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# The Influence of Good Corporate Governance and Profitability on Sustainability Report Disclosure with Firm Size as A Moderating Variable (A Study Case on Banking Sector in Indonesia 2018-2023)

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**Abstract:** This research aims to investigates the effect of the Independent Board of Commissioners, Audit Committee, and profitability on sustainability report disclosure in Indonesian banks, and whether firm size moderates these relationships. Using a quantitative approach with secondary data from 10 banks over the period 2018–2023, a total of 60 observations were analyzed using purposive sampling. Findings indicate that the Independent Board of Commissioners and profitability significantly and positively influence sustainability report disclosure, while the Audit Committee has no significant effect. Additionally, firm size moderates the effect of both the Independent Board of Commissioners and the Audit Committee, but not profitability, on disclosure. These results highlight the importance of governance and firm characteristics in enhancing sustainability transparency in the banking sector.

**Keywords:** Sustainability Report, Independent Board, Audit Committee, Profitability, Firm Size

## INTRODUCTION

In recent years, environmental and social responsibility has become a growing concern in society, prompting companies to exercise social control over the disclosure of their social responsibilities, which has ultimately become a necessity for businesses. The unwise exploitation of natural resources and the environment solely for economic gain, along with environmental pollution caused by corporate operations, has contributed significantly to environmental degradation and the emergence of social conflicts. To address these issues, it is essential to understand the concept of sustainable development. Sustainable development has gained recognition and continues to grow, particularly in developing countries such as Indonesia. The goal of sustainable development is to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. Sustainable development is not solely the responsibility of the government, but also involves the active participation of all citizens and organizations, including companies (Hadad & Maftucha, 2015).

The Sustainability Report serves as a tool for companies to demonstrate their contributions to the achievement of the Sustainable Development Goals (SDGs). The SDGs outline 17 major global goals, such as reducing poverty, protecting the environment, and improving the quality of education. To support these goals, companies and organizations are expected to take an active role not just governments. Through the Sustainability Report, companies can systematically report the actions, programs, and achievements related to the SDG targets. In short, the Sustainability Report functions as concrete evidence of a company's contribution to sustainable development as outlined in the SDGs (KPMG, 2022). Therefore, companies are expected to prioritize not only the interests of management and capital owners (investors and creditors), but also employees, consumers, and the broader community. Companies are required to provide transparent information, be accountable organizations, and implement good corporate governance one of which is demonstrated through sustainability reporting (Azzaki, 2019).

The disclosure of environmental, social, and financial performance in annual reports or separate reports is one of the company's objectives in reflecting its level of accountability, responsibility, and transparency to investors. Such disclosure aims to establish effective and constructive communication between the company and the public, as well as other stakeholders, regarding how the company has integrated sustainable development and social responsibility into its operational activities (Haladu & Haliru Beri, 2016). According to Elkington J. (as cited in Hadad & Maftucha, 2015), the current goal of business is not only to generate profit, but also to be responsible to people and the planet. These three aspects are known as the *Triple Bottom Line* concept. The *Triple Bottom Line* has become a key driver in the successful implementation of sustainability. With this shift in the sustainability paradigm, it is expected that business activities can align with the ideals of sustainable development

Companies are increasingly aware that disclosing more comprehensive reports beyond just financial statements supports their overall business strategy and demonstrates their commitment to sustainable development. Therefore, in line with the development of business sustainability, industries are expected to regularly report their responsibilities to the public. This allows the public to participate in evaluating the performance of a company. Such a report is referred to as a sustainability report (Hadad & Maftucha, 2015). A sustainability report is often difficult to distinguish from Corporate Social Responsibility (CSR), as both represent a form of corporate accountability to the surrounding environment and society. However, the key difference between CSR and a Sustainability Report (SR) lies in the context of disclosure. CSR typically reflects voluntary actions undertaken by a company to show concern for social and environmental issues. In contrast, a Sustainability Report discloses both financial and non-financial performance information, including details of social and environmental activities, with an emphasis on principles and disclosure standards that reflect the company's overall level of activity. This comprehensive reporting enables the company to achieve sustainable performance (Muallifin & Priyadi, 2016).

In Indonesia, there is already a regulation regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, namely the Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017. In the technical guidelines for banks related to the implementation of POJK Number 51/POJK.03/2017, Article 10 states that banks are required to prepare a Sustainability Report. This report is publicly disclosed and describes the bank's performance in economic, financial, social, and environmental aspects in conducting its business sustainably. However, in reality, many banks still do not disclose sustainability reports.

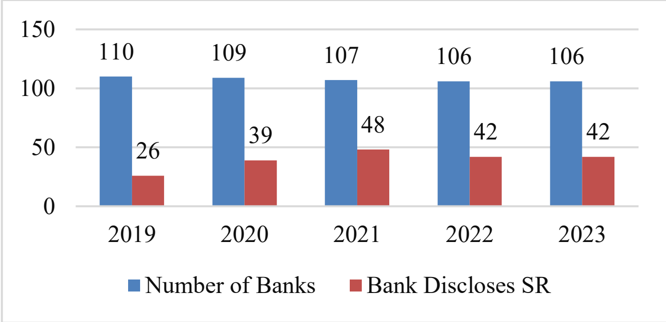


**Figure 1. Banks Disclosing Sustainability Reports**
Source: ojk.go.id

In 2019, there were 110 banks registered with the Financial Services Authority (OJK) in Indonesia, but only 26 banks disclosed sustainability reports. In 2020, 109 banks were registered with OJK, with 39 banks disclosing sustainability reports. In 2021, out of 107 registered banks, 48 disclosed sustainability reports. Meanwhile, in 2022 and 2023, out of 106 banks, only 42 disclosed their sustainability reports. According to Muh Arief Effendi (2016), sustainability reporting is an implementation of Good Corporate Governance (GCG), as one of the principles of GCG is responsibility, which means compliance in managing the company according to prevailing laws and regulations and sound corporate principles. Therefore, Good Corporate Governance is a significant factor influencing sustainability report disclosure.

Furthermore, Tobing et al. (2019) state that one of the factors that can enhance sustainability report disclosure within Good Corporate Governance is the presence of independent commissioners. Independent commissioners provide reliable and accountable supervision (Tobing et al., 2019). They strive to maintain proportionality in decision-making, especially in protecting minority shareholders and other related parties. Companies will seek to meet stakeholder needs through sustainability report disclosures, in line with stakeholder theory (Madona & Khafid, 2020).

**Table 1. Sustainability Report and Independent Board of Commissioners**

| Year | Bank | Sustainability Report | Independent Board of Commissioners |
|---|---|---|---|
| 2019 | BRI | 0.4828 | 0.625 |
| 2020 | BRI | 0.6828 | 0.600 |

Source: Sustainability Reports & Annual Reports, Data Processed

Based on the table above, the sustainability report score for BRI increased from 0.4828 in 2019 to 0.6828 in 2020. However, this improvement was not accompanied by the independent board of commissioners score, which decreased from 0.625 in 2019 to 0.600 in 2020. Research conducted by Kholmi & Nizzam Zein Susadi (2021), Aliniar & Wahyuni (2017), and Diono & Prabowo (2017) shows that independent commissioners have a significant influence on the disclosure of sustainability reports, based on a population of 627 companies listed on the Indonesia Stock Exchange (IDX) in 2018. Meanwhile, a study by Madona & Khafid (2020) found that the proportion of independent commissioners has a negative effect on sustainability report disclosure. This finding suggests that companies that have established independent commissioners in accordance with regulations do not necessarily encourage the disclosure of sustainability reports. Furthermore, Madona & Khafid (2020) emphasize that the competence of the board of commissioners plays an important role in decision-making. Therefore, not only the composition of independent commissioners is considered, but also their skills, knowledge, background, and competencies, which can improve the quality of decision-making at the board level.

Improving the quality of decision-making at the board level. Furthermore, according to Tambunan (2021), a factor that can enhance the disclosure of sustainability reports is the audit committee. In the implementation of good corporate governance, the presence of the audit committee must be maximized because it plays a crucial role in this process. The audit committee essentially encourages company management to implement various changes to uphold the principles of good corporate governance (Tambunan, 2021). One of the audit committee's functions in good corporate governance is to help the business control its operations to ensure that the company complies with and adheres to all applicable rules and regulations. The audit committee is established to assist management in publishing sustainability reports and gaining trust from the public (Wulanda, 2017).

**Table 2. Sustainability Report and Audit Committee**

| Year | Bank Name | Sustainability Report | Audit Committee |
|---|---|---|---|
| 2019 | BNI | 0.2897 | 3.0445 |
| 2020 | BNI | 0.3517 | 2.8332 |

Source: Sustainability Reports & Annual Reports, Processed Data

The development of the sustainability report at BNI from 2019 to 2020 shows an increase, but this was not accompanied by the audit committee value, which declined. The sustainability report increased from 0.2897 in 2019 to 0.3517 in 2020, while the audit committee value decreased from 3.0445 in 2019 to 2.8332 in 2020. Research conducted by Safitri & Saifudin (2019), Kholmi & Nizzam Zein Susadi (2021), and Hendrati et al. (2023) indicates that the audit committee influences the disclosure of sustainability reports. Safitri & Saifudin (2019) explained that the audit committee increasingly encourages management to engage in sustainability report disclosure practices as a communication medium with stakeholders to gain legitimacy through the implementation of good corporate governance, measured by the number of meetings held. Meanwhile, Madona & Khafid (2020) found that the audit committee does not affect the quality of sustainability reports, implying that the frequency of audit committee meetings is not always a benchmark for a company's sustainability report disclosure. Sustainability reports contain financial and non-financial performance information related to social and environmental activities, emphasizing disclosure standards and principles that can depict the company’s overall activities to ensure sustainable growth (Alfaiz & Aryati, 2019).

According to Dewi (2019), companies with high profitability disclose better information compared to companies with low profitability. The larger the company’s operational funds, the more freedom the company has in determining activities. Profitability can be used as a tool to encourage companies to voluntarily disclose information. This occurs because the public and government consider that high profitability reflects the company’s ability to disclose information and does not impose a burden on the company.

**Table 3. Sustainability Report and Profitability**

| Year | Bank Name | Sustainability Report | Profitability |
|---|---|---|---|
| 2019 | Permata | 0.4000 | 0.0130 |
| 2020 | Permata | 0.4690 | 0.0090 |

Source: Sustainability Reports & Annual Reports, Processed Data

Based on the table above, the development of the sustainability report at Bank Permata from 2019 to 2020 showed an increase but was not accompanied by profitability, which decreased. The sustainability report increased from 0.4000 in 2019 to 0.4690 in 2020, while profitability declined from 0.0130 in 2019 to 0.0090 in 2020. Research conducted by Diono & Prabowo (2017), Tobing et al. (2019), and Pratama & Yulianto (2015) showed that profitability influences the disclosure of sustainability reports, meaning that the level of disclosure in sustainability reports increases as profitability increases. Meanwhile, research by Fadhilah (2018) found that profitability does not affect the quality of sustainability reports because profitability is not a critical factor for companies in disclosing sustainability reports.

In the study by Purnama & Handayani (2021), which examined the influence of financial performance and corporate governance on sustainability report disclosure by including company size as a moderating variable, the results showed that company size did not successfully moderate or strengthen the effect of company activities on sustainability report disclosure. Furthermore, company size was also found not to be a moderating variable in the influence of profitability, liquidity, leverage, board of directors, and audit committee on sustainability report disclosure. Similarly, Madona & Khafid (2020) conducted research on the influence of good corporate governance on sustainability report disclosure with company size as a moderator. Their results indicated that the proportion of independent commissioners moderated by company size had an effect on sustainability report disclosure. However, company size did not successfully moderate the influence of the audit committee and managerial ownership on sustainability report disclosure.

Given the inconsistent findings among these studies, it becomes interesting to re-examine this issue. This study attempts to re-test the role of Good Corporate Governance and Profitability on Sustainability Report disclosure by adding company size as a moderating variable. The population used in this study is the banking sector in Indonesia, which has routinely disclosed sustainability reports from 2018 to 2023. This population was chosen because most previous research focused on sectors with direct environmental impacts, such as mining. Moreover, the period was selected because the Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017, which mandates banks to prepare sustainability reports, was only introduced in 2017.

Based on the phenomenon discussed previously, the researcher formulates the problem into several research questions as follows: First, is there an influence of the Independent Board of Commissioners on the disclosure of sustainability reports? Second, does the Audit Committee have an effect on the disclosure of sustainability reports? Third, is there an influence of profitability on the disclosure of sustainability reports? Fourth, can company size moderate the effect of the Independent Board of Commissioners on the disclosure of sustainability reports? Fifth, can company size moderate the influence of the Audit Committee on the disclosure of sustainability reports? And sixth, can company size moderate the effect of profitability on the disclosure of sustainability reports?.

## METHOD

This research uses a quantitative method, with secondary data sourced from sustainability reports. The sampling technique employed is purposive sampling. Based on the specified sample criteria, 10 banking companies were selected as the research sample. The study is conducted over six consecutive years, resulting in a total of 60 observations. The data analysis techniques used in this research are panel data regression analysis and moderated regression analysis (MRA). Panel data is a combination of time series data and cross-sectional data (Ghozali, 2021). The data processing tools utilized in this study are Microsoft Excel and EViews.

## RESULTS AND DISCUSSION

### Results

**Table 4. Chow Test**

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Cross-section F | 1.538333 | (9,43) | 0.1655 |
| Cross-section Chi-square | 16.74768 | 9 | 0.0528 |

Source: Eviews Test Results, (2025)

Based on the results of the Chow test, it is found that the Chi-square value is 0.0528 > 0.05. This means that, according to the Chow test, the most appropriate model to use is the common effect model. Therefore, there is no need to proceed with the Hausman test.

**Table 5. Panel Data Regression Test Results**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 1.9708 | 4.931401 | -0.72223 | 0.47410 |
| X1 | 1.2540 | 0.1121 | 12.9329 | 0.0000 |
| X2 | 0.1615 | 0.0041 | 3.1170 | 0.0033 |
| X3 | 5.4782 | 0.1072 | -0.8553 | 0.0397 |

Source: Eviews Test Results, (2025)

$$\mathbf{Y = 1.9708 + 1.2540\, X_{1it} + 0.1615\, X_{2\,it} + 0.1615\, X_{3\,it} + \varepsilon}$$

1. Constant (Intercept) = 1.9708. If the values of X1 (Independent Board of Commissioners), X2 (Audit Committee), and X3 (Profitability) are all zero, then the level of Sustainability Report disclosure is 1.9708 units. This represents the baseline value of Y before being influenced by the independent variables.
2. Coefficient X1 (Independent Board of Commissioners) = 1.2540. Each one-unit increase in the proportion or score of the Independent Board of Commissioners will result in an increase in Sustainability Report disclosure by 1.2540 units, assuming other variables remain constant.
3. Coefficient X2 (Audit Committee) = 0.1615. Each one-unit increase in the score or frequency of the Audit Committee will lead to an increase in Sustainability Report disclosure by 0.1615 units, assuming other variables remain constant.
4. Coefficient X3 (Profitability) = 5.4782. Each one-unit increase in profitability (e.g., ROA) will cause an increase in Sustainability Report disclosure by 5.4782 units, assuming other variables remain unchanged.

**Table 6. Moderated Regression Analysis**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 1.9708 | 4.931401 | -0.72223 | 0.47410 |
| X1 | 1.2540 | 0.1121 | 12.9329 | 0.0000 |
| X2 | 0.1615 | 0.0041 | 3.1170 | 0.1330 |
| X3 | 5.4782 | 0.1072 | -0.8553 | 0.0397 |
| X1^Z | 0.0492 | 0.0004 | 120.4863 | 0.0000 |
| X2^Z | -0.0702 | 0.0054 | -12.9973 | 0.0000 |
| X3^Z | -0.0016 | 0.0003 | -4.6752 | 0.0286 |

Source: Eviews Test Results, (2025)

$$\mathbf{Y_{it} = 1.9708 + 1.2540\, X_{1it} + 0.1615\, X_{2\,it} + 0.1615\, X_{3\,it} + 0.0492\,(X_{1it}{*}Z_{it}) - 0.0702\,(X_{2it}{*}\, Z_{it}) - 0.0016\,(X_{3it}{*}Z_{it})} + e$$

1. Constant (Intercept) = 1.9708. If the values of X1 (Independent Board of Commissioners), X2 (Audit Committee), and X3 (Profitability) are all zero, then the level of Sustainability Report disclosure is 1.9708 units. This represents the baseline value of Y before being influenced by the independent variables.
2. Coefficient X1 (Independent Board of Commissioners) = 1.2540. Each one-unit increase in the proportion or score of the Independent Board of Commissioners will result in an

increase in Sustainability Report disclosure by 1.2540 units, assuming other variables remain constant.

3. Coefficient X2 (Audit Committee) = 0.1615. Each one-unit increase in the score or frequency of the Audit Committee will lead to an increase in Sustainability Report disclosure by 0.1615 units, assuming other variables remain constant.
4. Coefficient X3 (Profitability) = 5.4782. Each one-unit increase in profitability (e.g., ROA) will cause an increase in Sustainability Report disclosure by 5.4782 units, assuming other variables remain unchanged.
5. The interaction between Independent Board of Commissioners and Firm Size (X1 × Z) has a coefficient of 0.0492, meaning that firm size strengthens the influence of the Independent Board of Commissioners on the disclosure of the Sustainability Report.
6. The interaction between Audit Committee and Firm Size (X2 × Z) has a coefficient of -0.0702, indicating that firm size weakens the influence of the Audit Committee on the disclosure of the Sustainability Report.
7. The interaction between Profitability and Firm Size (X3 × Z) has a coefficient of -0.0016, implying that firm size weakens the influence of profitability on the disclosure of the Sustainability Report.

**Table 7. Hypothesis Test Results**

| Variable | Regression Coefficient | Probability (p-value) | Interpretation |
|---|---|---|---|
| Independent Board of Commissioners (X1) | 1.2540 | 0.0000 | p-value < 0.05, H0 rejected, H1 accepted. Independent Board of Commissioners has a significant positive effect on Sustainability Report disclosure. |
| Audit Committee (X2) | 0.1615 | 0.1330 | p-value > 0.05, H0 accepted, H2 rejected. Audit Committee does not have a significant effect on Sustainability Report disclosure. |
| Profitability (X3) | 5.4782 | 0.0397 | p-value < 0.05, H0 rejected, H3 accepted. Profitability has a significant positive effect on Sustainability Report disclosure. |

Source: Eviews Test Results, (2025)

**1. Independent Board of Commissioners (IBC) and Sustainability Report (GRI) Disclosure.**

The regression analysis results show that the Independent Board of Commissioners variable (X1) has a regression coefficient of 1.2540 with a p-value of 0.0000. Since the p-value is less than the significance level of 0.05, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted. This means that the Independent Board of Commissioners has a significant positive effect on the disclosure of the sustainability report.

**2. Audit Committee (AC) and Sustainability Report (GRI) Disclosure.**

The Audit Committee variable (X2) has a regression coefficient of 0.1615 with a p-value of 0.1330. Because the p-value is greater than 0.05, the null hypothesis (H0) is accepted and the alternative hypothesis (H2) is rejected. This indicates that the presence of the Audit Committee does not have a significant effect on the disclosure of the sustainability report.

**3. Profitability (ROA) and Sustainability Report (GRI) Disclosure.**

Profitability measured by Return on Assets (X3) has a regression coefficient of 5.4782 and a p-value of 0.0397. Since the p-value is less than 0.05, the null hypothesis (H0) is rejected and the alternative hypothesis (H3) is accepted. This shows that profitability has a significant positive effect on the disclosure of the sustainability report.

**Table 8. Test Results with Moderating Variable**

| Variable | Coefficient | Prob. | Interpretation |
|---|---|---|---|
| X1^Z | 0.0492 | 0.0000 | p-value < 0.05, H0 rejected, H4 accepted. Company size moderates the effect of DKI on SR disclosure. |
| X2^Z | -0.0702 | 0.0000 | p-value < 0.05, H0 rejected, H5 accepted. Company size moderates the effect of KA on SR disclosure. |
| X3^Z | -0.0016 | 0.2860 | p-value > 0.05, H0 accepted, H1 rejected. Company size does not moderate the effect of ROA on SR disclosure. |

Source: Eviews Test Results, (2025)

1. **Independent Board of Commissioners (IBC) on Sustainability Report Disclosure (GRI) with Company Size as a Moderating Variable.**

The regression results show that the interaction between the independent board of commissioners and company size (DKI × UP) has a coefficient of 0.0492 with a probability value of 0.0000. Since the probability value is less than 0.05, the null hypothesis (H0) is rejected and the alternative hypothesis (H4) is accepted. This indicates that company size moderates the influence of the independent board of commissioners on the disclosure of the sustainability report. In other words, the larger the company size, the stronger the positive effect of the independent board of commissioners on sustainability disclosure.

2. **Interaction of Audit Committee (AC) on Sustainability Report Disclosure (GRI) with Company Size as a Moderating Variable.**

The interaction between the audit committee and company size (KA × UP) has a coefficient of -0.0702 with a p-value of 0.0000. Because the probability value is less than 0.05, the null hypothesis (H0) is rejected and the alternative hypothesis (H5) is accepted. This means company size moderates the effect of the audit committee on sustainability report disclosure. In this case, in larger companies, the influence of the presence or number of audit committee members on sustainability disclosure becomes more significant.

3. **Interaction of Profitability (ROA) on Sustainability Report Disclosure (GRI) with Company Size as a Moderating Variable.**

The analysis results show that the interaction between profitability and company size (ROA × UP) has a negative coefficient of -0.0016 with a probability value of 0.2860. Since the p-value is greater than 0.05, the null hypothesis is accepted and the alternative hypothesis (H6) is rejected. This indicates that company size does not moderate the influence of profitability on sustainability report disclosure. Therefore, regardless of company size, the relationship between profitability and the level of sustainability disclosure does not experience significant changes.

## Discussion

### Independent Board of Commissioners on Sustainability Report

The Independent Board of Commissioners acts as an external supervisory mechanism that can restrain opportunistic management behavior and enhance corporate transparency, including in sustainability reporting. Independent commissioners, who have no personal or financial ties with management, tend to be more objective and courageous in promoting comprehensive disclosure of non-financial information such as environmental, social, and governance (ESG) issues. Furthermore, the presence of independent commissioners aligns with the principles of Good Corporate Governance (GCG), especially in terms of accountability and transparency. These principles are emphasized in the General Guidelines on GCG issued by the National Committee on Governance Policy (KNKG), which expects independent commissioners to encourage companies not only to comply with laws and regulations but also to contribute to social and environmental sustainability (Purnama & Handayani, 2021). Empirical studies support these findings. For instance, Iqbal Ramadhan et al., (2023) showed that a more independent board structure increases companies' tendency to disclose social responsibility in their annual reports.

Similarly, Suryana et al. (2019) found a positive relationship between the proportion of independent commissioners and the level of Corporate Social Responsibility (CSR) disclosure. This strengthens the view that independent commissioners can influence disclosure strategies as a form of moral and professional accountability to stakeholders. Moreover, in the context of external pressures, companies with strong independent boards tend to be more responsive to demands from institutional investors, NGOs, and the public for sustainable business practices (Velte, 2023). Large companies are also often under scrutiny from the media and regulators, making independent commissioners crucial in ensuring that sustainability report disclosure serves as a tool for legitimacy and reputation management (Madona & Khafid, 2020).

**Audit Committee on Sustainability Report Disclosure**

The regression results indicate that the Audit Committee variable does not have a significant effect on the disclosure of sustainability reports in the companies studied. Theoretically, the audit committee is an essential part of the corporate governance structure that functions to oversee financial reporting processes, regulatory compliance, and provides control over internal control systems. Based on stakeholder theory and legitimacy theory, the audit committee is also expected to play a role in encouraging companies to disclose non-financial information, including sustainability aspects, as a form of accountability to stakeholders (Martens & Bui, 2023).

Theoretically, this finding is consistent with Good Corporate Governance (GCG) principles, particularly concerning transparency and accountability. The Audit Committee has an important role in ensuring that companies comply with regulatory standards and good reporting practices, including sustainability reporting (Christian & Dyah Ayu, 2023). Their role is not limited to financial reports but also encompasses supervision of disclosure related to environmental, social, and governance impacts (Hendrati et al., 2023). An active and competent Audit Committee encourages management to be more transparent in conveying sustainability information. This reflects the company's commitment to social and environmental responsibility while meeting the expectations of stakeholders such as investors, regulators, and the public (Permata Dewi et al., 2023). From a policy perspective, the Financial Services Authority (OJK) through POJK No. 51/POJK.03/2017 does not explicitly require the direct involvement of the Audit Committee in the preparation or evaluation of sustainability reports. Nonetheless, the results of this study show that the presence and effectiveness of the Audit Committee still have a significant positive influence on sustainability disclosure. The influence of the Audit Committee on sustainability disclosure becomes significant when supported by factors such as meeting frequency, financial/sustainability expertise of members, and active roles in non-financial reporting processes. In other words, the quantity and intensity of Audit Committee meetings cannot replace the quality of oversight in the context of sustainability (Iqbal Ramadhan et al., 2023).

**Profitability) on Sustainability Report Disclosure**

Theoretically, there are two perspectives that can explain the relationship between profitability and sustainability disclosure. First, legitimacy theory argues that more profitable companies have greater resources to engage in sustainability reporting practices as a means of social legitimacy (Ogunode, 2022). Signaling theory states that companies with strong financial performance tend to be more motivated to disclose positive information, including sustainability practices, to attract investors and build public image (Gallego Álvarez et al., 2020). However, the findings of this study show that profitability is a significant driver for companies in preparing and delivering sustainability reports. This means that companies with high ROA necessarily more active in sustainability disclosure compared to companies with lower ROA. This indicates that non-financial factors such as stakeholder pressure, regulation, or commitment to ESG are more dominant in driving sustainability report disclosure (Manurung et al., 2019). Previous studies such as those by Nuraeni & Darsono (2020) Nuraeni and Darsono (2020) and Iqbal Ramadhan et al. (2023) have indeed found a relationship between profitability and sustainability disclosure. However, the results of this study indicate that this relationship does not universally apply, especially within certain samples or periods. This confirms that profitability is not the sole indicator explaining companies' motivations to disclose sustainability reports and that other factors such as governance, organizational culture, and external pressure may be more decisive.

**Independent Board of Commissioners on Sustainability Report Disclosure with Firm Size as a Moderating Variable**

This finding suggests that the role of the independent board of commissioners in promoting transparency in sustainability information becomes stronger in larger companies. In this context, larger companies tend to have more complex and transparent corporate governance structures and are subject to greater scrutiny from the public, media, and institutional investors. Therefore, the independent board of commissioners in large companies has greater incentives and pressures to encourage management to disclose sustainability reports more comprehensively. According to stakeholder theory, large companies have more stakeholders with diverse interests. Thus, transparency through sustainability reporting is essential to meet these stakeholders' expectations (Valentinov & Roth, 2024).

This study is consistent with the findings of Iqbal Ramadhan et al. (2023), which state that the positive influence of the independent board of commissioners on sustainability report disclosure is stronger in larger companies. This is further supported Christian & Dyah Ayu (2023), who found that large companies generally adhere more strictly to governance principles, have established reporting systems, and are more motivated to maintain their reputation through sustainability reporting. Furthermore, independent commissioners in large companies usually possess greater capacity, experience, and access to information. They also tend to face external pressures such as public scrutiny and ESG demands from global investors, making their role in enhancing the quality of sustainability reporting more effective. Thus, firm size strengthens the relationship between board independence and sustainability reporting, implying that good governance in large companies results in better disclosure of ESG information (Hamad et al., 2020).

**Audit Committee on Sustainability Report Disclosure with Firm Size as a Moderating Variable**

This finding suggests that the role of the Audit Committee in promoting sustainability disclosure becomes stronger in larger companies. Large firms typically have higher operational complexity and face greater exposure to market demands, regulatory requirements, and expectations from investors and society concerning transparency and social responsibility. The Audit Committees in large companies generally consist of more experienced individuals with professional qualifications and are supported by well-established internal control systems. This enables more effective oversight and verification of reporting quality, including sustainability reporting (Arifin & Astuti, 2022). These results align with the findings of Saputra & Halim (2021), who found that the influence of the Audit Committee on the quality of sustainability reporting significantly increases in large firms. Similarly, Al-Hajaya et al. (2025) state that larger companies are more likely to form effective and active Audit Committees, which directly impact the improvement in quality and completeness of disclosed sustainability information. Therefore, Firm Size acts as a triggering factor that strengthens the relationship between the presence of the Audit Committee and the transparency of sustainability information, reflecting that an effective corporate governance structure will only be optimal if supported by sufficient organizational capacity, as found in large companies.

**Profitability on Sustainability Report Disclosure (GRI) with Firm Size as a Moderating Variable**

This finding suggests that a company's profitability level is not significantly influenced by its size in determining its commitment to sustainability disclosure. Although larger companies generally have more resources to invest in sustainability reporting, this does not strengthen or weaken the relationship between profitability and sustainability report disclosure. One explanation for the insignificance of Firm Size as a moderator can be understood through agency theory and legitimacy theory. According to agency theory, highly profitable companies tend to have greater incentives to voluntarily disclose information, including sustainability reports, to reduce information asymmetry between management and shareholders. However, this effect is more related to managerial strategies than company size.

Moreover, despite larger firms facing greater social and regulatory pressures, not all large profitable companies choose to disclose sustainability reports. This decision depends on company policies, managerial values, and social responsibility awareness rather than solely on firm size or profitability (Biduri et al., 2023). This finding is supported by Hendrati et al, (2023), who found that profitability significantly influences sustainability report disclosure, but this effect is not moderated by firm size, especially in sectors less affected by public pressure or stringent sustainability regulations. Therefore, even though larger firms have higher reporting capacities, firm size does not strengthen or weaken the relationship between profitability and sustainability disclosure. This indicates that commitment to sustainability reporting is more driven by business strategy and ethical orientation rather than merely the combination of firm size and profitability (Lamsihar et al., 2025).

## CONCLUSION

Based on the research findings, it can be concluded that Independent Commissioners (DKI) significantly influence the disclosure of sustainability reports, with a higher proportion of independent commissioners leading to greater transparency and accountability. Audit Committees (KA), however, do not show a significant direct impact on sustainability reporting. Profitability (ROA) positively affects sustainability disclosure, as more profitable companies tend to have more resources to support such initiatives. Firm size positively moderates the relationship between both Independent Commissioners and Audit Committees with sustainability reporting, strengthening their roles especially in larger companies facing greater stakeholder pressure and governance complexity. Conversely, firm size does not moderate the effect of profitability on sustainability disclosure, indicating that a company's commitment to sustainability reporting is more driven by internal motivations such as management policies, ethical values, and social awareness rather than its size.

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