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## Regulatory Influence, Corporate Governance and ESG Transparency: Evidence from Emerging Economies

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**Abstract:**

In response to the increasing global demand for sustainable practices, the Egyptian Financial Regulatory Authority (FRA) issued decree 107 in 2021, mandating that Egyptian listed non-financial firms with issued capital of at least EGP 100 million disclose their ESG practices annually, thereby aligning their practices with international sustainability standards. This research aims to examine the influence of Decree 107 and the independence of audit committees on the level of ESG disclosure. Additionally, examine the moderating effect of Decree 107 on the relationship between leverage and ESG disclosure.

A panel data analysis was performed using a balanced panel of 53 listed firms from 2019 to 2024. Pooled OLS regression, fixed effects, and random effects models were conducted. The results indicate that Decree 107 significantly improves ESG transparency, highlighting the positive impact of regulations in emerging economies. The independence of the audit committee significantly influences ESG disclosure level, indicating the supportive role of internal governance mechanisms. Although leverage has an insignificant impact on disclosure levels, its positive interaction with Decree 107 indicates that rules may motivate financially distressed firms to enhance transparency, underscoring the power of regulations override internal financial pressures. This research contributes to the literature by demonstrating how regulations and internal governance might influence disclosure behavior.

**Keywords:**

Corporate governance, Audit committee independence, leverage, ESG disclosure, Decree 107.