THE IMPACT OF CORPORATE GOVERNANCE ON GREENHOUSE GAS DISCLOSURES OF LISTED COMPANIES IN THE MATERIAL & ENERGY SECTOR IN SRI LANKA

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Abstract

There has been a global consensus that Greenhouse Gas emissions including carbon dioxide are the main cause of climate change and global warming, which can have a significant impact on business activity and behavior. Thus, carbon information has become important for stakeholders to make an informed decision about a company's greenhouse emissions performance. However, there is criticism that companies tend to disclose some unreliable climate change related information. It can be argued that corporate governance plays a critical role in determining how companies are responding to climate change. This is because companies that have a high quality of corporate governance are more likely to integrate climate change into their business strategy and are more likely to maintain the long term commitment to effectively address climate change risks and opportunities across their entire operating system. This study investigates the impact of corporate governance mechanisms on greenhouse gas emission disclosures. Numerous studies have been undertaken to find the impact of corporate governance on greenhouse gas disclosures in developed countries . However limited research available in developing country context particularly in Sri Lanka. Hence the purpose of this study is to investigate the impact of corporate governance on greenhouse gas disclosures of the listed energy & material companies in Sri Lanka. This research will use the board size, board gender diversity, board activities and CEO duality to measure the corporate governance of the organization and profitability and liquidity ratios are used as the control variables. Discloser level is measured by Greenhouse gas Discloser Index. Twenty seven listed companies from Sri Lankan material and energy sector have been selected as the sample of the study. The data of the study were collected using annual reports, Carbon Disclosure Project, sustainability reports, and corporate websites from the period 2016 to 2021.Data will be analyzed using study, descriptive statistics, Pearson correlation analysis, and regression analysis.

Keywords: Corporate Governance, Board Gender Diversity, CEO Duality, Greenhouse Gas Disclosures