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ENVIRONMENTAL SUSTAINABILITY PRACTICES AND FINANCIAL PERFORMANCES OF NON FINANCIAL FIRMS LISTED IN NIGERIA

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ABSTRACT

The study evaluated the significance of the effect of environmental sustainability practices of non financial firms listed in Nigeria on its financial performances. Specifically, the study determined the effect of environmental sustainability reporting practice on financial performance of listed non-financial firms in Nigeria. It further investigated the effect of corporate governance reporting practice on financial performance of listed non-financial firms in Nigeria. Sampling a total of 55 non financial firms selected from ten sectors, the secondary data collated from the firms' audited annual report of 2015 – 2024 were subjected to relevant hypotheses analysis using Robust Least Squares Regression Model operated with E-Views 12. It was found that Environmental sustainability reporting has a positive and significant effect on financial performance of listed non-financial firms in Nigeria (β = 1.90; p = 0.0000). Moreso, the study discovered that Corporate governance reporting has a positive and significant effect on financial performance of listed non-financial firms in Nigeria (β = 1.63; p = 0.0000).In conclusion, the findings collectively indicate that sustainability reporting across environmental and the corporate governance dimensions, play critical roles in enhancing the financial standing of listed non-financial firms in Nigeria, as measured by net asset per share. .The study recommends that environmental teams should enhance tracking and reporting of climate-related disclosures, resource use efficiency, emissions controls, and biodiversity impacts, positioning the firm as an environmentally responsible entity that aligns with regulatory standards. Also, the Audit Committee should be reinforced through the transparent publication of board practices, risk oversight, independence criteria, and ethical frameworks in financial disclosures, thereby promoting accountability, reducing agency risks, and enhancing investor confidence

Key words: *Corporate Governance Reporting practice, Environmental Sustainability practices, Financial Performances.*

INTRODUCTION

Every business operates with direct interaction with its environment. The productive activities of businesses hence, readily impacts the environment and society through this interaction. A such, these industrialization activities is often associated with several economic, social, and

environmental hazards ranging from environmental degradation, air pollutions to water pollution, which all have dramatically increased incidences of deforestation and consequent loss of habitats for both aquatic and terrestrial animals (Utile, 2016). But the yearly reports of corporate organisations do not usually reflect the effect of these business operations on the host environment or community. To Okoli, Okoye and Nwoye (2025), this may lead to increased operating costs, lower profitability, and limited access to capital. Indeed, sustainability reporting is one of the tools of corporate transparency that encapsulates a company's financial and non-financial performance in the host environment.

Accordingly, sustainability reporting practices have attracted considerable interest from a number of key stakeholders such as the United Nations Global Compact, the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TFCD) and European Commission Guidelines on Sustainability Reporting Practices (Nahiba, 2022). Some corporations in developing countries are becoming conscious of their international market and are creating appreciable effort on sustainability reporting practices. The result of sampled industries in Nigeria shows that few companies are becoming socially responsible and environmentally friendly (Okafor, 2022). Adejola, Joseph and Ojuola (2024) lamented that majority of businesses in Nigeria usually fail to include information regarding sustainability reporting in their annual reports, and this renders them unaccountable to their local surroundings.

Aside being synonymous with Environmental, Social and Governance (ESG) reporting which some capital markets have made mandatory for companies that are listed on them, Sustainability reporting measures and discloses corporate performance in environmental, social, and economic terms (Asuquo, 2018). The growing nature of sustainability reporting in recent years in some countries of the world has led to increased use of Global Reporting Initiative, United Nations Global Compact, Carbon Disclosure Project, by companies (Nwobu, 2017). The increasing global emphasis on corporate sustainability has led to a growing demand for firms to adopt sustainability reporting practices (Onoja, Okoye & Nwoye, 2021a). In Nigeria, listed non-financial firms are gradually integrating sustainability disclosures into their financial reporting to enhance transparency, meet stakeholder expectations, and comply with regulatory guidelines. However, the extent to which these sustainability reporting practices influence financial performance remains unclear. Little wonder why there are still inconsistencies on empirical findings regarding the relationship

between sustainable reporting practices and financial performance of firms in Nigeria. While many empirical studies have reached a conclusion that there is a positive relation between corporate sustainability performance and financial performance, there are several studies that established a negative outcomes Okechukwu and Ugwu; Iliemena (2023), Amedu and Uagbale-Ekatah (2023); Awa;(2023), Akpan and Simeon; Atanda, Osemene and Ogundana, (2021); Etale and Otuya,(2020); Chiamogu and Okoye (2020); Omesi and Berembo (2020); Syder, Ogbonna and Akani (2020); Abdulsalam, Babangida and Abubakar,(2020) thus, making further studies on sustainability disclosures and firm performance inevitable.

Objectives

The study broadly intends to evaluate the effect of environmental sustainability practices on the economic performances of non financial firms listed in Nigeria. Specifically, it:

1. determines the effect of environmental sustainability reporting practice on financial performance of listed non-financial firms in Nigeria.
2. investigates the effect of corporate governance reporting practice on financial performance of listed non-financial firms in Nigeria.

LITERATURE REVIEW

Sustainability Reporting Practices

Aifuwa (2020) explained that the term sustainability reporting as a combination of two ideas: sustainability and reporting. He notes that sustainability is about meeting what this present generation wants without undermining the future generations in meeting what they also wanted, while reporting simply describe as revealing corporate accounting data partially or wholly to various users or stakeholders who may need corporate information for various purposes. For this reason, sustainability reporting is the bringing together (combination) of reporting and accounting for economic, environmental as well as social into corporate disclosure. Sustainability reporting practice is not only related to disclosure but also integrates with the communication process between companies and stakeholders. This process provides stakeholders with an opportunity to determine if the company has taken their interests into account (Onoja, Okoye & Nwoye, 2021b) when making decisions. A sustainability report will disclose how non-financial issues such as; employee job satisfaction and performance, external stakeholder's position, and climate change contribute towards value creation and also a corporate governance which is a paramount factor explored by managers to enhance firm value (Omaliko, Nweze & Nwadialor, 2020; Fatma & Chouaibi, 2021).The

importance of sustainable development in industrial and service institutions and as a means of sustainability reporting has increased significantly over the last two decades. The reduced barriers to trade and international financial flows and a growing evolution in customers' desires and preferences, reporting on investment has become a priority for companies in various sectors to enhance corporate reputation and gain the legitimacy needed to operate Al-Wattar et al, (2019). In making financial decisions on the financial market, investors should measure the value of shares, such as stocks, used as the basis for financial decisions . The mrarket value of the stock, the price decided between the buyer and the seller, represents the appraisal of the shares by the investors who negotiate the shares . The performance and outlook of the firm are significant factors affecting share prices. Data on the success and future of the business is expressed in the annual reports provided for reasons of economic decision taking.

Environmental Sustainability Reporting

Environmental sustainability reporting practices is the disclosure of a company's environmental impact, governance and social responsibility performance. Environmental sustainability reporting involves ecosystem integrity, and biodiversity. It requires that natural capital be maintained as a source of economic inputs and as a sink for wastes. Resources must be harvested no faster than they can be regenerated. Wastes must be emitted no faster than they can be assimilated by the environment (Okechukwu & Ugwu, 2023). Environmental reporting is the process by which a corporation communicates its information regarding range of its environmental activities to a variety of stakeholders. It is an assessment of the impact of environmental issues on the company's financial performance and that it requires changes to the way companies discloses environmental issues in their annual/financial report (Nzekwe, Okoye & Amahalu, 2021). Environmental reporting is to fulfill its accountability regarding environmental efforts in their activities, and to provide useful information to decision making of interested parties.

H_{01}: *Environmental sustainability reporting has no significant effect on financial performance of listed non-financial firms in Nigeria.*

Corporate Governance Reporting

Corporate governance reporting is a report on the way an organization is directed, administrated and controlled. According to Blair (2023), corporate governance refers to the whole set of cultural, legal and institutional arrangements that determine what organizations

could do, who controls them, how that control is exercised, and how the risks and return from the activities they undertake are allocated. In addition, the corporate governance structure specifies the distribution of rights and responsibilities among different participants in the organization, such as the board, managers, shareholders and other stakeholders, and spells out the regulations and procedures for making decisions on corporate affairs. Corporate governance covers a wide range of arrangements and aspects and scholars classify them into internal and external mechanisms. Fama and Jensen (2021) argued that corporate governance is a framework that controls and safeguards the interest of all stakeholders of an entity. The stakeholders include managers, employees, customers, shareholders, executive management, suppliers and the board of directors. To them, the essence of corporate governance is to protect and safeguard the investment of shareholders.

Gompers (2023) in the same vein opined that corporate governance disclosure is a disclosure on the mechanism by which the board of directors improves the value of the shareholders by controlling the actions of managers who are charged with the day to day running of the corporation. Chua (2020) is of the opinion that sound corporate governance practices lead firms towards the achievement of higher performance and provide sources for capital investment by increasing the creditability of shareholders

H_{02}: *Corporate governance reporting has no significant effect on financial performance of listed non-financial firms in Nigeria.*

Firm Performance

Financial performance refers to a company's ability to generate profits, manage resources, and create value for shareholders over time. It is a critical indicator of business success and sustainability, influencing investment decisions, credit ratings, and stakeholder confidence. Below is an extensive discussion of financial performance, covering its dimensions, measurement metrics, and it's determinants, Dimensions of Financial Performance. It can be accessed from three key perspectives: Profitability; Measures how efficiently a company generates earnings relative to revenue, assets, or equity. Key Metrics for measuring financial performance include:

i. Return on Assets (ROA) = Net Income / Total Assets,
ii. Return on Equity (ROE) = Net Income / Shareholders' Equity
iii. Gross Profit Margin = (Revenue - COGS) / Revenue
iv. Net Profit Margin= Net Income / Revenue et cetera.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and to generate revenues. This term is used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Okeke & Ovinlove, 2021). According to Erikie and Osagie (2022) financial performance is the measuring of results of a firm's policies and operations in monetary terms. These results are reflected in the firm's return on investment, return on assets, value added, return on equity, return on net worth, return on total assets and return on capital employed. There are many different ways to measure financial performance, but all measures are taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into the financial statements and seek out margin growth rates or any declining debt.

Theoretical Review

Stakeholder Theory

The theoretical foundation of this paper is anchored on the stakeholders theory. The theory was propounded by Freeman in the year 1984. The stakeholder theory postulates that the firm does not operate as an island, but its success depends on multiple stakeholders who have different interest on the firm's operations. This means that the firm has to identify these stakeholders (employees, customers, suppliers, local community, government and so on) and ensure that it fulfills their different needs as they can influence the firm's performance. According to this view mentioned above, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the business. This implies that it can be beneficial for the firm to engage in certain governance, environmental, social and economic activities that non-financial stakeholders perceived important, because without it, these groups might withdraw their support from the business. According to Popa, Blidi and Bogdan (2021), the stakeholders' theory proposed an increased level of governance, environmental, social and economic awareness which creates the need for companies to manage these interests (groups' interest) in order for them to become environmentally friendly and socially responsible towards the environment in which the business is domiciled.

In this era of sustainability, different stakeholders have unique roles to play to ensure that the firm attains its sustainability goals. Performing poorly on stakeholder relations can hinder firms from attaining desired milestones in sustainable development (Obey, 2020). The study notes that it is not sufficient for managers to focus exclusively on the needs of stockholders,

or the owners of the business. Therefore, it can be beneficial for the firm to engage in certain governance, environmental, social and economic activities that non-financial stakeholders perceive important, because without this, these groups might withdraw their support from the business.

Empirical Review

Adejola, Joseph and Ojuola (2024) examined how sustainability reporting affects the financial performance of Nigerian-listed agriculture and natural resource companies. Using return on assets (ROA) as a proxy for corporate financial performance, the study's particular goals were to ascertain if reporting on economic and social sustainability had an effect on the financial performance of the sampled industries. The annual reports of nine (9) chosen firms were the source of the data from 2014 to 2023. Using the E-Views statistical program, the panel least squares regression approach was used to assess the data. The study found that the financial performance of the examined firms is negatively and insignificantly impacted by reporting on economic and social sustainability. The study concluded that sustainability reporting had no significant effect on the performance of Nigerian listed agriculture and natural resources firms.

The study by Okutu and Adegbie (2024) examined the financial performance and sustainability reporting of Nigerian oil and gas companies. The study used panel data analysis to analyze profitability metrics like return on assets (ROA), return on equity (ROE), and return on capital employed (ROCE). The results showed that Corporate Social Responsibility (CSR) reporting significantly impacted ROA, with a positive correlation between environmental sustainability and ROE. However, there was a statistically negligible association between ROE and social sustainability. The study concluded that companies' financial performance is significantly influenced by sustainability reporting, and recommended that they prioritize public disclosure of their sustainability efforts to improve their bottom lines.

Onoh, Kayadi and Ndubuisi (2023) examined Nigerian listed oil and gas companies' Tobin's Q value after environmental, social, and economic sustainability reporting. Secondary data from annual reports were examined while relationships and descriptive matrices were used as the analytical techniques. Economic sustainability reporting values showed that less sales growth and leverage negatively impacted sustainability reporting and firm value, while firm size positively impacted it. The study concluded that sustainability laws appealed to investors and increased firm value, and sustainable organizations require financial capital, good

governance, and workplace practices that reflect stakeholders' environmental and social needs.

Akhor and Oroboh (2023) empirically investigated the effect of sustainability reporting on firm value in Nigeria. The study objectives were to examine the effect of economic sustainability reporting, environmental sustainability reporting, and social sustainability reporting on firm value. The population for the study consisted of listed consumer goods companies in the Nigerian Stock Group (NGX) covering from 2016 to 2021. Secondary data used for the study was collected from a sample of sixteen (16) listed consumer goods companies. Robust regression technique was used to test the formulated hypotheses. The regression results revealed that economic sustainability reporting had a positive and significant effect on firm value at a 1% level of significance, environmental sustainability reporting had a positive and significant effect on firm value at a 1% level of significance and social sustainability reporting had a negative and significant effect on firm value. The study recommended that the management of Nigerian listed consumer goods companies should focus more on sustainability reporting in terms of economic reporting and environmental reporting to increase the value of the firm.

Tracy and Sunday (2023) examined the effect of sustainability reporting on financial performance of quoted consumer goods companies in Nigeria. Ex-post facto research design was employed on panel data which was sourced from related company annual financial reports. Pooled Ordinary Least Square (POLS) regression analysis was conducted. The results of the study showed that environmental sustainability reporting had a positive and significant effect on the performance measure of earnings before interest and tax, but it revealed an insignificant effect on return on capital employed and gross profit after tax margin. Social sustainability reporting on the other hand had both positive and negative effects on performance to the extent that while it was seen to be negative on return on capital employed and gross profit after tax, its effect on earnings before interest and tax was positive.

Iliemena, Amedu and Uagbale-Ekatah (2023) conducted research on the effect of Sustainability Reporting on gross profit margin (GPM) and return on capital employed (ROCE) in the manufacturing sector. The study used an ex-post facto research design to collect data from 23 selected companies from the period of 2012 to 2021 while descriptive statistics and ordinary least squares were employed in the analysis of data. The empirical

results revealed that Social Sustainability Reporting exerts a significant positive effect on GPM and environmental exerts no significant effect on ROCE.

Awa (2023) examined the effect of sustainability reporting on the financial performance of manufacturing firms in Nigeria from 2015-2020. This was to ascertain the effect of community relations disclosure, employee relations disclosure, board composition disclosure, and environmental disclosure on the return of Assets of these firms. Data used were sourced from annual reports of the selected manufacturing firms and were analyzed using panel least square regression technique based on the fixed effect of the regression model. The findings showed that community relation disclosures and employee relations disclosures have negative and significant effect on the return on assets, while board composition and environmental disclosures have positive and significant effect on return on assets of selected manufacturing firms in Nigeria. It was concluded that sustainable reporting components of community relation, environmental reporting, and employee relation as well as board composition had mix effects on the performance of manufacturing firms. It was recommended that managers of these firms should incorporate sustainable reporting and ensure effective disclosure reporting into their financial statements.

Wahyuningtyas, Susesti and Murtadho (2022) examined the impact of sustainability reporting on financial and non-financial performance of companies in Indonesia. The study used secondary data taken from financial reports and sustainability reports of companies that won the green industry award and were listed on the Indonesian stock exchange and have published a sustainability report for the period 2015-2020. Data were analyzed using path analysis and fixed effect regression. Findings from the study show that disclosure of information on economic, social and environmental aspects of sustainability reporting has no significant effect on financial performance. However, the disclosure of economic information has a significant effect on non-financial performance in terms of market performance as measured by Tobin's Q. The study recommends that regulators pay more attention to corporate sustainability reports to ensure more transparency in the disclosure of the three aspects in sustainability reports so as to assist countries in achieving sustainable development.

Akintoye et al (2022), examined the sustainability and financial reporting quality of listed manufacturing companies in Nigeria for the period of 2011-2020. Environmental and social Disclosure based on the Jones model (1991) was used as a measure of Financial Reporting Quality (FRQ). This study employed panel regression analysis, and applied variance inflation

factors to test multicollinearity among predictor variables, and uses fixed effects estimators suggested by Hausman test when analyzing observed data. The results showed that environmental disclosure does not impair the quality of financial statements.

Adekami (2022) assessed the effect of firm's attributes on sustainability reporting of non financial firms Secondary data was sourced from the audited financial reports of sample firms. Panel data least square multiple regression was employed for the analysis. The outcomes showed that profitability, firm size, and liquidity maintain positive and statistically significant relationships with sustainability reporting and assets tangibility has a negative and statistically significant relationship with sustainability reporting while age of the business has negative but not significant effect on sustainability reporting. The findings also show that growth rate, financial leverage, free cash flow and business risk have positive but no significant relationships with sustainability reporting of the sampled companies.

Akpan and Simeon (2021) examined the effect of sustainability disclosures on cash flow return on investment of shareholders of oil and gas companies in Nigeria. The secondary source of data was used and the research design adopted was *ex post facto*. The study adopted a time series and cross sectional analysis of selected oil and gas firms quoted on the Nigeria Stock Exchange as of 31st December 2020 for a period of seven years, spanning 2014-2020. Content analysis methodologies were employed to get data for the sustainability parameters. The results from the study revealed that social sustainability disclosure has a positive significant effect on the cash flow return on investment of listed oil and gas firms in Nigeria; health and safety and that environmental disclosure have an insignificant effect on cash flow return on investment of the studied companies.

Nzekwe, Okoye and Amahalu (2021) examined the effect of sustainability reporting on financial performance of quoted industrial goods companies in Nigeria from 2008-2019. Specifically, this study examined the effect of environmental reporting on cash value added; effect of social reporting on cash value added and effect of economic reporting on cash value added. Purposive sampling technique was employed to select eleven (11) industrial goods companies from a population of fifteen (15) quoted industrial goods firms in Nigeria. Panel data were used in this study, which were obtained from the annual reports and accounts of sample firms for the periods 2008-2019. Ex-Post Facto research design was employed. Descriptive statistics of the dataset from the sample firms were described using the mean, standard deviation, minimum and maximum values of the data for the study variables.

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Inferential statistics using Pearson correlation coefficient, Panel least square regression analysis, granger causality test and Hausman test were applied to test the hypotheses of the study. The results showed that environmental reporting, social reporting and economic reporting have a significant positive effect on cash value added respectively at 5% level.

Ighosewe, and Asaba, (2021) examine corporate sustainability disclosure and the Nigerian industrial /consumer goods sector's performance, from 2010 to 2019 culminating into 100 cross-sectional units with sample of 10 firms quoted in the Nigerian industrial/consumer goods sector. Using sustainability disclosure measured by Corporate Social Responsibility Disclosure (COSRD), Employee Disclosure (EMPD), Firm Size (FSIZE), Environment Disclosure (ENVID), and Research and Development Disclosure (REDED) and is firm performance measured by Tobin Q. Both the regressors and regressed were extracted from the financial statement through content analysis in line with Global reporting initiatives (GRI, 2013). The findings revealed that employee disclosure, firm size, and environmental disclosure reduce Tobin Q significantly. While development disclosure increases the Tobin Q significantly also, corporate social responsibility reduces Tobin Q insignificantly.

MATERIALS AND METHOD

The study adopted an ex post facto research design, which is used to examine the effect of one or more independent variables on a dependent variable after the events have already occurred. A total of 55 non financial firms were sampled from 10 sectors of non-financial firms listed on the Nigerian Exchange Group (NGX) namely the agriculture sector, conglomerate sector, construction/real estate sector, consumer goods sector, health care sector, information communication technology (ICT) sector, industrial goods sector, natural resources sector, oil & gas sector and service sector. Relevant data were collected from the 2015 – 2024 audited annual reports and accounts of the sampled firms. The independent variable, environmental sustainability reporting practices, was measured with environmental sustainability reporting (EBSR) and the corporate governance reporting (CGR), while the dependent variable, financial performance, was measured with Net Assets Per Share.

To examine the effect of environmental sustainability practices on financial performance of listed non-financial firms in Nigeria, the study adapted and modified the model of Gabriel, Maurice and Bweseh (2020). This is shown below as thus:

$ROA_{1t} = \beta_{it} + \beta_1 ECONR_{it} + \beta_2 ENVR_{it} + \beta_3 SOCR_{it} + \beta_4 FS_{it} + \mu$……..Equ1

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The modified functional model for the study is expressed in a mathematical form as:

NAPS= F(ECSR, SSR, ENSR, CGR)…….Equ 2

The econometric form of the regression proposed and designed for the study is expressed as thus:

$NAPS_{it} = \beta_0 + \beta_1 ENSR_{it} + \beta_2 CGR_{it} + \mu$ ……Equ 3

Where:

NAPS = Net Assets Per Share

ENSR = Environmental Sustainability Reporting

CGR = Corporate Governance Reporting

μ = Stochastic Term

$\beta_1 - \beta_2$= Coefficient of Regression Equation

β_0= Constant coefficient (intercept) of the model

Data were collected and analyzed using Robust Least Squares Regression Model operated with E-Views 12. Thus, Ho (null hypothesis) is accepted if the P-value is greater than the 5% significance level adopted as a standard, or otherwise rejected where the P-value is less than the 5% significance level adopted. For example, where P> 5%, we accept null hypothesis and where P< 5%, we reject null hypothesis.

RESULT AND DISCUSSIONS

Descriptive Analysis

Table 1: Descriptive Statistics

	NAPS	ENSR	CGR
Mean	14.77317	2.836364	3.005455
Median	4.508064	3.000000	3.000000
Maximum	165.1667	5.000000	5.000000
Minimum	-98.44769	1.000000	1.000000
Std. Dev.	26.77640	1.130205	1.014453
Skewness	2.298832	-0.198682	-0.576719
Kurtosis	10.03965	1.995142	2.226325
Jarque-Bera	1620.098	26.75839	44.20605
Probability	0.000000	0.000002	0.000000
Sum	8125.243	1560.000	1653.000
Sum Sq. Dev.	393619.5	701.2727	564.9836
Observations	550	550	550

Source: Authors' Computation, E-Views 12 (2025)

Table 1 shows that the mean value of NAPS is 14.77, suggesting that on average, each share held by shareholders is backed by about ₦14.77 in net assets. However, the median is 4.51, much lower than the mean, indicating a significant skew in the distribution — a few firms

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have very high values, pulling the average up. The maximum value is 165.17, while the minimum is a negative -98.45, implying that some firms have accumulated more liabilities than assets, which could indicate financial distress. The standard deviation of 26.78 reflects a wide variation in NAPS across the sampled firms. The positive skewness (2.30) confirms the right-tailed distribution, meaning that most firms have lower NAPS while a few have extremely high values. The high kurtosis value (10.04) suggests that the distribution is peaked with heavy tails. The Jarque-Bera probability is 0.000, indicating that NAPS does not follow a normal distribution.

The average ENSR score is 2.84, slightly lower than that of the economic and social components, suggesting relatively weaker disclosure in environmental sustainability. The median is 3.00, which is close to the mean and indicates a fairly symmetrical distribution. The scores range from 1.00 to 5.00, indicating variability in how firms disclose environmental matters. The standard deviation of 1.13 reflects a moderate spread. The skewness of -0.20 implies a fairly balanced distribution with a slight lean towards higher scores. The kurtosis of 1.99 is close to the normal distribution value (3), indicating neither too peaked nor too flat. The Jarque-Bera probability (0.000002) confirms a statistically significant deviation from normality.

The mean CGR score is 3.01, indicating an average reporting level of slightly above 3 out of 5 possible points. The median score is 3.00, identical to the mean, suggesting a balanced distribution. The minimum and maximum scores are 1.00 and 5.00, respectively, showing that firms differ in the extent of governance disclosure. The standard deviation is 1.01, indicating some variability but not extreme. The skewness of -0.58 implies a slight left skew, meaning most firms tend to score above average. The kurtosis of 2.23 reflects a relatively normal distribution shape. However, the Jarque-Bera probability (0.000) confirms the data is not perfectly normally distributed.

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Test of Hypotheses

Robust Least Square Regression model was developed to test the linear relationship between the dependent and independent variables. It was operated using E-Views 12 as shown in the Table 2.

Table 2: Test of Hypotheses
Dependent Variable: NAPS
Method: Robust Least Squares
Date: 04/18/25 Time: 02:35
Method: M-estimation
M settings: weight=Fair, tuning=1.4, scale=MAD (median centered)
Huber Type I Standard Errors & Covariance

Variable	Coefficient	Std. Error	z-Statistic	Prob.
ENSR	1.895916	0.000167	11378.24	0.0000
CGR	1.630925	0.000219	7464.129	0.0000
C	-6.571895	0.000747	-8794.581	0.0000
	Robust Statistics			
Rw-squared	0.071736	Adjust Rw-squared		0.071736
Scale	7.616102	Rn-squared statistic		4.90E+08
Prob(Rn-squared stat.)	0.000000			

Source: Result Output from E-Views 12 (2025)

Table 2, which presents the results of the robust least squares regression analysis, evaluates the effect of sustainability reporting practices on the net asset per share (NAPS) of listed non-financial firms in Nigeria. The Adjusted Rw-squared value of 0.0717 indicates that the model explains about 7.17% of the variation in NAPS, which, while modest, still provides insight into how sustainability practices affect firm value. The Prob(Rn-squared stat.) of 0.0000 confirms that the overall model is statistically significant at the 5% level, suggesting that, jointly, the sustainability reporting variables have a meaningful effect on net assets per share. The constant term (C = -6.571895, $p = 0.0000$) is also statistically significant, implying that in the absence of all four reporting practices, the average net asset per share would be negative, underscoring the necessity of these practices in sustaining shareholder value.

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Hypothesis One

H_{01}: Environmental sustainability reporting has no significant effect on financial performance of listed non-financial firms in Nigeria.

H_{i1}: Environmental sustainability reporting has significant effect on financial performance of listed non-financial firms in Nigeria.

As in Table 2, the coefficient for Environmental Sustainability Reporting (ENSR) is 1.895916, indicating the largest positive marginal effect among all variables. Specifically, an additional point in environmental sustainability disclosure increases NAPS by approximately 1.90 units. This effect is statistically significant with a p-value of 0.0000, again well below the 5% threshold. As such, the null hypothesis is rejected, confirming that environmental sustainability reporting significantly affects net asset per share. Since the alternate hypothesis was accepted, it means that Environmental sustainability reporting has a positive and significant effect on financial performance of listed non-financial firms in Nigeria ($\beta = 1.90$; $p = 0.0000$).

This result suggests that firms actively reporting their environmental impact—such as emissions, waste management, renewable energy use, and ecological preservation—are seen as more sustainable and responsible, leading to increased investor confidence and stronger asset bases. This positive effect may also reflect cost savings from eco-efficient practices, reduced regulatory risk, and enhanced stakeholder goodwill. In Nigeria's evolving business environment, aligning with global environmental expectations positions firms competitively in international markets and secures long-term capital inflows. This outcome is well supported by Akinadewo et al. (2023), who found a positive and significant relationship between environmental sustainability practices and firm performance. Akhor and Oroboh (2023) similarly reported a strong positive impact of ENSR on firm value. Nzekwe et al. (2021) also highlighted a significant positive effect of environmental disclosures on cash value added, and Okutu and Adegbie (2024) found a significant association between environmental sustainability and ROE. However, Awa (2023) revealed mixed findings where environmental disclosures were positively related to ROA but not consistently across other performance indicators. Likewise, Okechukwu and Ugwu (2023) and Tracy and Sunday (2023) reported instances of insignificant or negative effects, reflecting that the benefit of environmental reporting may depend on firm size, compliance quality, or industry environmental risk profile.

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Hypothesis Two

H_{02}: Corporate governance reporting has no significant effect on financial performance of listed non-financial firms in Nigeria.

H_{i2}: Corporate governance reporting has significant effect on financial performance of listed non-financial firms in Nigeria.

Decucing from Table 2, the coefficient for Corporate Governance Reporting (CGR) is 1.630925, showing that a one-unit increase in corporate governance disclosures leads to an increase of about 1.63 units in NAPS. This is a strong and positive marginal effect, and with a p-value of 0.0000, the effect is clearly statistically significant as the p-value is less than 0.05. The null hypothesis is therefore rejected, and we conclude that corporate governance reporting significantly affects the net asset per share of the firms. Since the alternate hypothesis was accepted, it means that Corporate governance reporting has a positive and significant effect on net asset per share of listed non-financial firms in Nigeria ($\beta = 1.63$; $p = 0.0000$).

This analysis outcome readily enhances investor confidence and positively impacts firm valuation, particularly in Nigeria, where corporate governance lapses have historically led to firm collapses. Robust governance reporting ensures that a company's internal systems are perceived as sound, which strengthens its net assets and long-term financial health. Although specific empirical studies among the ones reviewed did not isolate CGR as a stand-alone variable like ECSR, SSR, or ENSR, several studies support the idea that sound governance amplifies the positive effects of sustainability disclosures. For example, Onoh et al. (2023) emphasized that strong governance practices—such as stakeholder responsiveness and compliance with sustainability laws—helped enhance firm value. Similarly, Awa (2023) highlighted the positive effect of board composition (a governance variable) on ROA, reinforcing the finding that governance reporting improves firm performance. The comprehensive nature of CGR, when reported diligently, likely complements other sustainability components, thereby serving as a foundation for translating disclosures into tangible financial benefits. This aligns with broader global findings where governance is a key pillar of the ESG (Environmental, Social, and Governance) framework that influences investor behavior and corporate resilience.

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CONCLUSION AND RECOMMENDATIONS

The findings made collectively indicate that sustainability reporting across environmental and corporate governance dimensions, plays a critical role in enhancing the financial standing of listed non-financial firms in Nigeria, as measured by Net Asset per Share. This also suggests that the Nigerian capital market increasingly values transparency and accountability in firms' operations beyond financial performance, recognizing the importance of sustainable practices in long-term value creation. The significant positive relationships observed imply that firms engaging in comprehensive sustainability reporting are better positioned to attract investor confidence, improve stakeholder relations, and potentially gain competitive advantage through enhanced corporate reputation and trust. These results also reflect a growing alignment between financial success and responsible business conduct in the Nigerian non-financial sector, underscoring the relevance of sustainability practices as strategic tools for asset accumulation and market valuation.

Based on these, the following recommendations were made:

1. With environmental sustainability reporting showing the strongest marginal effect on financial performance, environmental teams should enhance tracking and reporting of climate-related disclosures, resource use efficiency, emissions controls, and biodiversity impacts, positioning the firm as an environmentally responsible entity that aligns with both regulatory standards and investor ESG interests.
2. To Audit Committees and Company Secretaries: Given the substantial and significant effect of corporate governance reporting, governance structures should be reinforced through the transparent publication of board practices, risk oversight, independence criteria, and ethical frameworks in financial disclosures, thereby promoting accountability, reducing agency risks, and enhancing investor confidence in firm stability.

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APPENDIX A

Environmental Sustainability Reporting (ENSR)

Environmen,tal sustainability reporting was measured using disclosure index adopted from the Global Reporting Initiative. The disclosure index is consist of 5 items as shown on the table below;

Table 3: Guidelines on Content Index (GRI) G4

S/N	Environmental Sustainability Performance Indicator	Content Index	P.I Code
	Description	**Environmental Sustainability**	
1	Description on materials that are toxic/hazardous material.	Emission of Ozone - depleting substances(ODS)	G4-EN1
2	Percentage of materials used that are recycled input materials	Recycle input Materials used	G4-EN2
3	Direct energy consumption within the organization	**Energy Consumption**	G4-EN3
4	Indirect energy consumption outside the organization by primary energy source in joules or multiples and conversion factors used like Nitrogen oxides(NOx),sulfur oxides(SOx), and other significant air emissions	Air Emission	G4-EN4
5	Direct energy consumption by primary energy source; fuel, electricity, heating, cooling, steam, or all.	Energy intensity	G4-EN5
6	Reduction of energy consumption due to Climate change mitigation and adaptation	Reduction of energy consumption	G4-EN6
7	Reductions in energy requirements of products and services due to climate change mitigation and adaptation	Reduction in energy products and services	G4-EN7
8	Total water withdrawal by source. Interactions with water as a shared resource	Water withdrawal and affluent	G4-EN8
9	Water sources significantly affected by withdrawal of water	Water management	G4-EN9
10	Percentage and total volume of water recycled and reused	Water consumption	G4-EN10
11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity	G4-EN11

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12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Protection of the environment, bio diversity and restoration of natural habitats	G4-EN12
13	Direct (scope1) GHG emissions	**Emissions**	G4-EN15
14	Report on emissions of ozone-depleting substance(ODS) for prevention of pollution	Emissions of ozone-depleting substances (ODS)	G4-EN20
15	Report on total weight of waste by type and disposal method	Total weight of waste by type and disposal method	G4-EN23
16	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Waste generation and significant waste-related impacts.	G4-EN27

Source: Global Reporting Initiative (GRI) Reporting Principles and Standard Disclosure Requirements. See appendix 2

A dichotomous procedure by (GRI) was applied in scoring the items whereby specifically, a 1-point score was awarded for each item that is disclosed in the annual report and otherwise, a 0-point. Then, the sum of scores of all items was computed. The ENSR score for the company is derived calculating the actual sum of scores awarded to a company to a maximum of 10 years.

Corporate Governance Reporting (CGR)

Corporate governance reporting measured using disclosure index adopted from the Global Reporting Initiative. The disclosure index is consists of the items as shown on the table below;

Table 4: Guidelines on Content Index (GRI) G4

S/N	**Corporate Governance Performance Indicator**	**Content Index**	**P.I Code**
	Description	**Corporate Governance**	
	Description of governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Board of Directors	G4-34
2	Report on the process of delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Transparency	G4-35

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3	Report on executive -level positions responsible for sustainability	Executive level positions	G4-36
4	Report on consultation processes between stakeholders and highest governance body		G4-37
5	Report on the composition of the highest governance body and its committees by executive or non-executive, independence, tenure on the governance body etc	Audit Committee	G4-38
6	Report whether the chair of the highest governance body is also an executive officer		G4-39
7	Report on nomination and selection processes by governance body	Governance role	G4-40
8	Process to ensure that conflict of interest are avoided and managed	Conflict of interest	G4-41
9	Role of the highest governance body in developing sustainability policies	Highest governance body	G4-42
10	Report on measures taken to develop governance body's knowledge of sustainability	Development of governance body's knowledge	G4-43
11	Report on processes for evaluating the governance body's performance	Performancen Evaluation	G4-44
12	Report on the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Contractual Rights and Risk	G4-45
13	Description of highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Compliance Risk	G4-46
14	Frequency of governance body's review of sustainability performance	Review on performance	G4-47
15	Highest committee or position that approves sustainability reports	Highest committee	G4-48
16	Remuneration policies for the highest governance body and senior executives	Remuneration policies	G4-51

Source: Global Reporting Initiative (GRI) Reporting Principles and Standard Disclosure Requirements.

A dichotomous procedure by (GRI) was applied in scoring the items whereby specifically, a 1-point score was awarded for each item that is disclosed in the annual report and otherwise, a 0-point. Then, the sum of scores of all items was computed. The CGR score for the company is derived calculating the actual sum of scores awarded to a company to a maximum of 10 years.