentally high-impact companies in Nigeria.

Risk Management Committee and Sustainability Reporting

Echobu et al. (2025) examined the influence of board characteristics on sustainability reporting among firms operating in the agriculture and oil and gas sectors of Nigeria. The study covered the period from 2019 to 2023 and analyzed the data using regression techniques. The findings revealed that the board risk management committee exerted a negative but statistically insignificant influence on sustainability reporting, suggesting that the mere existence of the committee may not necessarily translate into improved sustainability disclosure practices.

De Villiers et al. (2022) examined the association between risk management committees and environmental performance using 1,466 firm-year observations from ASX300 firms covering the period 2007–2015. Environmental performance was assessed through indicators relating to resource reduction, emission reduction, and product innovation. The empirical findings revealed that firms with dedicated risk management committees exhibited superior environmental performance, whereas firms operating combined risk management and audit committees showed no significant relationship with environmental performance. While the study provides important evidence regarding the governance role of dedicated risk management committees, its focus was restricted to environmental sustainability. The present study extends this line of inquiry by examining the influence of board risk management committees on the broader dimensions of sustainability reporting, including economic, environmental, and social disclosures.

Aliyu (2019) investigated the relationship between selected corporate governance attributes, including board risk management committee composition and corporate environmental reporting among Nigerian listed non-financial firms. The study analyzed panel data obtained from the annual reports of 24 companies drawn from the industrial goods, natural resources, and oil and gas sectors over the period 2011–2015. Guided by Agency Theory, the study employed panel data analysis, with the Hausman specification test supporting the use of the random-effects model. The findings showed the risk management committee did not exert a statistically significant influence on environmental reporting. Although the study represents one of the earliest empirical investigations of the relationship between risk management committees and sustainability-related disclosure in Nigeria, its scope was limited to environmental reporting. Consequently, it overlooked the economic and social dimensions of sustainability reporting. Moreover, the study covered an earlier period (2011–2015), whereas the present study utilizes more recent data to provide updated empirical evidence within the Nigerian corporate environment.

Overall, the reviewed literature demonstrates that the influence of board risk management committees on sustainability reporting remains inconclusive. Hence, the study hypothesizes that:

H2: Board risk management committees have a significant relationship with sustainability reporting.

Theoretical Review

The present study adopts two complementary theories, Agency Theory and the Stakeholder Theory, to explain the relationship between board committees and sustainability reporting among environmentally sensitive firms listed on the Nigerian Exchange Group. These theories were selected because each explains a distinct dimension of board governance. Agency Theory emphasizes monitoring and accountability, while Stakeholder Theory focuses on balancing diverse stakeholder interests.

Agency Theory remains the dominant theoretical perspective underpinning corporate governance research. The theory was formally developed by Jensen and Meckling (1976). Jensen and Meckling (1976) argued that managers do not always maximize shareholder wealth because they may pursue personal objectives, including empire building, excessive executive compensation, prestige, job security, and discretionary expenditures. Consequently, agency conflicts emerge whenever managers possess greater information than shareholders and use that informational advantage to pursue private benefits. Agency Theory therefore proposes governance mechanisms that reduce agency costs through effective monitoring, incentive alignment, and enhanced transparency. Boards of directors and their specialized committees constitute one of the most important internal governance mechanisms for mitigating agency problems.

Unlike the full board, specialized committees devote greater attention to specific governance responsibilities. For example, a board sustainability committee oversees sustainability strategies, ESG risks, environmental performance, stakeholder concerns, and sustainability disclosures. The committee ensures that management accurately reports corporate environmental and social activities rather than selectively disclosing favourable

information. Similarly, the board risk management committee monitors strategic, environmental, operational, and climate-related risks that may affect corporate sustainability. Since sustainability risks increasingly influence corporate reputation and long-term performance, effective risk oversight contributes to more comprehensive sustainability reporting.

The Stakeholder Theory was formally articulated by Freeman (1984). He challenged the traditional shareholder-oriented view of the firm by arguing that organizations have responsibilities extending beyond shareholders to all groups and individuals who can affect or are affected by the achievement of organizational objectives. According to Freeman (1984), organizations operate within a network of relationships involving shareholders, employees, customers, suppliers, creditors, governments, local communities, environmental groups, regulators, and society at large. Since each stakeholder group possesses legitimate interests in organizational activities, corporate decision-making should balance these competing interests rather than prioritize shareholder wealth exclusively.

Stakeholder Theory assigns an important governance role to board committees because they provide structured mechanisms through which stakeholder interests can be incorporated into corporate decision-making. Stakeholder Theory portrays board committees as strategic governance structures responsible for balancing competing stakeholder expectations. For example, a board sustainability committee may oversee organizational policies relating to environmental protection, climate change mitigation, employee welfare, and other related issues. Through these responsibilities, the committee ensures that sustainability issues receive board-level attention and are integrated into organizational strategy. Likewise, the board risk management committee plays an important stakeholder-oriented role by identifying environmental, social, reputational, and governance risks that may affect stakeholder confidence. Increasingly, organizations recognize that sustainability-related risks, including climate change, biodiversity loss, labour disputes, cyber risks, and human rights concerns, have significant implications for long-term corporate value.

Stakeholder Theory therefore suggests that board committees improve sustainability reporting by ensuring that disclosures reflect the information needs of diverse stakeholder groups rather than solely satisfying shareholder demands.

3. Methodology

Research Design

The study adopted the longitudinal research design. Data on relevant qualitative information of the variables of interest were identified from the published reports of the non-financial firms from 2014 to 2024. The data for the three components of sustainability reporting (economic, social, and environmental) are both quantitative and qualitative, and were identified through content analysis of the annual/sustainability reports of the firms using the GRI-G4 framework.

The GRI framework was used for this study because it is the most widely accepted and used database for sustainability reporting (Hoang et al. 2016; Masud et al. 2018). Specifically, the GRI-G4 framework was adopted in this study because the G4 guidelines are more precise, generalized, and stronger in data presentation than other GRI guidelines. In addition, the GRI-G4 environmental guidelines are robust disclosure guidelines for environmental information linked with the preparation of integrated reporting (Hoang et al. 2016), and consider the differences in the number of economic, social, and environmental indicators between the G3 and G4 guidelines (Masud et al. 2018).

The individual disclosure index for economic, social, and environmental disclosures was combined to develop a composite index for sustainability reporting. The economic disclosure items comprised disclosures of 6 items for revenue, cost of revenue, marketing and selling expenses, intangible assets, ICT expenses, and income tax expenses; the social disclosure items are made up of disclosures of 5 items for number of employees, CRS expenses, number of female employees, number of female management, and employee training expenses; the environmental disclosure included 6 items – emission scope 1, emission scope 2, emission scope 3, energy usage, water usage, and waste tons. Therefore, the composite index for sustainability reporting comprised 17 items.

Population and Sampling Technique of the Study

The population of the study is the entire listed non-financial firms in the Nigerian Exchange Group as at December 2024, with a focus on the 61 environmentally sensitive non-financial firms consisting of 6 industries - Agriculture,

Construction/Real Estate, Consumer Goods, Industrial Goods, Natural Resources, and Oil and Gas firms (Alabi et al. 2024; Agbo and Joel, 2023 & Adeyemi et al. 2021). The sampling technique adopted by the study is the purposive sampling method. The purposive sampling technique requires certain criteria to be met by the sampled companies. This non-probability approach selects study units according to stated eligibility criteria (Hidayat et al. 2024; Ramadhan et al. 2023; Etikan et al., 2016). The study set several filters to draw samples from the population as follows:

The firms must be listed in the Nigerian Exchange Group in the study period of 2014-2024;

Firms that publish annual/sustainability reports during the period of the study;

Firms that disclose complete data on all variables of the study.

However, practical considerations regarding data availability and completeness necessitated applying filtration criteria to ensure data quality and reliability. The fundamental requirement was that firms must have complete and consistent financial reporting throughout the entire study period from 2014 to 2024, enabling robust panel data analysis without missing observations that could bias results. Based on this data completeness criterion, forty-three (43) firms were included in the final sample, while eighteen (18) firms were excluded for reasons such as listing of firms after the base year of the study period (2014) leading to incomplete data (for instance, BUA Foods Plc, BUA Cement Plc, Ava Infrastructure Fund, etc.), incomplete financial reporting during several years within the study period, with gaps in critical data necessary for measuring study variables (DN Tyre & Rubber Plc, Golden Guinea Breweries Plc, Greif Nigeria Plc, Smart Product Nigeria Plc, etc.). The final sample of 43 firms represents 70% of the population, providing substantial coverage of firms across these 6 industries while ensuring data quality essential for reliable empirical analysis.

Data Collection and Analysis

The study employed the secondary method of data collection, sourced from the published annual reports and accounts of the firms. Data were analyzed using regression analysis. Specifically, the study used regression models to estimate the relationship between board committees and sustainability reporting.

Variable Measurements

The measurements of variables of the study, comprising the dependent, independent, and control variables, are shown in Table 1.

Table 1: Variable Measurements

S/N	Variable Name	Variable Type	Measurements	Source
1	Sustainability Reporting (SURE)	Dependent	Disclosure index of all actual disclosures and disclosable items for economic, environmental, and social sustainability disclosures.	(Iliemena, et al., 2023; Anyigbah, et al., 2023; Zaid, et al., 2020)
2	Board Sustainability Committee (SUCO)	Independent	A Dummy value of 1 if the company has a sustainability or CSR committee and 0 otherwise.	(Almici, 2023; Qaderi, et al., 2022)
3	Board Risk Management Committee (RMCO)	Independent	A binary measure of 1 for the existence of a board risk management committee and 0 for non-existence.	(Yanto & Hajawiyah, 2022; Rimin, et al., 2021)
4	Firm Age (FAGE)	Control	Age of incorporation of firms	(Ikpor, 2024; Musa, et al., 2020)
5	Profitability (PROF)	Control	Return on Assets	(Elbardan, Uyar, Kuzey, & Karaman, 2023)
6	Firm Size (FSIZ)	Control	Log of Total Assets	(Musa, et al. 2020; Aliyu, 2019)

Source: Researcher's compilation (2026)

Model Specification

The model of the study is specified thus:

$$SURE_{it} = \beta_{0it} + \beta_1 SUCO_{it} + \beta_2 RMCO_{it} + \beta_3 FAGE_{it} + \beta_4 PROF_{it} + \beta_5 FSIZ_{it} + \epsilon_{it}$$

Where:

β0 is the Intercept; β1-5 are the Coefficients of the independent variables; ϵ is the error term; i is firm, and t is year; SURE is Sustainability Reporting; SUCO is Board Sustainability Committee; RMCO is Board Risk-management Committee; FAGE is Firm Age; PROF is Profitability; and FSIZ is Firm Size.

4. Results

Descriptive Statistics

The results of the descriptive statistics are presented in Table 2.

Table 2: Descriptive Statistics

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
SURE	473	0.4827	0.0989	0	0.8824
SUCO	473	0.0423	0.2014	0	1
RMCO	473	0.5708	0.4955	0	1
PROF	473	0.0408	0.3847	-2.3599	6.1743
FAGE	473	45.3658	18.3349	5	101
FSIZ	473	184,000	625,000	57,287	9,820,000

Source: STATA Results Output (2025)

SURE has a mean of 0.48, indicating that on average, firms report about 48% on sustainability indicators. The standard deviation of 0.0989 shows low variation; most firms are clustered around the mean. Also, the range of minimum and maximum values of 0 to 0.88 indicates reporting varies across firms but is not extremely wide. Sustainability reporting is therefore moderate and fairly consistent across firms. SUCO, with a mean of 0.042, reveals that very few firms have such committees. The standard deviation of 0.201 indicates low variation. Board sustainability committees are rare among the firms in the sample. RMCO has a mean of 0.570, meaning that about 57% of firms have a board risk management committee. A standard deviation of 0.495 shows a very high variation (close to 0.5) since it's binary. Hence, board risk management committees are common but not universal.

FAGE has a mean of 45.36 years, meaning that the firms are relatively mature, with a wide variation in firm age as suggested by the standard deviation value of 18.33. The sample includes both new and well-established firms. Profitability (PROF) is very low on average, with a mean of 0.040 and high variation with a standard deviation of 0.384. The range of -2.35 to 6.17 indicates that some firms make losses, while others are highly profitable, in some instances with profit after tax higher than the total assets (like in Union Dicon Salt PLC, which reported profit after tax of N683,873 and total assets of N110,761 in 2020). Profitability is highly dispersed, with extremes of loss-making and high-earning firms in the firms studied. Finally, figures of FSIZ, which represent firm size (total assets), are stated in thousand naira (₦'000). The mean total assets of the firms is ₦184,000, while the standard deviation is ₦625,000. This suggests that the firm size varies across the firms studied. Also, during the period of the study, the maximum and minimum values of total assets of the firms are ₦9.82 billion and ₦57.287 million, respectively.

Correlation Analysis

The association of the dependent variable with the independent variables, as well as the association of the independent variables among themselves, is presented in Table 3. The correlation reveals the extent and the direction of the association between the variables.

Table 3: Correlation Matrix

Variables	1	2	3	4	5	6	VIF
SURE (1)	1						-
SUCO (2)	0.037	1					1.23
RMCO (3)	0.152	0.182	1				1.08
PROF (4)	-0.007	-0.030	0.023	1			1.00
FAGE (5)	0.101	-0.201	0.052	-0.015	1		1.08
FSIZ (6)	0.442	0.344	0.249	-0.017	0.084	1	1.23

Source: STATA Results Output

From Table 3, SURE is positively correlated with all the board committees (SUCO and RMCO), having a weak positive correlation with RMCO (15.2%) and a very weak relationship with SUCO (3.7%). With the control variables, it has a fairly strong association with FSIZ (44.2%), and a very weak correlation with FAGE (10.1%) and PROF (-0.7%). Furthermore, the range of the Variance Inflation Factor (VIF) is between 1.00 and 1.23, which is far below 5. There is, therefore, no multicollinearity problem among the independent variables. This means the regression results are stable and reliable, without inflated standard errors due to overlapping predictors.

Regression Analysis

Before the regression results of the study are presented and analyzed, it is important to present the diagnostic test results of the regression models for the study. This is essential to determining the regression model suitable for making inferences for the study. Thus, the diagnostic test results are presented in Table 4.

Table 4: Diagnostic Tests

Test	P-value
Breusch–Pagan/Cook–Weisberg test for Heteroskedasticity (OLS Regression)	0.2322
Jarque-Bera Normality Test (OLS Regression)	0.0000
Durbin–Watson Serial Correlation Test (OLS Regression)	0.7693
Mean Variance Inflation Factor Test for Multicollinearity (OLS Regression)	1.12
Breusch Pagan LM test for Random Effects versus OLS Regression	0.0000
Chow F test for Fixed Effects versus OLS Regression	0.0000
Hausman Test	0.2101
Wooldridge test for autocorrelation in Random Effects Regression	0.0000
Lagrange Multiplier LM Test for Heteroskedasticity in Random Effects Regression	0.0000
Pesaran's Test of Cross-sectional Independence in Random Effects Regression	0.0000

Source: STATA Results Output

In Table 4, the diagnostic tests conducted revealed a p- value of the Breusch–Pagan/Cook–Weisberg test for heteroskedasticity of Prob > chi^2 = 0.2322, suggesting no heteroskedasticity problem. However, the Jarque-Bera normality test results, which test the normality of the residuals of the OLS regression, show p-values of 0.0000, which reveal that the data are not normally distributed. Also, the Durbin-Watson test for serial correlation shows a p-value of 0.7693, which suggests that the null hypothesis of no first-order autocorrelation is accepted. The mean Variance Inflation Factor test for multicollinearity is 1.12, which is not more than 10, indicating that the independent variables of the study are not strongly correlated.

Furthermore, the choice between the OLS regression and the random and fixed effects regressions was determined using the Breusch-Pagan LM test and Chow F test, or redundant F test, respectively. The Breusch Pagan LM test results show Prob > Chi2 = 0.0000 for the random effects model, while the Chow F test, or redundant F test, in the fixed effects model has Prob > F of 0.0000, indicating both the random and fixed effects regressions are superior to the pooled OLS regression, respectively. However, the Hausman specification test with a p-value of 0.2101, which is insignificant, suggests that the random effects regression is best suited to be interpreted for the study subject to post-diagnosis of the panel regression.

Consequently, the Wooldridge test for autocorrelation in panel data has a p-value of 0.0000, showing that the data are serially correlated, which indicates the presence of serial correlation. Similarly, the Lagrange Multiplier LM test for heteroskedasticity for random effects is significant (prob. 0.0000), indicating the problem of heteroskedasticity in the model. Furthermore, the result of the Pesaran test for cross-sectional independence indicates that there is a presence of contemporaneous correlations with significant probability values of 0.000. This triple problem of heteroscedasticity, serial correlation, and cross-sectional dependence means that the standard errors are biased and inferences drawn from the estimates will be faulty. Hence, the study used the Driscoll-Kraay standard errors regression to correct these problems and consequently to draw inferences and make conclusions about the relationship between the committees and sustainability reporting. This is because the Driscoll-Kraay standard error model corrects the bias in the standard errors of the random-effects model arising from groupwise heteroscedasticity, autocorrelation, and the cross-sectional dependence in the data (Hoechle, 2007)

Table 5: Driscoll-Kraay Standard Error Regression Results of the Study

Variables	Coefficient	Drisc/Kraay Std. Err.	t-value	Prob.> t
SUCO	-0.042	0.020	-2.11	0.061
RMCO	-0.023	0.008	-2.85	0.017
PROF	-0.003	0.004	-0.64	0.534
FAGE	0.0002	0.001	0.19	0.855
FSIZ	0.052	0.013	3.76	0.004
CONSTANT	0.104	0.066	1.57	0.149
	R2 overall = 0.1889		Wald (9) = 186.54	Prob > chi2 = 0.0000

Source: STATA Results Output

Test of Hypotheses and Discussion of Findings

The test of the study's hypotheses and discussion of the findings are based on the results of the study presented in Table 5. SUCO has a negative and insignificant impact on SURE with a coefficient of -0.042 and a p-value of 0.061. Based on this, the first hypothesis, which states that board sustainability committee has a significant relationship with sustainability reporting of non-financial environmentally high-impact companies in Nigeria, is rejected. The result reveals a negative and insignificant relationship between board sustainability committee and sustainability reporting (β = -0.042, p = 0.061). The existence of the board sustainability committee does not contribute to improved sustainability reporting. There may be a disconnect between the committee's mandate and stakeholders' demands and expectations, and therefore, the committee fails to meet stakeholders' environmental and social requirements. Thus, this finding does not seem to support the stakeholder theory notion that the sustainability committee can serve as a mechanism for direct response to stakeholder sustainability demands. This finding agrees with the empirical study of Orshi et al. (2023) but is contrary to the results of the works of Usman (2024) and Omolehin and Obaje (2023), which reported a positive and significant relationship.

On the other hand, RMCO, with a coefficient of -0.023 and a p-value of 0.017, has a significant negative effect on SURE. This provides evidence to reject the second hypothesis of the study which states that board risk management committee has no significant relationship with sustainability reporting of non-financial environmentally high-impact companies in Nigeria. The results of the relationship between the board risk management committee and sustainability reporting show that the board risk management committee has a negative and significant relationship with sustainability reporting (β = -0.023, p = 0.017). This result indicates that the activities of the risk management committee significantly lower the disclosure of sustainability reports in the listed non-financial environmentally sensitive firms in Nigeria. This result is contrary to the agency theory, which suggests that the establishment of the committee signals a commitment to management's monitoring to ensure sustainability performance. This may be due to the committee's focus on financial risks with little or no promotion of non-financial risks, including the risk of non-sustainability disclosures. Also, the laws and regulations related to non-compliance with sustainability reporting may be weak and not compelling enough for the committee to monitor the disclosure of sustainability reports and the risks involved in non-disclosure. Empirical studies that agree with this finding include Echobu et al. (2025). However, Yanto and Hajawiyah (2022), De Villiers et al. (2022), and Aliyu (2019) reported a positive impact of the board risk management committee on sustainability reporting.

Furthermore, the results show a Prob > chi2 value of 0.0000, which is an indication that the model is fit and that the independent variables together can cause a significant variation in sustainability reporting. This is clearly reflected in the R2 value of 0.1889, showing that 18.89% of the variation in sustainability reporting is caused by the impact of these board committees.

Managerial implications

Although established to promote sustainability in business activities, the study found that board sustainability committees in listed, non-financial, environmentally sensitive firms did not contribute to increased sustainability reporting. It is therefore expected of the board of directors, coordinated by the board Chairmen of the firms, to monitor the activities of the board sustainability committee to ensure adherence to and implementation of the core mandates of the committee. Also, the study found that the board risk management committee exerts a significant negative impact on sustainability reporting. This calls for managerial intervention to ensure that the responsibilities of the risk management committee are broadened to effectively identify and mitigate risks that are not financial in nature, including the risk of ignoring the demand for sustainability reporting from stakeholders. In addition, management through the risk management committee is called to align the charters of the committee with the Financial Reporting Council of Nigeria's sustainability framework and guidelines.

5. Conclusion

Corporate entities in Nigeria are preparing towards a mandatory reporting of sustainability disclosures. Towards this end, the study looks at the specific contributions of board sustainability and risk management committees to promoting the disclosure of sustainability reports among listed non-financial environmentally sensitive companies in Nigeria. Drawing from the findings of the study, it is concluded that the existence of both the board sustainability and risk management committees reduces the level of sustainability reporting among the firms studied. Therefore, the study recommends that a strict monitoring mechanism be put in place by top management to ensure strict implementation of committees' responsibilities.

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