GOOD CORPORATE GOVERNANCE, PROFITABILITY, AND SUSTAINABILITY REPORT DISCLOSURE: THE MODERATING ROLE OF FIRM SIZE

Nesya Aqillah Hana Santoso[1]
Universitas Jenderal Achmad Yani, Bandung, Indonesia
nesyaaqillah_22p332@mn.unjani.ac.id

Frido Saritua Simatupang[2]
Universitas Jenderal Achmad Yani, Bandung, Indonesia
frido.s@lecture.unjani.ac.id

Abstract

Over time, companies are required to be more than just profit-oriented, but also responsible for people and the planet, in accordance with the "Triple-P Bottom Line" concept, which serves as a reference for companies in disclosing sustainability reports. This study aims to analyze the influence of independent boards of commissioners, audit committees, and return on assets on sustainability report disclosure, with firm size as a moderating variable, in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2022-2024 period. Using the purposive sampling technique, a sample of 22 companies was obtained. Data analysis was conducted using the panel data regression method and Moderated Regression Analysis (MRA) processed using E-views 13. The results of the study indicate that the independent board of commissioners, audit committee, and return on assets do not partially influence the disclosure of sustainability reports. Firm size can moderate the influence of the independent board of commissioners and return on assets on sustainability report disclosure. Meanwhile, firm size cannot moderate the influence of the audit committee on sustainability report disclosure. These results contribute to the sustainability reporting literature by highlighting the conditional role of firm size in strengthening governance and profitability mechanisms, particularly within the energy sector of an emerging market context.

Keywords: Good Corporate Governance, Return on Assets, Sustainability Report, Firm Size

INTRODUCTION

Indonesia has demonstrated its commitment to mitigating climate change through its participation in the Paris Agreement, ratified under Law No. 16 of 2016 (Diwasasri, 2025). Under its Nationally Determined Contribution (NDC), Indonesia targets a reduction of greenhouse gas (GHG) emissions by 31.89% through unilateral efforts and up to 43.20% with international support by 2030 (Madani, 2024). However, this commitment has not yet translated into proportional outcomes. The Institute for Essential Services Reform (IESR) reports that by 2024, Indonesia's emission reduction achievement reached only 13.10% (Simanjuntak, 2024). Moreover, the Energy Institute (2024) ranks Indonesia as the sixth-largest global contributor of GHG emissions from the energy sector, totaling 701.4 million tons of CO_2 in 2023 (Pristiandaru, 2024).

These conditions reflect persistent challenges in corporate environmental responsibility, particularly within emission-intensive sectors. Traditionally, companies are designed to prioritize profit maximization (Suharti et al., 2024). Nevertheless, evolving stakeholder expectations increasingly require firms to balance economic objectives with social and environmental accountability, a principle encapsulated in the Triple Bottom Line concept (profit, people, and planet) introduced by Elkington (1994) (Madona & Khafid, 2020). Within this framework, sustainability reporting serves as a key mechanism for communicating corporate responsibility and performance in sustainable development (Mahendra & Purwanto, 2024).

A sustainability report is a report that reveals a company's performance with the aim of measuring and evaluating a company's social, economic, and environmental responsibilities in sustainable development (Puspasari et al., 2025). In Indonesia, sustainability report disclosure is regulated under OJK Regulation No. 51/POJK.03/2017, further reinforced by OJK Circular No. 16/SEOJK.04/2021, which mandates publication through corporate websites (Ulfa et al., 2025). Sustainability reports are generally prepared based on the Global Reporting Initiative (GRI) standards (Nofita & Sebrina, 2023). Although GRI remains the dominant sustainability reporting guideline in the Asia-Pacific region, with 81% adoption, Indonesia's compliance level remains relatively low. By 2023, only 80% of GRI standards were adopted in Indonesia, compared to 98% in Singapore and 100% in South Korea (PwC & NUS, 2024). This fact is reinforced by evidence of sustainability report disclosures that consistently use GRI guidelines for only 24% of energy sector companies listed on the IDX in 2022–2024.

Prior studies suggest that sustainability report disclosure is influenced by internal corporate characteristics, notably Good Corporate Governance (GCG), profitability, and firm size. In this study, GCG is proxied by the independent board of commissioners and the audit committee. The independent board of commissioners is responsible for supervising management and safeguarding stakeholder interests (Kholis, 2024). Empirical findings regarding its influence on sustainability report disclosure remain inconclusive. Several studies report a positive relationship (Wahyudi & Bait, 2021; Susadi & Kholmi, 2021) while others find no significant effect (Almatin & Simatupang, 2025; Oktapiani & Simatupang, 2024).

Similarly, the audit committee, which operates under the board of commissioners to oversee corporate governance and reporting processes (Ardiani et al., 2022), shows mixed empirical results. Positive effects on sustainability disclosure are reported by Susadi & Kholmi (2021), and Simangunsong et al., (2024), whereas Madona & Khafid (2020) and

Nofita & Sebrina (2023) find no significant influence. Profitability represents another determinant frequently examined in sustainability reporting studies. This study uses Return on Assets (ROA) as a proxy for profitability, reflecting a firm's ability to generate profit from its total assets (Sutrisno, 2017). While some studies identify a positive relationship between ROA and sustainability report disclosure (Kristianingrum et al., 2022; Suharti et al., 2024), others report non-significant effects (Mahendra & Purwanto, 2024; Puspasari et al., 2025).

The final factor is firm size, which is often associated with greater public visibility, resource availability, and stakeholder pressure. It is commonly measured using total assets, sales, or market capitalization (Suharti et al., 2024). In this study, firm size is proxied by the natural logarithm of total assets and is positioned as a moderating variable. Prior studies indicate inconsistent findings regarding the moderating role of firm size, suggesting that its interaction with governance mechanisms and profitability may vary across sectors and institutional contexts.

Despite extensive prior research, inconsistencies persist regarding the direct and conditional effects of GCG and profitability on sustainability report disclosure. Moreover, empirical evidence focusing on the moderating role of firm size within Indonesia's energy sector remains limited. This gap indicates the need for sector-specific and context-sensitive analysis.

Based on the statement above, the objective of this study is to analyze the influence of Good Corporate Governance and profitability on sustainability report disclosure, as well as to examine the moderating role of firm size in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

LITERATURE REVIEW

Theoretical Framework

This study is grounded in Agency Theory, Stakeholder Theory, and Legitimacy Theory to explain corporate behavior in sustainability report disclosure. Agency theory, introduced by Jensen and Meckling (1976), emphasizes the separation between principals (owners) and agents (management), which may give rise to agency conflicts due to differing interests (Puspitaningrum & Indriani, 2021). To mitigate such conflicts, companies are required to implement effective Good Corporate Governance (GCG) mechanisms that enhance transparency, accountability, compliance, and fairness in corporate operations (Fuadah et al., 2018: Utami & Paramita, 2024).

Stakeholder theory, proposed by Freeman (1984), views the firm as an entity that operates not solely for shareholder interests but also for the benefit of various internal and external stakeholders (Puspitaningrum & Indriani, 2021; Kristianingrum et al., 2022). From this perspective, sustainability report disclosure serves as a strategic communication tool through which companies convey social, environmental, and economic performance to stakeholders, thereby securing their support and trust (Damayanty et al., 2022; Nofita & Sebrina, 2023; Dewi & Pitriasari, 2019; Suharti et al., 2024).

Legitimacy theory, introduced by Dowling and Pfeffer (1975), explains that corporate survival depends on the alignment between organizational activities and the norms, values, and expectations of the society in which the firm operates (Puspitaningrum & Indriani, 2021; Michael & Lukman, 2019). Sustainability reporting is therefore employed as a legitimization strategy, enabling companies to demonstrate compliance with societal expectations regarding environmental and social responsibility (Damayanty et al., 2022; Dewi & Pitriasari, 2019; Suharti et al., 2024).

The Influence of the Independent Board of Commissioners on Sustainability Report Disclosure

The independent board of commissioners are members of the board of commissioners who have no connection with management, major shareholders, or parties who have direct or indirect relationships with major shareholders, and come from outside the company (Desmiza & Ramli, 2024). Based on stakeholder theory, decisions taken by the independent board of commissioners take into account the interests of stakeholders, because of its independent nature and lack of affiliation with any party (Kristianingrum et al., 2022). The greater the number of independent commissioners, the greater the power the independent commissioners have to pressure management to disclose sustainability reports (Kristianingrum et al., 2022 ; Suharti et al., 2024 ; Ardiani et al., (2022). This is in line with research Wahyudi & Bait (2021) which states that the independent board of commissioners has a positive influence on the disclosure of sustainability reports.

H1: The independent board of commissioners has a positive influence on sustainability report disclosure.

The Influence of the Audit Committee on Sustainability Report Disclosure

The audit committee is a committee formed by the board of commissioners and has direct responsibility to the board of commissioners with the main objective of supervising the company (Ardiani et al., 2022). Based on stakeholder theory, the formation of an audit committee can assist management in publishing transparent sustainability reports to meet stakeholder expectations, through its supervision in implementing the principles of good corporate governance (Wulandari et al., 2021). The more members there are in the audit committee, the better its effectiveness in carrying out supervision of management, and can increase the disclosure of social and environmental information contained in the sustainability report (Kristianingrum et al., 2022). This is in line with research by Suharti et al., (2024), which reveals that the audit committee has a positive influence on the disclosure of sustainability reports.

H2: The audit committee has a positive influence on the disclosure of sustainability reports.

The Influence of Return on Assets on Sustainability Report Disclosure

The level of profitability obtained during a certain period of time can measure the company's financial performance (Amelia & Sembiring, 2023). In this study, profitability is proxied by return on assets, because it can reflect how much profit the company obtains from all the assets it owns (Sutrisno, 2017:213). According to stakeholder theory, an increase in return on assets reflects the acquisition of greater financial resources, thus encouraging companies to undertake broader environmental and social responsibilities, which are then disclosed through sustainability reports. Companies do this in an effort to demonstrate to stakeholders that their performance is superior to that of competitors and is able to meet their expectations (Suharti et al., 2024). This is in line with research Kristianingrum et al. (2022), which states that return on assets has a positive influence on sustainability report disclosure.

H3: Return on assets has a positive influence on sustainability report disclosure.

The Influence of Firm Size as a Moderating Variable on the Relationship Between Independent Board of Commissioners and Sustainability Report Disclosure

Based on legitimacy theory, companies strive to conduct their operational activities in accordance with prevailing societal values and norms in order to gain legitimate recognition.

Larger companies tend to provide more information to the public, including sustainability reports, to gain legitimacy from the public and stakeholders (Dewi et al., 2025). So, the larger the size of the firm, the greater the proportion of independent commissioners, which will reflect the increasingly optimal activities carried out by the company (Purnama & Handayani, 2021). In larger firms, the monitoring role of independent commissioners becomes more salient due to higher public visibility and stakeholder scrutiny, thereby strengthening their influence on sustainability report disclosure. As social activities carried out by companies increase, the information disclosed in sustainability reports becomes more extensive (Madona & Khafid, 2020). This is in line with research by Purnama & Handayani (2021), which shows that firm size can moderate the influence of the independent board of commissioners on sustainability report disclosure.

H4: Firm size can moderate the influence of the independent board of commissioners on sustainability report disclosure.

The Influence of Firm Size as a Moderating Variable on the Relationship Between Audit Committee and Sustainability Report Disclosure

The audit committee acts as a supervisor to examine the information that will be published by the issuer to the public (Madona & Khafid, 2020). The larger the firm, the greater the operational activities it undertakes. Therefore, the audit committee's role as a supervisor becomes greater as operational activities become more complex (Purnama & Handayani, 2021). Firm size amplifies the supervisory function of the audit committee, as larger organizational complexity increases the need for formal oversight to ensure comprehensive sustainability disclosure. According to legitimacy theory, the higher the quality of the audit committee, the greater its ability to pressure management to disclose sustainability reports as a form of corporate communication to stakeholders and an effort to gain legitimacy from the public (Madona & Khafid, 2020). This is in line with research by Simangunsong et al. (2024), which shows that firm size can moderate the influence of the audit committee on sustainability report disclosure.

H5: Firm size can moderate the influence of the audit committee on sustainability report disclosure.

The Influence of Firm Size as a Moderating Variable on the Relationship Between Return on Assets and Sustainability Report Disclosure

Firm size can influence its ability to generate profits. Larger companies reflect their ability to conduct complex business activities and have a market advantage over smaller companies. Consequently, they will achieve higher profits. From a legitimacy standpoint, large and profitable firms face stronger expectations to demonstrate social and environmental responsibility, making sustainability reporting a strategic response to stakeholder pressure. Therefore, larger companies tend to provide broader and more comprehensive information, which is disclosed through sustainability reports (Purnomo et al., 2024). This is in line with research by Tuzzohra et al. (2024), which shows that firm size can moderate the influence of return on assets on sustainability report disclosure.

H6: Firm size can moderate the influence of return on assets on sustainability report disclosure.

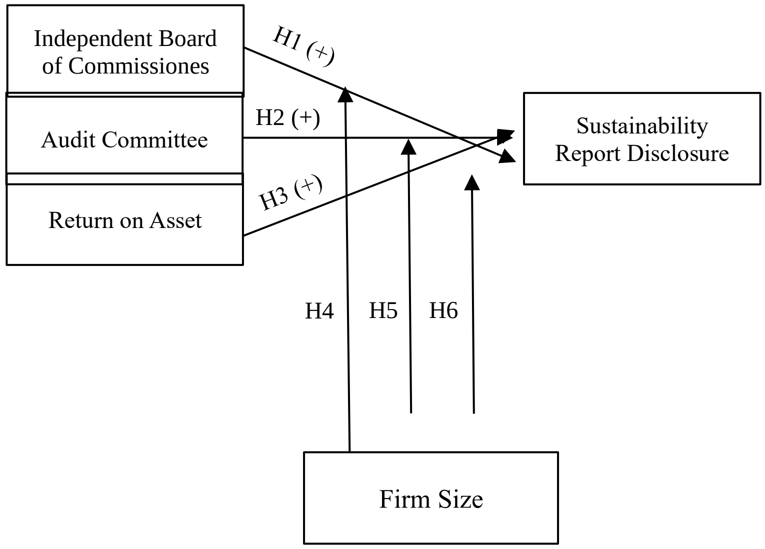

Figure 1. Conceptual Framework

RESEARCH METHOD

This study employs a quantitative research design using secondary data. The data consist of annual reports and sustainability reports obtained from the official websites of the sampled companies and the Indonesia Stock Exchange (IDX).

The population of this study includes all energy sector companies listed on the IDX during 2022–2024, totalling 92 firms. The sample was selected using a purposive sampling technique, resulting in 22 firms that met the following criteria: (1) energy sector companies consistently listed on the IDX during the 2022–2024 period; (2) companies that consistently published annual reports during the observation period; and (3) companies that consistently disclosed sustainability reports based on the GRI 2021 standards during 2022–2024. The relatively limited sample size reflects the still-low adoption of standardized sustainability reporting in Indonesia's energy sector and therefore represents firms with comparable disclosure practices.

Data analysis was conducted using panel data regression and Moderated Regression Analysis (MRA). All analyses were processed using Microsoft Excel 2021 and EViews version 13.

To ensure clarity and consistency, the operationalization of variables is presented in Table 1.

Table 1.
Operationalization Variable

Variable	Indicator	Source
Independent Variable (X)		
Independent Board of Commissioners (X1)	$\frac{\Sigma \text{DKI}}{\Sigma \text{Board of Commissioners}} x 100\%$	Irfan & Sarumpaet (2023)
Audit Committee (X2)	Σcommittee Audit	Irfan & Sarumpaet (2023)
Return on Assets (X3)	$\frac{\text{EAT}}{\Sigma \text{Assets}} x\ 100\%$	Fitriana (2024:47)
Dependent Variable (Y)		

Sustainability Report (Y)	$\frac{\Sigma\text{Indicators are Disclosed}}{\Sigma\text{Indicator}} x100\%$	Noerkholiq & Muslih (2021)
Moderating Variable (Z)		
Firm Size (Z)	Log (Total Aset)	Fuadah *et al.,* (2018:63)

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 2.
Descriptive Statistical Analysis Results

	DKI	KA	ROA	FS	SRDI
Mean	0,483213	3,318182	12,32500	27,22693	0,732064
Median	0,422222	3,000000	9,200000	28,60876	0,777778
Maximum	0,800000	6,000000	61,76000	32,36002	0,982906
Minimum	0,300000	3,000000	-4,200000	15,99435	0,316239
Std. Dev.	0,152591	0,705126	12,72820	4,702246	0,180580
Observations	66	66	66	66	66

Source: Data is Processed, 2025

Based on the results of the descriptive statistical test above, the following information was obtained:

1. The minimum value of the Independent Board of Commissioners (DKI) is 0.300000, which is ITMG in 2024, while the maximum value is 0.800000, which is DSSA in 2023. The mean value is 0.483213, with a standard deviation of 0.152591.
2. The minimum Audit Committee (KA) value of 0.300000 was obtained in 17 issuers during the 2022-2024 period, including: ABMM and ADRO, while the maximum value was 6,000,000, namely PTRO in 2022. The mean value was 3.318182, with a standard deviation of 0.705126.
3. The minimum value of Return on Assets (ROA) is -4,200,000, which is DOID in 2024, while the maximum value is 61,76,000, which is GEMS in 2022. The mean value is 12,325,000, with a standard deviation of 12,72820.
4. The minimum value of Firm Size (FS) is 15.99435, which is ELSA in 2022, while the maximum value is 32.36002, which is PGAS in 2022. The mean value is 27.22693, with a standard deviation of 4.702246.
5. The minimum value of the Sustainability Report (SRDI) is 0.316239, which is the ADMR in 2022, while the maximum value is 0.982906, which is the GEMS in 2022. The mean value is 0.732064, with a standard deviation of 0.180580.

Panel Data Regression Estimation Model Selection Test

Table 3.
Panel Data Regression Estimation Results

Test Name	P-Value	Conclusion
Chow Test	0,0000	FEM
Hausman Test	0,0369	FEM

Source: Data is Processed, 2025

Based on Table 3, the p-value of the Chow test is 0.0000 ≤ 0.05, so the Fixed Effect Model (FEM) is selected. Therefore, the next analysis that needs to be done is the Hausman test. The p-value of the Hausman test is 0.0369 ≤ 0.05, meaning the panel data regression estimation model used is the FEM.

Classical Assumption Test

In panel data regression analysis, FEM uses the Ordinary Least Squares (OLS) approach, where normality tests are not required, and autocorrelation tests are irrelevant for cross-sectional or panel data types. In the OLS approach, only multicollinearity and heteroscedasticity tests are required (Basuki, 2021:27). In this study, the multicollinearity test utilizes a correlation matrix to ensure there is no correlation between the independent variables. Meanwhile, the heteroscedasticity test uses the Glejser test to ensure homogeneity of error variances. Based on the test results, all classical assumptions meet the Best Linear Unbiased Estimator (BLUE) criteria. This means the regression model can be declared valid and suitable for use.

Hypothesis Testing

Partial Test (t-test)

Tabel 4.
T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0,925575	0,238648	3,878420	0,0004
DKI	-0,163998	0,337518	-0,485894	0,6296
KA	-0,026991	0,061266	-0,440553	0,6619
ROA	-0,002004	0,002243	-0,893561	0,3768

Source: Data is Processed, 2025

Based on Table 4, the following analysis results were obtained:

1. Hypothesis 1
   The Independent Board of Commissioners (DKI) produced a p-value of (0.6296/2) 0.3148 > 0.05. This means that DKI has no influence on sustainability report disclosure.
2. Hypothesis 2
   The Audit Committee (KA) produced a p-value of (0.6619/2) 0.3340 > 0.05. This means that the KA has no influence on sustainability report disclosure.
3. Hypothesis 3
   Return on Assets (ROA) yields a p-value of (0.3768/2) 0.1884 > 0.05. This means that ROA has no influence on sustainability report disclosure.

Simultaneous Test (f-test)

Table 5.
F Test Results

Prob(F-statistic)	0,000001

Source: Data is Processed, 2025

Based on Table 5, the Prob (F-statistic) value is 0.000001 ≤ 0.05. This means that the independent board of commissioners, audit committee, and return on assets simultaneously influence the disclosure of sustainability reports.

Coefficient of Determination Test (R^2)

Table 6.
Results of the Coefficient of Determination (R^2) Test

Adjusted R-squared	0,630264

Source: Data is Processed, 2025

Based on Table 6, the adjusted R-squared value is 0.630264. This condition indicates that the independent variables, namely the independent board of commissioners, audit committee, and return on assets, have a 63.03% influence on the dependent variable, namely sustainability report disclosure. The remaining 36.97% is influenced by other variables outside the scope of the study.

Moderated Regression Analysis (MRA)

Equation 1

Table 7.
MRA 1 Equation Test Results

Variable	Coefficient	T-Statistic	Prob.
DKI	-0,163998	-0,485894	0,6296
KA	-0,026991	-0,440553	0,6619
ROA	-0,002004	-0,893561	0,3768
Konstanta	0,925575		

Source: Data Is Processed, 2025

Based on Table 7, the first panel data regression equation is as follows:

SRDI = 0.925575 + (-0.163998) DKI + (-0.026991) KA + (-0.002004) ROA

Equation 2

Table 8.
MRA 2 Equation Test Results

Variable	Koefisien	T-Statistic	Prob.
DKI	-0,037247	-0,111930	0,9114
KA	-0,034948	-0,588446	0,5595
ROA	-0,001510	-0,691569	0,4932
FS	0,198201	1,958624	0,0572
Konstanta	-4,511768		

Source: Data Is Processed, 2025

Based on Table 8, the 2 panel data regression equations are as follows:

SRDI = -4.511768 + (-0.037247) DKI + (-0.034948) KA + (-0.001510) ROA + 0.198201 FS

Equation 3

Table 9.
MRA 3 Equation Test Results

Variable	Koefisien	T-Statistic	Prob.
DKI	-3,686867	-2,343067	0,0246
KA	0,885847	1,917916	0,0629
ROA	-0,037723	-2,252872	0,0303
FS	0,385559	2,505651	0,0168
DKI*FS	0,126550	2,241588	0,0311
KA*FS	-0,035513	-1,933628	0,0608
ROA*FS	0,001280	2,155328	0,0377
Konstanta	- 9,371345		

Source: Data Is Processed, 2025

Based on Table 9, the 3 panel data regression equations are as follows:

$$SRDI = -9.371345 + (-3.686867)\ DKI + 0.885847\ KA + (-0.037723)\ ROA + 0.385559\ FS + 0.126550\ DKI{*}FS + (-0.035513)\ KA{*}FS + 0.001280\ ROA{*}FS$$

Moderation Hypothesis Test

The following is an explanation of the results of the Moderated Regression Analysis (MRA) test that was carried out previously:

1. Hypothesis 4
   FS in equation 2 shows a p-value of $0.0572 > 0.05$, while the interaction between DKI and FS in equation 3 shows a p-value of $0.0311 \leq 0.05$ significance level. This means that firm size can moderate the influence of the independent board of commissioners on sustainability report disclosure. These results indicate that FS is categorized as a pure moderating variable.
2. Hypothesis 5
   The FS in equation 2 shows a p-value of $0.0572 > 0.05$, while the interaction between KA and FS in equation 3 shows a p-value of $0.0608 > 0.05$. This means that firm size cannot moderate the influence of the audit committee on sustainability report disclosure. These results indicate that FS is categorized as a moderator homologous variable.
3. Hypothesis 6
   FS in equation 2 shows a p-value of $0.0572 > 0.05$, while the interaction between ROA and FS in equation 3 shows a p-value of $0.0377 \leq 0.05$. This means that firm size can moderate the influence of return on assets on sustainability report disclosure. These results indicate that FS is categorized as a pure moderator variable.

The Influence of the Independent Board of Commissioners on Sustainability Report Disclosure

Independent board commissioners have no influence on sustainability report disclosure. This finding is inconsistent with stakeholder theory, which states that the greater the number of independent board commissioners, the greater their power to pressure management to improve sustainability report disclosure (Kristianingrum et al., 2022). This discrepancy can occur because the independent board of commissioners tends to focus on supervising company management by ensuring the interests of stakeholders through transparency of financial performance compared to disclosure of sustainability reports (Rachmadanty & Agustina, 2023). This condition reflects that the role of the independent board of commissioners has not functioned optimally in pressuring management to increase corporate social disclosure, and does not consider it an important aspect (Tuzzohra et al., 2024). Although the proportion of independent commissioners is sufficient according to regulations OJK No.33/POJK.04/2014 clause 20, in fact, the quality of the independent board of commissioners has not been able to demonstrate its independence in fulfilling stakeholder expectations (Kristianingrum et al., 2022). These results are supported by research by Kristianingrum et al. (2022), which states that the independent board of commissioners has no influence on the sustainability report.

The Influence of the Audit Committee on Sustainability Report Disclosure

The audit committee has no influence on sustainability report disclosure. This finding is inconsistent with stakeholder theory, which states that the more audit committee members there are, the broader the oversight of improving the dissemination of environmental and social information outlined in the sustainability report (Kristianingrum et al., 2022). This mismatch can occur because audit committee members are not always in line with their ability to improve the dissemination of environmental & social information, even though the proportion of audit committees from each company is in accordance with regulations OJK No.55/POJK.04/2015 clause 4. Considering that the audit committee's main task is more aimed at supervising financial reports and regulatory compliance, the focus on sustainability reports may be reduced (Tuzzohra et al., 2024). When carrying out its duties, the audit committee places more emphasis on resolving audit findings and evaluating complaints that occur in the company, rather than focusing directly on the sustainability report (Dewi & Sudana, 2024). These results are supported by research by Madona & Khafid (2020), which revealed that the audit committee had no influence on the sustainability report.

The Influence of Return on Assets on Sustainability Report Disclosure

Return on assets has no influence on sustainability report disclosure. These results are inconsistent with stakeholder theory, which states that a higher return on assets indicates a greater financial resource available to carry out sustainable environmental and social responsibilities outlined in the sustainability report to meet stakeholder expectations (Ulfa et al., 2025). This mismatch can occur because a high return on assets does not necessarily encourage companies to increase their social activities (Purnomo et al., 2024). Management believes that disclosing sustainability reports is costly. Therefore, environmental and social activities will tend to be limited to reduce costs (Purnama & Handayani, 2021). Thus, the company will prioritize its funds for operational needs first, before being diverted to other things such as environmental & social responsibilities, which are expressed through sustainability reports (Amelia & Wardoyo, 2025). These results are supported by research by Puspasari et al. (2025), which states that return on assets does not affect the sustainability report.

The Influence of Firm Size as a Moderating Variable on the Relationship Between Independent Board of Commissioners and Sustainability Report Disclosure

Firm size can moderate the influence of independent commissioners on sustainability report disclosure. These results align with legitimacy theory, which states that larger companies tend to disclose more information to the public, including sustainability reports, to gain legitimacy from the public and stakeholders (Dewi et al., 2025). So, the larger the size of the company, the greater the proportion of independent commissioners, which will reflect the increasingly optimal activities carried out by the company (Purnama & Handayani, 2021). As social activities carried out by companies increase, the information disclosed in sustainability reports becomes more extensive (Madona & Khafid, 2020). These results are supported by research by Simangunsong et al. (2024), which shows that firm size can moderate the influence of the independent board of commissioners on sustainability report disclosure.

The Influence of Firm Size as a Moderating Variable on the Relationship Between Audit Committee and Sustainability Report Disclosure

Firm size does not moderate the audit committee's influence on sustainability report disclosure. The study's findings suggest that firm size may not be the sole factor influencing companies' sustainability report disclosures (Madona & Khafid, 2020). The increasing size of a firm indicates increasing operational activities, including production, marketing, payroll, and development. This requires enhanced and comprehensive audit committee oversight to ensure transparency in reports disclosed to the public. However, the number of audit committee members alone is not sufficient to measure their effectiveness in improving sustainability reporting disclosure (Tuzzohra et al., 2024). These results are supported by research by Tuzzohra et al. (2024), which states that firm size cannot moderate the influence of the audit committee on sustainability report disclosure.

The Influence of Firm Size as a Moderating Variable on the Relationship Between Return on Assets and Sustainability Report Disclosure

Firm size can moderate the influence of return on assets on sustainability report disclosure. These results demonstrate that firm size can influence a company's ability to generate profits. Larger companies can reflect their ability to conduct complex business activities and have an advantage in dominating the market compared to smaller companies. Consequently, they will achieve greater profits. Therefore, larger companies tend to provide broader and more comprehensive information, which is disclosed through sustainability reports (Purnomo et al., 2024). These results are supported by Simangunsong et al. (2024), which shows that firm size can moderate the influence of return on assets on sustainability report disclosure.

CONCLUSION

This study examines the influence of the independent board of commissioners, audit committee, and return on assets on sustainability report disclosure, with firm size as a moderating variable, in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The results show that the independent board of commissioners, audit committee, and return on assets do not have a direct effect on sustainability report disclosure. However, firm size moderates the relationship between the independent board of commissioners and sustainability report disclosure, as well as between return on assets and sustainability report disclosure. In contrast, firm size does not moderate the relationship between the audit committee and sustainability report disclosure. These findings imply that governance and profitability mechanisms alone are insufficient to drive sustainability reporting practices unless supported by organizational scale.

This study has several limitations. First, the sample size is relatively small due to the limited number of energy sector firms consistently publishing sustainability reports based on GRI 2021 standards. Second, the model explains 65.42% of the variation in sustainability report disclosure, indicating that other factors remain unexamined. Future research is encouraged to incorporate additional governance variables such as board of directors characteristics, institutional and managerial ownership, apply alternative disclosure measures such as ESG scores, extend the observation period, and conduct comparative or cross-sector analyses to enhance generalizability.

REFERENCES

Almatin, N. R., & Simatupang, F. S. (2025). Driving Transparency : The Role Of Good Corporate Governance And Leverage Shaping Sustainability Reporting , With Profitability As A Moderator. *Indonesian Journal of Strategic Management*, *8*(2), 34–47.

Amelia, A. D., & Wardoyo, D. U. (2025). Pengaruh Struktur Kepemilikan, Struktur Modal, Dan Kinerja Keuangan Terhadap Pengungkapan Sustainability Report (Studi Kasus Pada Perusahaan Basic Materials yang Terdaftar di Bursa Efek Indonesia Tahun 2019 – 2022) Atika. *E-Proceeding of Management*, *12*(1), 150–161.

Amelia, R., & Sembiring, F. M. (2023). Analisis Current Ratio , Return on Assets , dan Ukuran Perusahaan , serta Pengaruhnya terhadap Nilai Perusahaan yang Dimediasi oleh Struktur Modal. *Jurnal Ilmiah Manajemen*, *14*(2), 333–348.

Ardiani, N. P. F., Lindrawati., & Susanto, A. (2022). Pengaruh Mekanisme Good Corporate Governance Terhadap Pengungkapan Sustainability Report Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Riset Akuntansi Mercu Buana*, *8*(1), 78–90. https://doi.org/https://doi.org/10.26486/jramb.v8i1.2386

Basuki, A. T. (2021). *Analisis Data Panel Dalam Penelitian Ekonomi dan Bisnis (Dilengkapi Dengan Penggunaan Eviews)* (Pertama).

Damayanty, P., Wahab, D & Safitri, N. (2022). Pengaruh Profitabilitas, Firm Size Dan Aktivitas Perusahaan Terhadap Pengungkapan Sustainability Report. *Jurnal Ilmiah Edunomika*, *6*(2), 1–11.

Desmiza., & Ramli, R. (2024). Analysis of Corporate Governance , Firm Specific Factors that Influence Dividend Policy on the Indonesian Stock Exchange Sharia Capital Market : Study on Merged Companies in Jakarta Islamic Index. *Journal of Management Studies*, *9*(2).

Dewi, I. P., Ariani, K. R., & Kurniawati, L. (2025). *Pengungkapan Sustainability Report : Peran Kinerja Keuangan , Good Corporate Governance , dan Ukuran Perusahaan sebagai Variabel Moderasi*. *9*(1), 61–79. https://doi.org/10.18196/rabin.v9i1.24877

Dewi, I. P., & Pitriasari, P. (2019). Pengaruh Good Corporate Governance Dan Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report (Studi pada Perusahaan yang Terdaftar di Bursa Efek Indonesia periode 2014 – 2016). *Jurnal Sains Manajemen & Akuntansi*, *11*(1), 33–53.

Dewi, N. K. R. S., & Sudana, I. P. (2024). Mekanisme Corporate Governance pada Sustainability Reporting. *E-Jurnal Akuntansi*, *34*, 639–658. https://doi.org/10.24843/EJA.2024.v34.i03.p07

Diwasasri, W. (2025). *Urgensi Keterbukaan Data Emisi Gas Rumah Kaca Pertambangan Batubara Dalam Upaya Memerangi Krisis Iklim*. Pwypindonesia.

Fitriana, A. (2024). Buku Ajar Analisis Laporan Keuangan. In R. R. Hasibuan & S. Nurjanah (Eds.), *Akademi Keuangan & Perbankan Riau (AKBAR) Pekanbaru* (Issue July). CV. Malik Rizki Amanah

Fuadah, L. L., Yuliani., & Safitri, H. (2018). *Pengungkapan Sustainability Reportin Di Indonesia* (1st ed.). Citrabooks Indonesia.

Irfan, S., & Sarumpaet, S. (2023). Pengaruh Good Corporate Governance Dan Diversitas Gender Terhadap Pengungkapan Sustainability Report (Studi Empiris Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2019-2021). *Inisiatif: Jurnal Ekonomi, Akuntansi Dan Manajemen*, *2*(4), 334–355. https://doi.org/https://doi.org/10.30640/inisiatif.v2i4.1441

Kholis, A. N. (2024). Analisis Peran Dewan Komisaris dalam Meningkatkan Tata Kelola Perseroan yang Baik: Perspektif Hukum dan Implementasinya. *Birokrasi: Jurnal Ilmu Hukum Dan Tata Negara*, *2*(1), 210–215. https://doi.org/10.55606/birokrasi.v2i1.900

Kristianingrum, A., Sukesti, F., & Nurcahyono, N. (2022). Pengaruh Mekanisme Good Corporate Governance, Kinerja Keuangan, dan Struktur Modal terhadap Pengungkapan Sustainability Report. *Prosiding Seminar Nasional UNINUS, 5*, 432–444.

Madani. (2024). *Mengenal Nationally Determined Contribution (NDC)*. Madani Keberlanjutan.

Madona, M. A., & Khafid, M. (2020). Jurnal Optimasi Sistem Industri Pengaruh Good Corporate Governance terhadap Pengungkapan Sustainability Report dengan Ukuran Perusahaan sebagai Pemoderasi. *Jurnal Optimasi Sistem Industri*, *19*(1), 22–32. https://doi.org/10.25077/josi.v19.n1.p22-32.2020

Mahendra, D. A., & Purwanto, A. (2024). Pengaruh Profitabilitas, Leverage, Likuiditas, Dan Aktivitas Terhadap Pengungkapan Laporan Keberlanjutan Dan Nilai Perusahaan (Studi Kasus pada Perusahaan non-Keuangan yang Terdaftar di Indeks Kualitas ESG 45 Kehati Bursa Efek Indonesia Periode 2021-2023). *Diponegoro Journal Of Accounting*, *13*(4), 1–15.

Michael, & Lukman, H. (2019). Pengaruh Proporsi Direksi Independen, Proporsi Komisaris Independen Dan Stakeholders Terhadap Sustainability Repor. *Jurnal Paradigma Akuntansi*, *1*(3), 638–645. https://doi.org/10.24912/jpa.v1i3.5566

Nofita, W., & Sebrina, N. (2023). Pengaruh Profitabilitas, Good Corporate Governance dan Tipe Industri terhadap Pengungkapan Sustainability Report. *Jurnal Eksplorasi Akuntansi*, *5*(3), 1034–1052. https://doi.org/10.24036/jea.v5i3.746

Noerkholiq, S. M. A., & Muslih, M. (2021). Pengaruh Profitabilitas, Leverage Dan Stakeholder Engagement Terhadap Pengungkapan Sustainability Report Berdasarkan Global Reporting Initiative (Gri) Generasi 4 (G4). *Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, *5*(3), 1361–1378.

Oktapiani, N., & Simatupang, F. S. (2024). Pengaruh Good Corporate Governence dan Firm Size terhadap Pengungkapan Sustainability Report pada Perusahaan Sektor Energi yang Terdaftar di Bursa Efek Indonesia Periode 2020-2022. *J-MAS (Jurnal Manajemen Dan Sains)*, *9*(1), 411. https://doi.org/10.33087/jmas.v9i1.1657

Peraturan Otoritas Jasa Keuangan 55/POJK.04 Tentang Pembentukan Dan Pedoman Pelaksanaan Kerja Komite Audit, Ojk.Go.Id 1 (2015).

Purnama, D. P., & Handayani, B. D. (2021). The Effect of Financial Performance and Corporate Governance on Sustainability Report Disclosure with Company Size as a Moderation. *Accounting and Finance Studies*, *1*(2), 138–162. https://doi.org/10.47153/afs12.1362021

Purnomo, R. R., Ulupui. I. G. K. A., & Yusuf, M. (2024). Peran Ukuran Perusahaan Sebagai Variabel Moderasi Dari Profitabilitas Dan Leverage Terhadap Pengungkapan Sustainability Report. *Jurnal Akuntansi, Perpajakan Dan Auditing*, *5*(2), 391–410. https://journal.unj.ac.id/unj/index.php/japa

Puspasari, D., Ahmar, N., & Djaddang, S. (2025). Pengaruh Kinerja Keuangan, Karakteristik Perusahaan Dan Corporate Governance Terhadap Pengungkapan Sustainability Report (Pada Perusahaan Bumn Di Bursa Efek Indonesia). *Jurnal Pendidikan Indonesia*, *6*(1), 488–500.

Puspitaningrum, H. Y., & Indriani, A. (2021). Pengaruh Tanggung Jawab Sosial Perusahaan dan Good Corporate Governance terhadap Profitabilitas Perusahaan dengan Ukuran Perusahaan dan Leverage sebagai Variabel Kontrol. *Diponegoro Journal of Management*, *10*(3), 1–15.

Putri, A., Muhammadinah, M., & Shalihah, B. M. (2025). Determinant Factors of Company Value. *Malacca: Journal of Management and Business Development* , *2*(2), 73–87. https://doi.org/10.69965/malacca.v2i2.187

PwC & NUS. (2024). *Sustainability Counts III* (pp. 1–85). https://bschool.nus.edu.sg/cgs/applied-research-in-corporate-sustainability/sustainability-reporting/

Rachmadanty, A. P., & Agustina, L. (2023). Pengaruh ukuran direksi, dewan komisaris independen, kepemimpinan ganda, jenis perusahaan, sustainability committee, aktivitas perusahaan, kepemilikan asing, dan struktur kepemilikan terhadap sustainability report. *Jurnal Riset Ekonomi Dan Bisnis*, *16*(2), 142. https://doi.org/10.26623/jreb.v16i2.5925

Simangunsong, D. B., Erwin, K., & Fachruddin, K. A. (2024). Analysis of the Effect of Good Corporate Governance Mechanisms and Financial Performance on the Disclosure of Sustainability Reports with Firm Size as a Moderating Variable in Banking Companies Listed on the Indonesia Stock Exchange 2017-2022. *International Journal of Research and Review*, *11*(October), 169–180.

Simanjuntak, U. (2024). *IETO 2025: Transisi Energi Indonesia di Persimpangan Jalan akibat Lemahnya Komitmen Politik*. Institute For Essential Services Reform (IESR).

Suharti., Wandi., Halimahtussakdiah., Purnama, I. (2024). The Effect Of Good Corporate Governance, Profitability, Leverage And Firm Size Towards The Disclosure Of Sustainability Report. *Jurnal Akuntansi Kewirausahaan Dan Bisnis*, *9*(1), 82–96.

Susadi, M. N. Z., & Kholmi, M. (2021). The Effect Of Good Corporate Governance Mechanism Toward Sustainability Report Disclosure. *Jurnal Akuntansi Dan Ekonomika*, *11*(1), 129–138. https://doi.org/10.37859/jae.v11i1.2515

Sutrisno. (2017). *MANAJEMEN KEUANGAN Teori, Konsep, dan Aplikasi* (2nd ed.). EKONISIA.

Tuzzohra, F., Satria, H., & Pardede, R. M. (2024). Pengaruh Good Corporate Governance dan Kinerja Keuangan Terhadap Sustainability Report Dengan Ukuran Perusahaan Sebagai Variabel Moderasi Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia. *Open Journal Systems*, *7*(2656), 143–157.

Ulfa, R., Harjanti, A. E., & Wijayanti, S. (2025). Pengaruh Good Corporate Governance Dan Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report. *Jurnal Akuntasi Dan Manajemen*, *22*(1), 53–64. https://doi.org/10.36406/jam.v22i1.136

Utami, N. P., & Paramita, S. (2024). Pengaruh Good Corporate Governance , Firm Size Dan Investment Opportunity Terhadap Nilai Perusahaan (Tobin ' S Q) Pada Perusahaan Yang Terdaftar Di Indeks Investor 33 Periode 2018 - 2022. *Equilibrium*, *13*(1), 58–75.

Wahyudi, S. M., & Bait, A. S. (2021). Pengaruh Corporate Governance, Profitabilitas, Dan Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di BEI Periode 2015-2018). *Jurnal Kewirausahaan Bukit Pengharapan*, 1–14.

Wulandari, R., Fauziyah, S., & Mubarok, A. (2021). "Pengaruh Komite Audit Dan Struktur Modal Terhadap Pengungkapan Sustainability Report" "(Studi Empiris Pada Perusahaan yang Mengikuti Asia Sustainability Reporting Rating Periode 2015-2020)." *Accounthink : Journal of Accounting and Finance*, *6*(02), 181–193. https://doi.org/10.35706/acc.v6i02.5616