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Bridging Corporate Governance and Environmental Reporting: Evidence from Malaysian Public Listed Firms

Hubungan antara Tadbir Urus Korporat dengan Pelaporan Alam Sekitar: Bukti daripada Syarikat Tersenarai Awam di Malaysia

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ABSTRACT

The primary goal of this paper is to investigate the effect of the corporate governance characteristics on Malaysian public listed firms' environmental reporting practices. The independent variables include board size, women on the board, audit committee size, audit committee meeting frequency, and females on the audit committee. The size of the firm, profitability, growth, industry, and earnings before interest and tax represents as the control variables. Based on 131 samples, this study applies the multiple regression analysis with robust standard errors in order to identify the variables. The results show that women on board have a positive and significant association with environmental reporting, whereas female representation on audit committees is negatively and significantly associated with disclosure. Firm growth is also negatively associated with environmental reporting, while earnings before interest and taxes show a positive relationship. In contrast, board size, audit committee size, audit committee meeting frequency, firm size, industry, and profitability do not have significant relationships with environmental disclosure. The findings support agency theory and resource dependence theory by highlighting the importance of gender diversity in board-level strategic decision-making. The effectiveness of governance is influenced more by the roles and impacts of directors than by structural features alone. This study extends the body of knowledge on corporate governance by offering empirical research in the field of environmental reporting for developing markets and delivers practical suggestions to government regulators, boards of directors, and corporations for the quality improvement of environmental information reporting.

Keywords: Audit committee; Board gender diversity; Corporate governance; Environmental reporting; Sustainability disclosure

ABSTRAK

Kajian ini bertujuan untuk meneliti pengaruh ciri-ciri tadbir urus korporat terhadap amalan pelaporan alam sekitar dalam kalangan syarikat tersenarai di Malaysia. Pemboleh ubah bebas yang dikaji meliputi saiz lembaga pengarah, perwakilan wanita dalam lembaga pengarah, saiz jawatankuasa audit, kekerapan mesyuarat jawatankuasa audit dan perwakilan wanita dalam jawatankuasa audit. Saiz firma, keuntungan, pertumbuhan firma, sektor industri serta pendapatan sebelum faedah dan cukai merupakan pemboleh ubah kawalan. Kajian ini melibatkan 131 sampel dan menggunakan analisis regresi berganda dengan ralat piawai teguh untuk mengenal pasti hubungan antara pemboleh ubah yang dikaji. Dapatan kajian menunjukkan bahawa perwakilan wanita dalam lembaga pengarah mempunyai hubungan positif dan signifikan dengan pelaporan alam sekitar. Sebaliknya, perwakilan wanita dalam jawatankuasa audit mempunyai hubungan negatif dan signifikan dengan pendedahan maklumat alam sekitar. Pertumbuhan firma turut menunjukkan hubungan negatif dengan pelaporan alam sekitar, manakala pendapatan sebelum faedah dan cukai mempunyai hubungan positif. Walau bagaimanapun, saiz lembaga pengarah, saiz jawatankuasa audit, kekerapan mesyuarat jawatankuasa audit, saiz firma, sektor industri dan keuntungan tidak menunjukkan hubungan yang signifikan dengan pendedahan maklumat alam sekitar. Dapatan ini menyokong teori agensi dan teori kebergantungan sumber serta menekankan kepentingan kepelbagaian jantina dalam proses membuat keputusan strategik pada peringkat lembaga pengarah. Kajian ini menyumbang kepada pengembangan ilmu dalam bidang tadbir urus korporat melalui bukti empirikal daripada pasaran sedang membangun. Selain itu, kajian ini memberikan

cadangan praktikal kepada pihak pengawal selia, lembaga pengarah dan syarikat untuk meningkatkan kualiti pelaporan maklumat alam sekitar.

Kata kunci: Jawatankuasa audit; Kepelbagaian jantina lembaga pengarah; Tadbir urus korporat; Pelaporan alam sekitar; Kelestarian

INTRODUCTION

The rise of the stakeholder expectations regarding transparent sustainability information now renders corporate sustainability a strategic question. Corporate sustainability reporting practices are being strengthened by global sustainability reporting standards, such as IFRS Sustainability Disclosure Standards set out by the International Sustainability Standards Board, which require firms to disclose climate-related risks and opportunities, governance processes, strategies, risk management practices, metrics, and targets (IFRS Foundation, 2023). In Malaysia, the National Sustainability Reporting Framework requires firms to adopt IFRS S1 and S2 as baseline standards for sustainability reporting with the aim of improving the quality and comparability of sustainability information, increasing the reliability of data for investors, regulators and other stakeholders. The approach adopts a phased implementation allowing for staged maturity in disclosure, with early emphasis on disclosures on climate-related matters (Securities Commission Malaysia, 2024).

Corporate governance is thus crucial to understanding environmental reporting behaviour. With a strong corporate governance mechanism, a firm could possibly mitigate the information asymmetry between insider and outsider, increase their monitoring role and influence the management to produce more decision-useful sustainability data. This aligned with agency theory, whereby a board of directors and audit committee could serve as monitoring devices to safeguard the interests of shareholders and hence boost the reliability of disclosure (Jensen & Meckling, 1976).

Board characteristics are critical for environmental reporting. Existing studies have established that board composition and characteristics influence the quality of environmental, social and governance (ESG) reporting. Board diversity has been related to improved sustainability governance, and research in Malaysia provides a relationship between board meetings and board independence with enhanced sustainability disclosure (Najaf et al., 2025; Sundarasen et al., 2024). Further evidence from a developing market shows board characteristics affect sustainability disclosures, thus suggesting that board effectiveness depends not only on their membership composition but also on their proactive supervision and governance involvement (Ho et al., 2026).

Audit committee is also of great importance. The tasks performed by the audit committees go beyond reporting of financial information and encompass examination of nonfinancial and sustainability data. Research findings reveal that female non-accountant members of audit committee enhance carbon disclosures, suggesting that the experience of women with and the extensive knowledge they have concerning the business may provide for better monitoring of environmental reporting (Abbasi et al., 2024). Malaysian evidence also shows that the implementation of good corporate governance practice influences the quality of carbon disclosure and as such there is the need to look into the corporate governance committee practice for sustainability reporting (Abdalla et al., 2024).

It should be noted that there are other controlling firm specific variables that also play role in environmental reporting decisions. Larger firms' public attention, stakeholder interests and the risk of investigation by the regulators is higher which implies greater environmental disclosure is being used. Also, better financial position of firm may contribute towards investing in an efficient environmental accounting system. However, a study conducted recently on Malaysian listed firms indicated that the firm size, firm market value, and profit of the firm had significant influence on the level of ESG disclosure of the firms, where a more profitable and larger-sized firm is more likely to present such information (Sulaiman et al., 2025).

Collectively, this study shows a mixed role of both internal governance mechanisms and external pressures by regulatory bodies on environmental reporting for Malaysian listed firms. Despite efforts by the Malaysian authorities and international sustainability standard setter through IFRS S1 and S2 to enforce disclosure standards, governance mechanisms may have a mitigating effect in ensuring the disclosure of substantive environmental performance that go beyond minimal compliance requirements. The features of corporate governance considered here include the size of the board, the proportion of women on the board, the size of the audit committee, frequency of meetings of the audit committee, and female audit committee membership (IFRS Foundation, 2023; Securities Commission Malaysia, 2024). Consequently, corporate governance mechanisms remain significant for environmental disclosures in this dynamic environment for ESG reporting in Malaysia.

The primary objective of this study is to investigate the relationship of corporate governance mechanisms with the environmental disclosure of Malaysian public listed firms, as this issue has been very sparingly discussed in earlier research. Specifically, this study intends to achieve the following objectives:

i. To investigate the association between board size and environmental reporting practice of Malaysian public listed firms.
ii. To investigate the relationship between women on board and environmental reporting practice in Malaysian public listed firms.
iii. To examine the relationship between audit committee size and the environmental reporting practice of Malaysian public listed firms.
iv. To investigate the association between audit committee meeting frequency and the environmental reporting practice of Malaysian public listed firms.
v. To examine the relationship between female representation on the audit committee and the environmental reporting practice among Malaysian public listed firms.

LITERATURE REVIEW

The interface of corporate governance and environmental reporting has established cumulative attention as sustainability discovery is progressively related with corporate responsibility, transparency and stakeholder assurance. The present reporting landscape will entail firms to talk about their monetary presentation but also how they achieve sustainability responsibilities, ecological risks and climate-related matters. This anticipation is strengthened by IFRS S1 and IFRS S2 that necessitate discovery on risk management, governance, strategy and goals linked to sustainability (IFRS Foundation, 2023). In Malaysia, the National Sustainability Reporting Framework inspires the use of the IFRS Sustainability Disclosure Standards, demonstrating that

sustainability disclosure is fetching further formalised in the Malaysian commercial reporting setting (Securities Commission Malaysia, 2024). These growths make corporate governance a significant influence in considerate the eminence of environmental reporting.

However, the empirical evidence suggests that the relationship is more conditional than uniformly positive. For example, Wasiuzzaman and Subramaniam (2023), using energy firms across 48 countries, find that female board representation is associated with better ESG disclosure overall, but the relationship is significant only among firms in developed countries. This contrast suggests that board characteristics alone may not generate stronger environmental reporting when institutional and regulatory environments are weak. Similarly, the Malaysian evidence such as Wasiuzzaman and Wan Mohammad (2020) reported that greater female board representation improves ESG disclosure transparency, while Abdalla et al. (2024) found broader corporate-governance practices involving the board, audit committee, and environmental committee in relation to carbon-disclosure quality. These apparently divergent findings can partly be explained by differences in regulatory enforcement and disclosure regimes.

In developed markets, stronger accounting standards, investor scrutiny, and enforcement may allow governance mechanisms to enhance environmental transparency more effectively; in emerging markets, voluntary reporting and weaker enforcement may attenuate this relationship. Aladwey et al. (2022) similarly show that several UK board characteristics are associated with the voluntary assurance of CSR reports. However, board independence, board meetings, and financial expertise show no significant effect. Governance mechanisms therefore do not necessarily ensure higher-quality environmental reporting; their effectiveness appears contingent on institutional context. Given that evidence from large developed-market firms, such as the UK FTSE 350, may not generalize to Malaysia or other emerging markets, owing to differences in regulatory pressure, ownership structures, and reporting practices, mixed findings should not be interpreted as evidence that governance is ineffective. Rather, governance effects on environmental reporting likely depend on enforcement, disclosure type, institutional development, measurement, and model specification. These considerations justify further research using carefully specified models and context-specific emerging-market samples, particularly Malaysia.

This study draws on agency and resource dependence theories. Agency theory suggests that female audit committee members strengthen monitoring and reduce information asymmetry between managers and shareholders, while resource dependence theory highlights the diverse expertise, resources, and legitimacy they bring to committee decisions. Audit committees oversee financial reporting, internal controls, risk management, and disclosure quality. Prior studies link audit committee characteristics to sustainability and ESG reporting quality (Buallay & Al-Ajmi, 2020; Arif et al., 2021), and governance mechanisms can enhance the credibility of non-financial information (Aladwey et al., 2022). Gender diversity adds a monitoring dimension, with studies examining its role in relation to audit committee characteristics, financial performance, and ESG disclosure (Ahmed et al., 2024; Ma et al., 2024). Abbasi et al. (2024) specifically highlight the relevance of female directors' expertise to carbon disclosure. Overall, female audit committee members may improve ESG disclosure through stronger monitoring, scrutiny, and expertise, reducing information asymmetry and unsupported sustainability claims. Their effectiveness may therefore depend not only on gender representation but also on relevant expertise and committee characteristics (Buallay & Al-Ajmi, 2020; Arif et al., 2021; Aly et al., 2024).

Resource dependence theory (RDT) views female directors as strategic human-capital resources that enhance board knowledge, expertise, networks, and responsiveness to environmental pressures. Prior studies link board gender diversity to greater environmental, ESG,

and sustainability disclosure (Wasiuzzaman & Wan Mohammad, 2020; Latif et al., 2020; Wasiuzzaman & Subramaniam, 2023). Recent research indicates that their contribution depends on advisory and monitoring roles and relevant expertise (Cambrea et al., 2023; Sundarasen et al., 2024; Abbasi et al., 2024), while audit committees can strengthen the gender diversity–ESG disclosure relationship (Ma et al., 2024). Malaysian evidence similarly associates board characteristics with sustainability and ESG outcomes (Abdalla et al., 2024; Najaf et al., 2025; Ho et al., 2026). Thus, RDT suggests that female directors contribute beyond demographic diversity; their expertise, experience, and stakeholder connections strengthen board capacity to identify environmental risks and support more extensive environmental reporting (Naciti et al., 2022).

Together, agency theory and RDT provide a strong foundation for this study. Agency theory explains how female audit committee members may strengthen risk monitoring, promote conservative reporting, and reduce unverified ESG disclosures, thereby helping to manage regulatory risks. RDT highlights that female directors may contribute valuable knowledge and skills that enhance board effectiveness and encourage proactive environmental reporting. Overall, these theories suggest that female board representation and female audit committee representation may influence environmental reporting among Malaysian listed firms.

ENVIRONMENTAL REPORTING

Environmental reporting consists of both descriptive (qualitative) and numerically quantifiable information on a firm's environmental policy, potential risks, environmental effects, procedures to manage those effects, utilisation of natural and other resources, pollution, waste treatment, and sustainability projects. It also serves as a vehicle for businesses to present their activities and duties toward their surroundings to stakeholders. Extracting sustainability reporting information from an annual report is a process which is in line with current procedures employed in studies of social and environmental reporting research (Milne & Adler, 1999). Efforts made by both international and local sustainability reporting activities have led to the advancement of the field of environmental reporting.

International accounting reporting bodies, including the IFRS S1 and S2, now require corporations to disclose their performance relating to the sustainability matters as well as relating to their climate change-related factors, which include the reporting areas of strategy, risk management, corporate governance, targets and performance measurements (IFRS Foundation, 2023). Recent research indicates that enhanced environmental and ESG reporting can yield economic and reputational advantages for firms. High-quality ESG reporting can lower information disparities between firms and investors, enhance market trust, and facilitate improved investment choices. ESG disclosure relates to firm-specific features like profitability, market valuation, and firm size, suggesting that environmental reporting serves as both a compliance measure and a strategic tool that could enhance corporate reputation and improve access to capital markets (Sulaiman et al., 2025).

In spite of these advancements, the environmental reporting practices of Malaysian listed firms are still uneven. Certain firms offer widespread evidence on energy consumption, emissions, eco-friendly areas, waste treatment, and climate-related efforts, whereas others mainly hinge on comprehensive description. Evidence from Malaysia shows that publicly listed firms are more likely to stress on social aspects and governance rather than eco-friendly pointers (Securities

Commission Malaysia & World Bank, 2024). This tendency specifies that only enhancing guidelines might not be enough to promise quality in environmental reporting

It is evident that features of organizational governance will likely continue to influence decisions concerning environmental disclosures. The role and interaction of corporate boards, audit committees, and other structures shape firms' compliance with environmental reporting requirements. Recent studies suggest that corporate governance mechanisms and board interactions promote both the engagement in the adoption of ESG disclosure and improve the environmental reporting procedures (Naciti et al., 2022; Sundarasen et al., 2024). A study examining the association between corporate governance mechanisms and environmental reporting is, hence, important, especially in the context of Malaysia, which is increasingly aligning the standard of sustainability reporting with international best practices.

CONCEPTUAL FRAMEWORK

Based on the literature review, this study develops a conceptual framework in Figure 1 that links corporate governance structure to firms' environmental reporting practices. Environmental disclosure is measured using an environmental index consisting of 19 items, including compliance, transport, water, energy, materials, biodiversity, products and services, effluents and waste, and overall environmental aspects disclosed in annual reports. The disclosure score follows the structure of established environmental and ESG disclosure studies that use corporate reporting items to assess disclosure practice (Milne & Adler, 1999; Sulaiman et al., 2025).

CORPORATE GOVERNANCE AND ENVIRONMENTAL REPORTING

Corporate governance refers to the system through which organisations are directed, monitored, and controlled to achieve accountability, transparency, and long-term value creation. Effective governance structures improve managerial accountability, strengthen board oversight, enhance disclosure quality, and reduce opportunistic behaviour (Organisation for Economic Co-operation and Development, 2023).

Although empirical findings remain mixed, previous studies show that governance characteristics influence sustainability disclosure. Governance mechanisms may affect environmental reporting by strengthening stakeholder engagement, improving monitoring, increasing organisational legitimacy or enhancing strategic decision-making (Freeman, 1984; Jensen & Meckling, 1976; Suchman, 1995). Consequently, this study investigates five core governance characteristics.

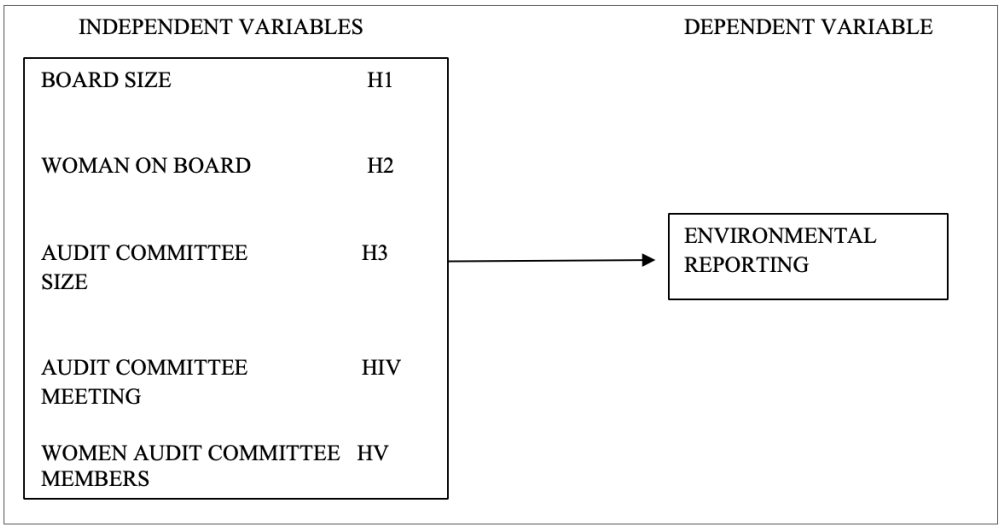


FIGURE 1. Conceptual Framework on the Relationship between Corporate Governance Structure and Environmental Practices

BOARD SIZE

As it can influence the effectiveness of board discussions and organizational supervision, board size is frequently examined in corporate governance studies. A more extensive board can enhance decision-making and oversight within the organization by uniting directors with diverse experiences, professional histories, and viewpoints (Naciti et al., 2022; Najaf et al., 2025).

Based on RDT, additional access to outside sources of information and resources can be create by bigger board sizes. These are particularly important in dealing with complicated environmental and sustainability concerns (Pfeffer and Salancik, 1978). Past findings on board size remain inconsistent. While others find that board size becomes statistically insignificant, some studies report a positive association between board size and ESG disclosure quality when include governance quality variables (Abdalla et al., 2024; Naciti et al., 2022; Najaf et al., 2025).

In developing markets such as Malaysia, the findings are still questionable. This shows that the efficiency of a board might depend on independence, skills, and appointment of directors relatively than just on the number of directors (Ho et al., 2026; Securities Commission Malaysia & World Bank, 2024). Therefore, board size stays to be a significant governance variable for further empirical investigation concerning environmental reporting performance.

H1: Board size has a significant relationship with environmental reporting.

WOMEN ON BOARD

A high representation of women directors on boards has long been proposed to lead to varied opinions, a sturdier ethical sense, and improved decisions, contributing to higher value board monitoring and a better contemplation for sustainability alarms (Cambrea et al., 2023; Ma et al., 2024; Wasiuzzaman & Subramaniam, 2023).

From a hypothetical standpoint, RDT suggests that gender-diverse boards enhance organizational capacity by introducing different forms of expertise, professional networks, and leadership approaches that support more effective sustainability governance (Pfeffer & Salancik, 1978; Sundarasen et al., 2024).

Across different contexts, empirical studies generally report a positive relationship between women board representation and environmental or ESG disclosure quality. Recent evidence indicates that board gender diversity contributes to higher levels of ESG transparency and reporting quality among listed firms (Cambrea et al., 2023; Ma et al., 2024; Wasiuzzaman & Subramaniam, 2023).

In Malaysia, research indicates that board gender diversity significantly affects ESG performance among listed firms. Recent emerging-market evidence also finds that women board members have a significant positive relationship with sustainability-related disclosures (Ho et al., 2026; Najaf et al., 2025). Therefore, higher women representation on boards is expected to positively influence the quality and extent of environmental reporting.

H2: Women on board has a significant relationship with environmental reporting.

AUDIT COMMITTEE SIZE

The audit committee serves as a crucial governance tool tasked with monitoring financial reporting, internal oversight, risk assessment, and disclosure accuracy. As eco-friendliness reporting is increasingly incorporated into corporate reporting, audit committees are anticipated to take on wider supervisory duties for environmental reporting (Gregory et al., 2024; Buallay & Al-Ajmi, 2020).

Agency theory proposes that more extensive audit committees could enhance the efficacy of monitoring since extra members can provide enhanced knowledge and supervisory ability. Bigger committees can enhance organizational accountability by dedicating more focus to sustainability disclosures (Arif et al., 2021; Jensen & Meckling, 1976).

However, the real-world findings are not decisive, as there are few studies that claim that larger audit committees improve the quality of disclosures by increasing the level of expertise and monitoring abilities, while, on the other hand, some researchers state that overly large audit committees can experience difficulties with coordinating and delaying the process of making decisions. Some new studies state that the characteristics of the audit committee as well as the corporate governance setting can exert various kinds of impacts on sustainability reporting by turning the size of the audit committee into an empirical question rather than an existing correlation (Aly et al., 2024; Buallay & Al-Ajmi, 2020). Hence, audit committee size is expected to positively influence the quality and extent of environmental reporting.

H3: Audit committee size has a significant relationship with environmental reporting.

AUDIT COMMITTEE MEETING FREQUENCY

The frequency of audit committee meetings is often regarded as a measure of governance commitment. Based on agency theory, higher meeting occurrence might improve monitoring roles and reduce info irregularity between management and stakeholders (Jensen & Meckling, 1976). A higher number of meetings shows more dynamic audit committees that can more efficiently

monitor the firms and lessen agency costs, and it is able to make discovery more consistent (Arif et al., 2021).

Nonetheless, observed results are diverse. Some research showed that consistent meetings can improve disclosure quality through improved oversight effectiveness, while other studies stated that the frequency of meetings may just represent observance to governance standards instead of honest monitoring effectiveness. Subsequently, the link between audit committee meetings and environmental reporting is still questionable (Biswas et al., 2023).

H4: Audit committee meeting frequency has a significant relationship with environmental reporting.

WOMEN AUDIT COMMITTEE MEMBERS

Though board gender diversity has attracted noteworthy research curiosity, there are less investigations on the representation of women in audit committees. Audit committees commence detailed oversight duties that set them separately from main board roles, interpreting the occurrence of women on audit committees a unique governance encounter (Abbasi et al., 2024; Ahmed et al., 2024).

Women audit committees can increase moral perceptive, improved independence, restored communication, and more detailed oversight of sustainability disclosure. Conferring to agency theory, these features can expand the clarity of reporting by strengthening the management of environmental reporting process (Ahmed et al., 2024; Jensen & Meckling, 1976).

Current studies propose that women audit committee members might improve disclosure value through better diligence and stakeholder compassion. However, evidence from emerging economies remains inconsistent, and the effect of women audit committee representation may depend on committee expertise, institutional setting, and the extent of members' influence in governance decisions (Abbasi et al., 2024; Ahmed et al., 2024; Ma et al., 2024). Further investigation is therefore warranted.

H5: Women's representation on the audit committee has a significant relationship with environmental reporting.

METHODOLOGY

The data sample is based on two Bursa Malaysia sectors, namely industrial products and services (IPS) and consumer products and services (CPS) firms for the 2025 financial year, and is collected from the firms' annual reports and DataStream. The selection of these two industries is theoretically and empirically motivated by their relevance to ESG-related research. Following Mat Yusoh, Tuan Mat and Abdullah (2023), IPS is classified as an environmentally sensitive industry, whereas CPS is classified as an environmentally less sensitive industry. Hence, including both sectors allows the study to examine ESG performance across firms operating under different environmental exposure conditions. Therefore, the study does not intend to generalise the findings across all industries listed on Bursa Malaysia. This approach is consistent with Hossain et al. (2026), which employs purposive or data-availability-based sampling rather than requiring the entire listed-company population, particularly where governance and environmental disclosure variables require detailed hand collection and content analysis. The sample is constructed using criteria such as firms must be continuously listed during the study period, belong to relevant non-

financial sectors, have complete annual and sustainability reports, provide identifiable board and audit-committee characteristics, and contain complete financial and market variables required for the regression analysis. There was no loss of data or incomplete data for any firm, and hence, a final sample size of 131 firm-year observations is used in this study.

The environmental reporting score (EP) utilizes a weighted or quality-based scoring scale (Latif et al., 2020; Sulaiman et al., 2014). The disclosure score was determined using a scoring system in which items disclosed in quantitative or financial form received a score of 2, while those presented qualitatively or through diagrams and pictures were each assigned a score of 1. Items that were not disclosed received a score of 0. Theoretically, the highest possible score was 38 (19 items × 2). The total score was then expressed as a percentage, calculated by dividing the actual score awarded by the maximum possible score.

This study used content analysis to examine annual reports because they are the most accessible public source of corporate environmental disclosure. The analysis involved two steps. First, IPS and CPS firms annual reports were reviewed using the environmental reporting index to identify the presence of environmental information. Second, each firm was assigned a disclosure score based on the information identified. Other financial information was extracted from annual reports and financial databases to calculate the independent and control variables. Content analysis is frequently applied in environmental social disclosure research to conduct a systematic assessment of content disclosed by firms (Milne & Adler, 1999).

Malaysia is a suitable setting to inspect the phenomenon due to augmented focus on corporate sustainability reporting subsequent the representation of the Malaysian Code on Corporate Governance (MCCG) and better-quality expectations on ESG disclosures. The year 2025 is selected since it is the initial reporting year succeeding the publication of the National Sustainability Reporting Framework on 24th September 2024, that presents a progressive plan to the implementation of IFRS Sustainability Disclosure Standards for firms listed on Bursa Malaysia (IFRS Foundation, 2023; Securities Commission Malaysia, 2021, 2024).

The linked between corporate governance structures and environmental reporting is assessed through Ordinary Least Squares multiple regression. The model investigates the direct impacts of governance variables on environmental reporting through controlling firm-level characteristics, constant with standard regression-based empirical analysis in finance and accounting studies (Gujarati & Porter, 2009).

RESULTS

Descriptive statistics for the variables were reported in Table 1. For the 131 observations, the environmental reporting score averaged 45.70 and ranged from 13.16 to 68.42, implying reasonable variation among firms in terms of their environmental disclosures. The average board size (BDSize) was 8.39 members, with board sizes ranging from 6 to 15 across firms. Similarly, on average, there were 2.25 women on the board (WBOD), and the number of board meetings held annually ranged from 4 to 13. The audit committee size (AC) averaged 3.41, with a minimum of 3 and a maximum of 6. The average number of audit committee meetings was 5.48, with a minimum of 4 and a maximum of 13, indicating that some firms held audit committee meetings more frequently than others.

TABLE 1. Descriptive Statistics

Variables	Observations	Mean	Std Deviation	Minimum	Maximum
EP	131	45.70	12.05	13.16	68.42
BDSize	131	8.39	1.73	6	15
WBOD	131	2.25	0.88	1	5
AC	131	3.41	0.69	3	6
Meetings	131	5.48	1.51	4	13
WAC	131	1.28	0.76	0	4
LgTA	131	21.32	2.67	9.93	26.05
ROA	131	0.63	0.61	0.00	4.64
GROWTH	131	10.89	31.96	-41.05	194.81
IND	131	0.511	0.50	0	1
EBIT	131	271,000,000	532,000,000	-290,000,000	2,300,000,000

The average number of female audit committee members (WAC) was 1.28, ranging from zero to four. Firm size, measured by LgTA, averaged 21.32 and ranged from 9.93 to 26.05. Profitability, represented by return on assets (ROA), averaged 0.63 and ranged from 0.0007 to 4.64, indicating variation in profitability. Growth showed significant variation, with an average of 10.89, a standard deviation of 31.96, and values ranging from -41.05 to 194.81. Industry (IND) was a dummy variable with a mean of 0.511, taking a value of 1 for firms in the industrial products and services sector and 0 for firms in the consumer products and services sector. Finally, earnings before interest and taxes (EBIT) averaged about RM271 million, ranging from a loss of RM290 million to a profit of RM2.30 billion, indicating large differences in firm profitability.

The correlation matrix in Table 2 portrays that most variables are significantly correlated, though the correlation values are not very high. The highest correlation is between board size and the number of women on the board, with a coefficient of 0.634, significant at the 1% level. Subsequently, none of the correlation coefficients exceed 0.80, suggesting no serious multicollinearity problem. This assumption aligns with the common statistical valuation that very high correlations between independent variables may sign multicollinearity matters (Hair et al., 2019).

Variance inflation factor investigation was also done to checked for multicollinearity between the independent variables, as shown in Table 3. VIF is frequently used to discover multicollinearity in regression analysis. The results indicate that the VIF values range from 1.09 to 2.36, with a mean VIF of 1.45. The highest VIF is observed for WBOD (2.36), followed by BDSize (2.23), while the remaining variables have VIF values below 2.00. Since all VIF values are substantially below the commonly used threshold of 5, the results suggest that there is no serious multicollinearity problem among the independent variables. Therefore, the explanatory variables can be retained in the regression model without significant concern regarding multicollinearity (Gujarati & Porter, 2009).

The multiple regression results in Table 4 show that the model is statistically significant, with an F-value of 7.260 and a p-value of 0.000. This means that the independent variables together explain environmental disclosure. The adjusted R-square value is 0.3228, which designates that about 32.28% of the variation in environmental disclosure is described by the independent and control variables in the model. In regression analysis, the F-test checks if the overall model is statistically significant, while adjusted R-square shows the model's explanatory power after considering the number of predictors (Gujarati & Porter, 2009).

TABLE 2. Correlation Matrix

Variables	BDSize	WBOD	AC	Meetings	WAC	LgTA	ROA	GROWTH	IND	EBIT
BDSize	1.000									
WBOD	0.634***	1.000								
AC	0.453***	0.297***	1.000							
Meetings	0.267***	0.238***	0.266**	1.000						
WAC	0.280***	0.493***	0.424**	0.176**	1.000					
LgTA	0.215**	-0.044	0.114	0.089	-0.076	1.000				
ROA	-0.126	-0.151*	-0.069	-0.033	-0.042	-0.038	1.000			
GROWTH	0.051	0.155*	-0.105	-0.096	-0.026	-0.147*	-0.063	1.000		
IND	-0.107	-0.085	-0.014	-0.104	0.164	-0.086	-0.053	0.132	1.00	
EBIT	-0.173**	-0.036	-0.122	-0.094	0.017	0.046	0.215**	0.009	0.073	1.00

TABLE 3. VIF

Variable	VIF	1/VIF
BDSize	2.23	0.45
WBOD	2.36	0.42
AC	1.52	0.66
Meetings	1.14	0.88
WAC	1.67	0.60
LgTA	1.16	0.86
ROA	1.09	0.92
GROWTH	1.12	0.90
IND	1.13	0.89
EBIT	1.12	0.92
Mean VIF	1.45	

The results display that women on board have a positive and significant relationship with environmental disclosure, with a coefficient of 2.845 and a p-value of 0.039. This means that firms with more women director's incline to report higher levels of environmental disclosure. The finding is consistent with recent studies showing that board gender diversity can improve ESG and environmental disclosure since gender-diverse boards may reinforce monitoring, stakeholder attention, and sustainability-related decision-making (Cambrea et al., 2023; Ma et al., 2024; Wasiuzzaman & Subramaniam, 2023).

Women in audit committees have a negative and significant relationship with environmental disclosure, with a coefficient of -3.216 and a p-value of 0.047. This shows that a higher number of women in the audit committee is related with lower environmental disclosure in this model. Though audit committees are usually anticipated to expand monitoring and disclosure quality, current studies display that the association between audit committee characteristics and sustainability reporting may differ rendering to firm setting, independence, committee qualities, skill, and reporting environment (Aly et al., 2024; Buallay & Al-Ajmi, 2020). This result should consequently be taken thoughtfully in the present sample.

Audit committee size, board size, and audit committee meeting frequency are not statistically significant because their p-values exceed 0.05. Therefore, there is inadequate statistical indication to conclude that these corporate governance variables significantly influence environmental disclosure in this model. Previous studies also found mixed discoveries, demonstrating that board and audit committee features may affect environmental or sustainability

reporting differently reliant on governance structure, country, industry, and reporting guidelines (Abdalla et al., 2024; Al-Mamun et al., 2021; Najaf et al., 2025).

For the control variables, firm growth has a negative and highly significant relationship with environmental disclosure, with a coefficient of -0.158 and a p-value of 0.000. This recommends that firms with higher growth tend to reveal less environmental evidence. EBIT has a positive and highly significant relationship with environmental disclosure, with a p-value of 0.000. Firm size and ROA are insignificant statistically, with p-values of 0.114 and 0.320 respectively. IND is statistically insignificant, with a p-value of 0.488, and this result remains consistent after controlling for industry differences.

Overall, the findings show that women on boards, women in audit committee roles, firm growth, and EBIT significantly affect environmental disclosure. Women on boards and EBIT have solid positive relations with environmental disclosure, whereas women in audit committees and firm growth have strong negative associations. The positive impact of women on boards is backed by recent studies on gender diversity in boards and ESG disclosure. In contrast, the negative impact of women in audit committees is due to female audit committee members posed as stronger monitors of disclosure credibility rather than simply as promoters of greater disclosure volume (Abbasi et al., 2024; Ma et al., 2024).

Table 5 provides the additional robustness analyses to further address the negative impact of women in audit committees with environmental disclosures. Using dummy variables ("0" for WAC members less than 2 and "1" for WAC members of 2 or more in the firms), the result remains negative, though insignificant. The results support previous findings such as Abbasi et al. (2024) and Ma et al. (2024).

TABLE 4. Multiple Regression Results for Corporate Governance Structure and Environmental Disclosure

Variable	Coefficient	t-value	Sig.	Significance Level
BDSize	-0.767	-1.02	0.309	0.309
WBOD	2.845	2.08	0.039	0.039**
AC	-0.509	-0.32	0.749	0.749
Meetings	-0.950	-1.57	0.119	0.119
WAC	-3.216	-2.01	0.047	0.047**
LgTA	0.650	1.59	0.114	0.114
ROA	1.430	1.00	0.320	0.320
GROWTH	-0.158	-4.93	0.000	0.000***
IND	-1.325	-0.70	0.488	0.488
EBIT	0.000	3.75	0.000	0.000***
Constant	43.011	4.83	0.000	0.000
Adjusted R-square		0.323		
F-value		7.260		
P-value		0.000		

TABLE 5. Additional Robustness Analyses for Corporate Governance Structure and Environmental Disclosure

Variable	Coefficient	t-value	Sig.	Significance Level
BDSize	-0.548	-0.75	0.454	0.454
WBOD	2.291	1.71	0.089	0.089*
AC	-0.999	-0.65	0.517	0.517
Meetings	-0.954	-1.51	0.134	0.134
DummyWAC	-4.480	-1.62	0.107	0.107
LgTA	0.581	1.38	0.170	0.170
ROA	1.396	0.96	0.341	0.341
GROWTH	-0.154	-4.74	0.000	0.000***
IND	-1.698	-0.89	0.377	0.377

EBIT	0.000	3.63	0.000	0.000***
Constant	42.730	4.79	0.000	0.000
Adjusted R-square		0.316		
F-value		6.530		
P-value		0.000		

DISCUSSION

The empirical results reveal that board size does not considerably determine environmental disclosure, as the estimated coefficient for board size is negative and statistically insignificant. This suggests that the size of the board of directors does not determine the level of environmental disclosure by Malaysian listed firms, and a larger board does not necessarily result in better environmental transparency. Agency theory would suggest that larger boards ease better monitoring, hence reducing managerial opportunism (Aladwey et al., 2022; Jensen & Meckling, 1976). RDT would suggest that a larger size provides different expertise and knowledge and links with the external environment, which improves decision-making and reduces resource dependencies (Pfeffer & Salancik, 1978). However, these results also suggest that the theoretical advantages of larger boards in terms of improved environmental reporting may be outweighed by a loss of quality caused by communication, decision-making, and coordination issues. This lack of effect may simply suggest that the effectiveness of a board depends more on the competence and sustainability commitment of the directors than on the size of the board and is supported by studies showing no effect of board size when controlling for other governance attributes (Abdalla et al., 2024; Ho et al., 2026; Najaf et al., 2025).

Firms with more women on their boards of directors report substantially more information than those firms with fewer female directors. This finding provides additional empirical support to the emerging body of literature examining the influence of gender diversity on corporate sustainability (Cambrea et al., 2023; Ma et al., 2024; Wasiuzzaman & Subramaniam, 2023). The result is consistent with the RDT since female directors might bring different educational backgrounds, expertise, styles, and contacts, enriching the decision-making processes of the board of directors (Pfeffer & Salancik, 1978; Sundarasen et al., 2024). In Malaysia, the finding also supports the government's intention for increased participation of women in leadership in corporate settings via Malaysian Code on Corporate Governance (Securities Commission Malaysia, 2021).

However, this suggests that merely increasing the size of an audit committee may not be sufficient to enhance the quality of environmental reports. Agency theory has recognized that audit committees are instrumental monitoring mechanisms that help to minimize information asymmetry that exists between managers and shareholders (Jensen & Meckling, 1976). Larger audit committees can provide a greater capacity to monitor management and a greater pool of professional expertise, yet these findings show no such significant association between committee size and environmental disclosure. One of the explanations for this might be that audit committees still place higher significance on old-style financial reporting substances slightly than on sustainability reporting (Al-Mamun et al., 2021; Buallay & Al-Ajmi, 2020). The environmental disclosure reporting part is still evolving, and committee members might lack capability in ESG reporting frameworks, environmental accounting, and climate-related risk. Increasing committee size without firming their sustainability-related capability is of no actual value. These results are consistent with previous studies that specify that audit committee effectiveness depend on independence, competency, and involvement, not numerical size (Aly et al., 2024; Arif et al., 2021).

Audit committee meeting frequency also has an insignificant relationship with environmental reporting. While regular meetings may show better governance conscientiousness, they do not seem to improve environmental disclosure practices among Malaysian listed firms. This result proposes that meeting frequency captures governance activity rather than governance efficiency. Committees may hold frequent meetings while concentrating on external auditing, statutory financial reporting, internal controls, and regulatory compliance, parting inadequate monitoring for environmental reporting. The current result led to the literature on governance efficiency and demonstrations that there is a deficiency of uniformity between structural gauges of governance and its definite quality; hence, strategic direction agendas, and expertise might play a significant character other than the frequency of meetings (Arif et al., 2021; Biswas et al., 2023). As sustainability reporting continues to evolve, audit committees should focus more on climate-related risks, environmental performance, assurance, ESG disclosures, and their quality.

The negative relationship between female representation on the audit committee and environmental can be critically interpreted from a risk-management and internal-control perspective. Rather than indicating that female audit committee members are less supportive of environmental transparency, the finding may reflect a more conservative approach to the disclosure of information that is difficult to verify or substantiate. Environmental and carbon disclosures frequently involve management estimates, assumptions, non-financial performance indicators, and methodological judgments, thereby creating risks associated with information reliability, greenwashing, reputational damage, regulatory scrutiny, and potential legal exposure. Female audit committee members may therefore exercise stronger monitoring by challenging unsupported environmental claims, requesting adequate documentation and internal-control evidence, and discouraging discretionary disclosures that cannot be sufficiently verified. Such behaviour could reduce the volume of environmental information disclosed while potentially improving its credibility and evidential quality. This interpretation is consistent with the broader literature emphasising the monitoring role of audit committees in sustainability reporting (Buallay & Al-Ajmi, 2020; Arif et al., 2021; Abdalla et al., 2024). Abbasi et al. (2024) further highlight the relevance of female director expertise within audit committees to carbon disclosure, suggesting that the effect of female representation should be considered alongside the monitoring and expertise functions of the audit committee rather than treated simply as a measure of gender diversity. Consequently, a lower level of discretionary disclosure may represent a more selective reporting strategy aimed at mitigating disclosure-related risks rather than weaker environmental accountability. Nevertheless, this interpretation should be treated cautiously because a negative association does not establish that female audit committee members intentionally restrict disclosure to prevent greenwashing or legal exposure. Future research should therefore distinguish between disclosure quantity and disclosure quality and examine whether female audit committee representation is associated with greater external assurance, stronger disclosure credibility, or more substantive environmental performance.

Inclusively, the discoveries show that corporate governance stimuli environmental reporting through governance quality slightly than governance structure solely. Gender diversity at the board level appears as one of the most important governance characteristics, whereas traditional structural gauges comprise of audit committee meeting frequency, board size and audit committee size appear less imperative.

CONCLUSION

This study finds that corporate governance influences environmental reporting, although its mechanisms vary in effectiveness. Women's board representation is positively associated with environmental transparency, while women's representation on audit committees has a negative association, suggesting that representation alone may be insufficient without relevant expertise, authority, and organizational support. Other governance factors show no significant influence. Firm-specific factors also matter, with higher EBIT positively associated with reporting and firm growth negatively associated with it. Overall, environmental reporting reflects both governance quality and financial capacity, alongside directors' commitment to sustainability.

The study contributes to the corporate governance and environmental reporting literature in several ways. First, it encompasses agency theory by display that traditional governance structures, comprise audit committee size and board size, do not essentially expand environmental reporting. Governance effectiveness appears to depend more on qualitative characteristics, together with director engagement, diversity, and expertise. The study portrays that female audit committee members execute technical risk oversight, enforcing reporting conservatism and curbing unverified ESG claims to mitigate regulatory exposure. Next, the positive influence of women on board delivers pragmatic support for RDT, as female directors serve as strategic human capital resources that expand board capacity and drive proactive environmental reporting. Nevertheless, the conflicting results for women on boards and women on audit committees specify that governance roles vary noticeably and should be inspected distinctly in further research.

The study has appropriate suggestions for corporate boards, regulators, policymakers, investors, and other stakeholders. Governance improvement should emphasis further on governance effectiveness rather than only a measure based on compliance matters. In relation to corporate boards, gender diversity could become more prominent when upcoming amendments to the current codes provide more explicit guidelines on the requirement for boards to acquire environmental governance competency, sustainability expertise, and responsibility for monitoring ESG. Thus, it is vital that female representatives on corporate boards are seen not as simple fulfilment of quota diversity policies but instead as strategic investments capable of improving the overall performance and responsiveness of corporations with their respective environmental stakeholders and society. Audit committees are advised to widen their scopes of review from typical financial information to include those that relate to sustainability, as this aspect of information is integrated with mainstream corporate reporting in time to come. Also, this study provides actionable insights for Malaysian regulators by highlighting the importance of considering committee roles alongside board gender targets. Rather than focusing solely on the proportion of female directors, regulatory initiatives could recognise the specific responsibilities, expertise, and monitoring functions of female directors serving on audit committees. Such an approach may support more effective gender-diversity policies while ensuring that board composition aligns with the governance and oversight requirements of different board committees.

Despite its contributions, this study has several limitations that provide directions for future research. First, the study focuses only on Malaysian public listed firms. Hence, the results might not be entirely generalizable for privately held firms, government-related entities, and firms in distinct institutional and economic settings. Other kinds of organizations could be the subject of future studies or a comparison between different ASEAN and developing countries. Second, environmental reporting was measured through content analysis of annual reports. Although this method is widely used in environmental reporting research, the quantity of disclosure may not

necessarily reflect disclosure quality, credibility, or actual environmental performance. Third, the results limit the generalizability of findings to Bursa Malaysia sectors, as they are interpreted within the context of industrial products and services and consumer products and services industries only. Next, the cross-sectional design of the study restricts the research from drawing causality between corporate governance practices and environmental reporting. It's due to the fact that governance, in general, is dynamic over the period of time; hence, the reporting of disclosure sustainability may vary during reporting periods. Henceforth, in future studies, the longitudinal design of the study from multiple reporting periods may contribute more significant results. Lastly, the data for the research is based on information readily available in the public sphere, thereby neglecting internal governance, deliberations in the board's meetings, managers' attitudes, and corporate decisions regarding the environmental reporting disclosure. Thus, qualitative methods, like interviews with directors, audit committee members, the board of directors, regulatory authorities, and sustainability managers, may explore internal governance mechanisms that drive environmental reporting disclosures.

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