

The Effect of Corporate Governance on Carbon Emission Disclosures – Evidence from Environmentally Sensitive Listed Companies in Sri Lanka

Randunu, M.P.M.P.¹ and Wijekoon, W.M.H.N.²

^{1,2}*Department of Accountancy, University of Kelaniya*

¹*mpmrandunu25@gmail.com, ²nisansala@kln.ac.lk*

Abstract

There has been a global consensus that carbon emission is the main cause of global warming and climate change, which can have an increasing global problem due to business activities and behavior. The objective of the study is to investigate whether corporate governance attributes such as Board Size, Board Independence, Board Gender Diversity and Audit committee impact on Carbon emission voluntary disclosures of Environmentally sensitive listed companies in Sri Lanka. Most of the prior studies examine the carbon emission disclosure level of non-financial companies. However, limited research has been done on corporate governance and Carbon emission disclosures in developing countries particularly Asian countries. This gap in the literature provides the rationale for the study. The sample of the study consists of 29 listed companies for the period from 2016 to 2020. Carbon emission disclosures were measured using the carbon disclosure project index checklist developed by Choi et al. (2013). The corporate governance characteristics that influence carbon disclosures were examined using panel data regression models. The findings of the study provide information on to level of carbon emission disclosures of environmentally sensitive listed companies in Sri Lanka, which would be useful for organizations and regulatory bodies. Findings provide useful insight to policy makers for formulating necessary policies that will provide emission reduction practices for entities.

Key words: *Corporate Governance, Carbon emission Disclosures, Board Independence, Audit Committee, Board Diversity.*