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THE EFFECT OF PROFITABILITY, FIRM SIZE, AND CORPORATE GOVERNANCE ON SUSTAINABILITY REPORT DISCLOSURE IN ENERGY SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2021-2024 PERIOD

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Abstract:
This study aims to analyze the effect of profitability, firm size, independent commissioners, and audit committees on sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period. A quantitative approach was employed using secondary data obtained from companies' annual reports and sustainability reports published on the official websites of IDX and the respective companies. The sampling technique used was purposive sampling, resulting in a total of 24 companies as research samples. The data were analyzed using panel data regression and processed using EViews version 13. The results show that firm size has a significant effect on sustainability report disclosure. In contrast, profitability, independent commissioners, and audit committees do not have a significant effect on sustainability report disclosure. These findings are in line with legitimacy theory, particularly in explaining the role of firm size in influencing sustainability report disclosure, and provide additional empirical evidence for further research in the field of sustainability reporting. This research may serve as a reference for future studies related to sustainability report disclosure, and it may also provide insights for investors and companies in understanding the factors that influence the disclosure of sustainability reports.

Keywords: Profitability, Firm Size, Corporate Governance, Independent Commissioner, Audit Committee, Sustainability Report Disclosure.

BACKGROUND

Nowadays, environmental issues have become a major concern in the business world, encouraging companies to move beyond a sole focus on financial profit. The Triple Bottom Line concept introduced by John Elkington (1988) emphasizes that business objectives must encompass responsibility toward profit, people, and planet. This requires companies not only to report financial performance but also environmental and social aspects, which are represented through sustainability reports (Mujiani & Jayanti, 2021).

A sustainability report is a comprehensive document that presents financial and non-financial performance information, including social and environmental aspects of a company's activities (Perbiyanti, 2023). This report enables companies to measure and communicate their economic, social, and environmental impact to stakeholders. Furthermore, the sustainability report serves as a benchmark for various parties, such as the media, government, consumers, and academics, in

evaluating a company's commitment to sustainable development (Ulupui et al., 2023). A company's ability to present this information transparently is believed to enhance long-term success, ensure continuity, and support business growth (Aini & Subardjo, 2018).

The disclosure of sustainability reports offers various benefits, including enhancing corporate image, serving as a more comprehensive source of information for stakeholders, acting as a performance evaluation tool, and providing assurance to investors regarding management's sustainability commitment, thereby attracting investment interest (Hapsari, 2023). Companies that disclose sustainability reports also tend to gain legitimacy from communities surrounding their operations, which can help prevent potential conflicts (Dewi, 2018, as cited in Ulfah & Hidayat, 2023). Conversely, non-compliance in disclosure can damage a company's image and potentially result in sanctions from the government or the public (Ulfah & Hidayat, 2023).

The Indonesian government has demonstrated its commitment to sustainable business practices through a series of regulations. Law Number 40 of 2007 on Limited Liability Companies Article 74 Paragraph 1 requires companies whose activities relate to natural resources to implement social and environmental responsibility. This provision is further reinforced by the POJK Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, as well as OJK Circular Letter Number 16/SEOJK.04/2021, which provides more detailed guidance on annual reports.

The mining, energy, and oil and gas sectors have received particular attention in sustainability report disclosures due to the high volume of hazardous and toxic waste (B3). In 2023, 1,362 companies in these sectors generated 58,525,950 units of B3 waste, making them the largest contributors of such waste in Indonesia. The significant environmental impact of the energy sector has increased pressure from stakeholders to improve transparency and accountability through sustainability reporting. This pressure has driven more energy companies to integrate sustainability practices as part of their business strategies. This is

evident in the increasing number of energy sector companies publishing sustainability reports since 2021. However, despite the upward trend in sustainability report disclosures, some companies remain inconsistent in publishing these reports annually. Moreover, among companies that consistently publish sustainability reports, some disclose fluctuating indicators each year.

Assessing companies that have not published or have inconsistently published sustainability reports, or that disclose indicators in a fluctuating manner, should not be immediately associated with a lack of awareness. The disclosure of sustainability reports is a strategic policy influenced by various internal and external factors, such as resource availability and corporate governance mechanisms. Several internal factors are frequently the focus in analyzing sustainability report disclosure, including profitability, firm size, and corporate governance (CG).

In various accounting and sustainability studies, several factors have been examined for their influence on sustainability report disclosure, such as profitability, firm size, independent commissioners, and audit committees. Research findings indicate that profitability often exhibits a positive influence (Mujiani & Jayanti, 2021; Yunan et al., 2021)**,** although some studies have reported a negative impact (Hermawan & Sutarti, 2021; Perbiyanti, 2023) or an insignificant relationship (Rahaditama, 2022; Setiadi et al., 2023). Similarly, firm size is generally found to have a positive effect on sustainability report disclosure (Putra et al., 2023; Yunan et al., 2021), though there are also findings suggesting a negative influence (Dewi, 2019) or no significant effect (Rahaditama, 2022; Setiadi et al., 2023). Meanwhile, independent commissioners tend to show a positive association (Putra et al., 2023; Wahyudi, 2021), but results also exist indicating a negative impact (Hamidah & Arisukma, 2020) or an insignificant relationship (Kristianingrum et al., 2022; Puspasari et al., 2025)**.** Lastly, the Audit Committee is predominantly found to have a positive influence (Ismi & Hendrani, 2024; Wulandari et al., 2021), despite some findings reporting a negative effect (Yunan et al., 2021) or no significant relationship (Krisyadi & Elleen, 2020; Tobing et al., 2019).

The escalating volume of research pertaining to sustainability report disclosure, combined with the considerable impact of energy sector companies on sustainability concerns, presents an intriguing research phenomenon. This study is underscored by a research gap identified through conflicting prior findings. Hence, the present research is titled: "**The Effect of Profitability, Firm Size, and Corporate Governance on Sustainability Report Disclosure in Energy Sector Companies Listed on the Indonesia Stock Exchange for the 2021-2024 Period**."

THEORETICAL FRAMEWORK

Legitimacy Theory

Legitimacy theory, initially proposed by Dowling and Pfeffer (1975), focuses on the interaction between companies and society. This theory asserts that companies are integral parts of society and must adhere to prevailing social norms to gain legitimacy. Ghozali (2020) further states that the theory is underpinned by a "social contract" between a company and the community in which it operates. Based on this theory, the community grants temporary permission to a company to conduct its business activities. If the company's business activities deviate from the initial agreement, the community still has the right to hold the company accountable.

Stakeholder Theory

Stakeholder theory, introduced by Freeman (1984), posits that companies should not operate solely for their own benefit but must provide value to various stakeholders (such as shareholders, creditors, consumers, government, and society). According to Gray et al. (1994) as cited in Ghozali (2020), a company's business continuity depends on the ongoing support of its stakeholders, which must be actively sought. This is because stakeholders possess the ability to influence and control the economic resources utilized by the company, meaning that the stronger their influence, the greater the company's efforts to adapt.

Agency Theory

Agency theory, conceptualized by Jensen & Meckling (1976), defines it as a contract between a principal and an agent, where the agent is authorized to make decisions on behalf of the principal. This theory frequently underpins research on corporate governance due to its central focus on the conflict of interest between shareholders (principals) and managers (agents). Conflict arises when managers tend to maximize their personal utility, sometimes at the expense of shareholders who aim to maximize profit (Schroeder et al., 2020). This situation is exacerbated by information asymmetry, where principals cannot fully monitor agents' actions, giving agents opportunities to act in their self-interest (Ghozali, 2020). To mitigate these conflicts, principals can establish appropriate incentives and incur monitoring costs (Jensen & Meckling, 1976).

Sustainability Report

According to OJK (2017), a sustainability report (SR) is a publicly disclosed document covering an entity's economic, financial, social, and environmental performance in conducting sustainable business practices, while also presenting their impact and contributions to these issues. This report enhances transparency in risk management and the exploration of new opportunities (Amalia, 2018). The Global Reporting Initiative (GRI), an independent international organization, provides a framework for companies to create comprehensive and relevant SRs. GRI Standards promote transparent reporting of an organization's economic, environmental, and social impacts, including its contributions to sustainable development goals, enabling stakeholders to make informed decisions (Global Reporting Initiative, 2021).

Profitability

Profitability is a key aspect of financial performance measurement, defined as a ratio used to assess a company's ability to generate profit (Kasmir, 2018). This ratio gauges management's effectiveness in operating the company, reflected in profits derived from sales and investment income (Sukamulja, 2019), and evaluates

operational efficiency in generating returns from sales, asset utilization, and capital (Fitriana, 2024).

Highly profitable companies tend to possess greater resources to meet the elevated expectations of their stakeholders. These stakeholders perceive highly profitable firms as having a greater capacity and obligation to contribute positively to social, environmental, and economic issues, and to be more transparent regarding their operational impacts. Consequently, such companies are motivated to undertake more extensive sustainability report disclosures as a strategy to fulfill stakeholder needs, build trust, enhance reputation, and ultimately foster stakeholder engagement in supporting corporate sustainability. This statement is supported by previous research conducted by Yunan et al. (2021), Mujiani & Jayanti (2021), and Kristianingrum et al. (2022), which indicates that ROA, as an indicator of profitability, influences sustainability report disclosure.

H_1: Profitability has an effect on sustainability report disclosure.

Firm Size

Firm size serves as a measure of an entity's scale, often indicated by its total assets (Sitohang & Suhendro, 2024), though also determined by operational complexity and transaction volume (Yulianto, 2021). Larger companies tend to face greater public scrutiny, social pressure, and transparency demands from stakeholders. Consequently, they bear a more significant responsibility to maintain their legitimacy. To preserve this legitimacy, large companies are more motivated to comprehensively disclose their economic, social, and environmental performance information through sustainability reports compared to smaller firms. Therefore, large companies are more likely to provide comprehensive sustainability reports in an effort to justify their activities and operational impacts in the eyes of the public. This statement is supported by previous research conducted by Krisyadi & Elleen (2020), Tobing et al. (2019), and Sitohang & Suhendro (2024), in which the total assets, serving as an indicator of firm size, have an impact on sustainability report disclosure.

H_2: Firm size has an effect on sustainability report disclosure.

Independent Commissioner

According to OJK Regulation No. 33/POJK.04/2014, the board of commissioners is responsible for general and specific oversight, as well as advising the directors, comprising both independent and non-independent commissioners. An Independent Commissioners is defined as a board member not originating from within the issuer or public company, nor being a director or major shareholder. The regulation also specifies the minimum composition of independent commissioners: at least 30% of the total members if the board has more than two members, or one if it has only two. The primary role of independent commissioners is to minimize agency conflicts arising from the separation of ownership and management, by monitoring managerial actions to ensure they focus on maximizing shareholder wealth rather than personal interests (Setiawan et al., 2023). This statement is supported by the findings of Rahmannita (2024), Wahyudi (2021), and Perbiyanti (2023), which indicate that the proportion of independent commissioners influences sustainability report disclosure.

H_3: Independent Commissioner has an effect on sustainability report disclosure.

Audit Committee

According to OJK Regulation No. 55/POJK.04/2015 Article 1 Paragraph 1, the Audit Committee is formed by and accountable to the board of commissioners to assist in supervisory duties. This committee functions to oversee the preparation of company financial reports to prevent fraud and supports the company's financial, accounting, and internal control policies (Nioko & Hendrani, 2024). The Audit Committee is chaired by an Independent Commissioner and comprises at least three members (including an Independent Commissioner and unaffiliated parties). The importance of the audit committee's independence and integrity is emphasized due to its role as a liaison between external auditors, the company, the board of commissioners, and internal auditors (Mujiani & Jayanti, 2021). Strict oversight by the Audit Committee encourages improved supervisory quality, the implementation of Good Corporate Governance (GCG) principles including transparency, and clear reporting of business activities (Madona & Khafid, 2020). This statement is

supported by the research of Yuanita & Tristiarini (2024), Wulandari et al. (2021), and Ismi & Hendrani (2024), which indicates that the frequency of Audit Committee meetings influences sustainability report disclosure.

H_4: Audit Committee has an effect on sustainability report disclosure.

METHOD

The population in this study consists of all energy sector companies listed on Indonesian Stock Exchange (IDX) during the period 2021-2024. Throughout this period, a total of 89 energy sector companies were listed on IDX. The sample was selected using a purposive sampling method based on three criteria: (1) Companies operating in the energy sector and listed on the Indonesia Stock Exchange (IDX) as public companies up to 2024 (89 companies), (2) Energy sector companies that consistently published sustainability reports or annual reports integrated with sustainability reports through the IDX website or their official company websites from 2021 to 2024 (50 companies), and (3) Energy sector companies that consistently published sustainability reports using the GRI Standards from 2021 to 2024 (24 companies). The initial sample consisted of 24 companies over 4 years, resulting in 96 observations.

In this study, the data collection technique applied is the documentation method by gathering secondary data from various relevant sources to support the analysis. The documentation study conducted by the researcher involves reviewing annual reports and sustainability reports of energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period. The analysis in this research utilized panel data regression. The data analysis procedures include descriptive statistical analysis, selection tests for panel data regression models, classical assumption testing, and hypothesis testing, all performed using EViews 13 software.

This study employs sustainability report disclosure as the dependent variable, measured using the Sustainability Reporting Disclosure Index (SRDI) based on the GRI Standards. The independent variables consist of profitability, firm size, and corporate governance. Profitability is measured using Return on Assets

(ROA), while firm size is proxied by the natural logarithm of total assets. Corporate governance is represented by two proxies: the proportion of independent commissioners to total board members to measure board independence, and the frequency of Audit Committee meetings within a year to reflect Audit Committees activity.

This study utilizes panel data regression analysis, which is represented by the following equation:

$$Y_{it} = \alpha + \beta_1.ROA_{it} + \beta_2.SIZE_{it} + \beta_3.PIC_{it} + \beta_4.ACM_{it} + e_{it}$$

Explanation:

SRDI = Sustainability Report Disclosure Index
α = Constant
β1-β4 = Regression Coefficient
ROA = Return on Asset
SIZE = Log Natural Asset
PIC = Proportion of Independent Commissioners
ACM = Audit Committee Meetings
e = Error
i = Company-i
t = Period-t

RESULT

Descriptive Statistical Analysis

Table 1. Descriptive Statistical Analysis Results

	SRDI	ROA	SIZE	PIC	ACM
Mean	0.582	0.109	30.288	0.474	11.344
Maximum	1.000	0.616	32.758	0.800	60.000
Minimum	0.107	-0.042	26.969	0.300	1.000
Std. Dev.	0.272	0.115	1.536	0.139	11.467
Observations	96	96	96	96	96

Source: Data processed using EViews 13 (2025)

The results of the descriptive statistical analysis for the Profitability (ROA) variable show a minimum value of -0.042, recorded by PT BUMA Internasional Tbk in 2024. Meanwhile, the maximum value of 0.616 was observed in PT Golden

Energy Mines Tbk in 2023. With a standard deviation of 0.115, which is higher than the mean of 0.109.

The results of the descriptive statistical analysis for the Company Size (SIZE) variable show a minimum value of 26.969, recorded by PT Ulima Nitra Tbk in 2021. Meanwhile, the maximum value of 32.758 was observed in PT Alamtri Resources Indonesia Tbk in 2022. With a standard deviation of 1.536, which is smaller than the mean of 30.288.

The results of the descriptive statistical analysis for the Independent Commissioner (PIC) variable show a minimum value of 0.300, recorded by PT Indo Tambangraya Megah Tbk in 2024. Meanwhile, the maximum value of 0.800 was observed in PT Dian Swastatika Sentosa Tbk in 2022 and 2023. With a standard deviation of 0.139, which is smaller than the mean of 0.474.

The results of the descriptive statistical analysis for the Audit Committee (ACM) variable show a minimum value of 1.000, recorded by PT RMK Energy Tbk in 2021. Meanwhile, the maximum value of 60.000 was observed in PT ABM Investama Tbk in 2022. With a standard deviation of 11.467, which is larger than the mean of 11.344.

The results of the descriptive statistical analysis for the Sustainability Report Disclosure (SRDI) variable show a minimum value of 0.107, recorded by PT Adaro Minerals Indonesia Tbk in 2022 and PT Radiant Utama Interinsco Tbk in 2021 and 2022. Meanwhile, the maximum value of 1.000 was observed in PT Indo Tambangraya Megah Tbk in 2023 and 2024. With a standard deviation of 0.272, which is smaller than the mean of 0.582.

Panel Data Regression Model Selection Test

Table 2. Model Selection Test Results

Model Selection Test	Results	Selected Model
Chow Test	Probability Cross-section Chi-square 0.000 < 0.05	Fixed Effect Model (FEM)
Hausman Test	Probability Cross-section random 0.001 < 0.05	Fixed Effect Model (FEM)

Source: Data processed using EViews 13 (2025)

It can be concluded that the best model to be used is the **Fixed Effect Model (FEM).**

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Classical Assumption Test

Table 3. Classical Assumption Test Results

Classical Assumption Test	Results	Conclusion
Normality Test (Jarque-Bera Test)	Probability of Jarque-Bera 0.099 > 0.05	Data is normally distributed
Multicollinearity Test (Correlation Coefficient value)	The correlation coefficient value of all independent variables < 0.9	Free from multicollinearity symptoms
Heteroscedasticity Test (Breusch-Pagan-Godfrey Test)	The Prob. Chi-Square of Obs*R-squared 0.083 > 0.05	Free from heteroscedasticity symptoms
Autocorrelation Test (Durbin-Watson)	dU < DW < 4-dU (1.755 < 1.836 < 2.245)	Free from autocorrelation symptoms

Source: Data processed using EViews 13 (2025)

Panel Data Regression Analysis

Table 4. Panel Data Regression Analysis Results

Dependent Variable: Y
Method: Panel Least Squares
Sample: 2021 2024
Periods included: 4
Cross-sections included: 24
Total panel (balanced) observations: 96

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-15.348	2.963	-5.180	0.000
ROA	-0.077	0.367	-0.210	0.834
SIZE	0.525	0.097	5.388	0.000
KI	0.012	0.363	0.032	0.975
RKA	0.003	0.004	0.854	0.396

R-squared	0.724	Mean dependent var	0.582
Adjusted R-squared	0.614	S.D. dependent var	0.272
S.E. of regression	0.169	Akaike info criterion	-0.478
Sum squared resid	1.944	Schwarz criterion	0.269
Log likelihood	50.967	Hannan-Quinn criter.	-0.176
F-statistic	6.591	Durbin-Watson stat	1.836
Prob(F-statistic)	0.000		

Source: Data processed using EViews 13 (2025)

The results from the panel data regression analysis indicate that the regression model employed in this research adopts the Fixed Effect Model (FEM), as outlined below:

$$SRDIit = -15.348 – 0.077.ROAit + 0.525.SIZEit + 0.012.PICit + 0.003.ACMit + eit$$

The interpretation of the panel data regression results based on the Fixed Effect Model (FEM) is presented as follows:

1. The constant value of -15.348 indicates that if all independent variables (ROA, SIZE, PIC, ACM) are equal to 0 or constant, then the sustainability report disclosure variable will **decrease** by 15.348.
2. The coefficient of the profitability variable (ROA) is negative at -0.077. This negative value implies that, assuming other variables remain constant, a one-unit **increase** in ROA will result in a **decrease** in SRDI by 0.077.
3. The coefficient of the firm size variable (SIZE) is positive at 0.525. This positive value indicates that, assuming other variables remain constant, a one-unit **increase** in SIZE will lead to an **increase** in SRDI by 0.525.
4. The coefficient of the Independent Commissioner variable (PIC) is positive at 0.012. This positive value suggests that, assuming other variables remain constant, a one-unit **increase** in PIC will cause an **increase** in SRDI by 0.012.
5. The coefficient of the Audit Committee variable (ACM) is positive at 0.003. This positive value shows that, assuming other variables remain constant, a one-unit **increase** in ACM will lead to an **increase** in SRDI by 0.003.

Hypothesis Test

Goodness of Fit Test (F Test)

Based on Table 4, the probability value of the F-statistic is 0.000, which is below the 0.05 significance level. This indicates that **the estimated regression model is statistically feasible for use.**

Coefficient of Determination Test (R^2)

Based on Table 4, the Adjusted R-squared value is 0.614. This indicates that the variables profitability, firm size, independent commissioners, and audit committee, **can explain 61% of the variation in sustainability report disclosure**. The remaining 39% is influenced by other variables not included in this research model.

Partial Significance Test (t test)

Based on Table 4, the results of the partial significance test (t test) are as follows:

1. The Effect of Profitability on Sustainability Report Disclosure
   The probability value of the t-statistic for the Profitability (ROA) variable is 0.834, which is greater than 0.05. This indicates that Profitability has no significant effect on Sustainability Report Disclosure **(H1 rejected).**
2. The Effect of Firm Size on Sustainability Report Disclosure
   The probability value of the t-statistic for the Firm Size (SIZE) variable is 0.000, which is less than 0.05. This indicates that Firm Size has a significant positive effect on Sustainability Report Disclosure **(H2 accepted).**
3. The Effect of Independent Commissioners on Sustainability Report Disclosure
   The probability value of the t-statistic for the Independent Commissioner (PIC) variable is 0.975, which is greater than 0.05. This indicates that Independent Commissioner has no significant effect on Sustainability Report Disclosure **(H3 rejected).**
4. The Effect of Audit Committees on Sustainability Report Disclosure
   The probability value of the t-statistic for the Audit Committee (ACM) variable is 0.396, which is greater than 0.05. This indicates that Audit Committee has no significant effect on Sustainability Report Disclosure **(H4 rejected).**

DISCUSSION

The Effect of Profitability on Sustainability Report Disclosure

The results of this study indicate that profitability, as measured by Return on Assets (ROA), does not influence sustainability report disclosure. This finding suggests that highly profitable companies do not necessarily provide more detailed sustainability reports. This is because, under OJK Regulation Number 51 of 2017, effective since 2021, public companies are mandated to prepare and disclose their sustainability reports regardless of their profitability levels, as a form of accountability for established obligations. Therefore, profitability is not a determinant factor in a company's decision to disclose its sustainability report.

This finding indicates that the relationship between profitability and sustainability report disclosure does not fully align with the assumptions of stakeholder theory. One possible explanation is that sustainability report disclosure has become mandatory due to regulatory requirements, thereby encouraging companies to disclose not solely to meet stakeholder expectations, but also to fulfill their obligation to comply with the applicable regulations. The finding aligns with the research conducted by Ismi & Hendrani (2024), Rahaditama (2022), Setiadi et al. (2023), and Puspasari et al. (2025), which found that profitability as measured by ROA, has no effect on sustainability report disclosure.

The Effect of Firm Size on Sustainability Report Disclosure

The results of this study indicate that firm size, measured by the natural logarithm of a company's total assets, influences sustainability report disclosure. This suggests that larger companies tend to possess more adequate capabilities and resources to compile and present sustainability information more comprehensively. Larger firms typically face higher pressure from the public and stakeholders to be transparent regarding the social and environmental impacts of their operations, and they also tend to have more structured reporting systems and higher compliance with applicable regulations. Therefore, the larger the company's size, the higher its propensity to disclose sustainability reports.

This finding supports legitimacy theory, which explains that companies must align their activities with societal values and expectations to maintain legitimacy, and sustainability report disclosure becomes a crucial strategy for this purpose. The findings of this study are consistent with several previous findings which demonstrate that firm size, measured by the natural logarithm of total assets, influences sustainability report disclosure, including those by Tobing et al. (2019), Yunan et al. (2021), Yuanita & Tristiarini (2024), and Puspasari et al. (2025).

The Effect of Independent Commissioners on Sustainability Report Disclosure

The results of this study indicate that independent commissioners, measured by their proportion, do not influence sustainability report disclosure. This finding suggests that the quantity of independent commissioners, whether high or low, is

not a primary determinant factor for companies in disclosing sustainability reports. Although the stipulated proportion may be met, the effectiveness of commissioners' roles is more determined by the quality of their oversight and their commitment to sustainability issues.

This finding indicates that the relationship between independent commissioners and sustainability report disclosure is not yet fully aligned with the assumptions of agency theory, which expects independent commissioners to exercise objective oversight to minimize conflicts of interest and information asymmetry between management and shareholders, and to promote transparency, including in sustainability report disclosure. This suggests that their supervisory function has not yet operated optimally in encouraging the disclosure of sustainability information. The findings of this study are consistent with several previous studies which also show that independent commissioners do not influence sustainability report disclosure, including those by Tobing et al. (2019), Kristianingrum et al. (2022), Setiadi et al. (2023), Yuanita & Tristiarini (2024), and Puspasari et al. (2025).

The Effect of Audit Committees on Sustainability Report Disclosure

The results of this study indicate that the audit committee, measured by its meeting frequency over one year, does not influence sustainability report disclosure. This finding suggests that the intensity of Audit Committee meetings, whether high or low, is not a primary determinant factor for companies in disclosing sustainability reports. This is due to the audit committee's main focus tending towards financial reporting oversight and financial compliance, coupled with potential limitations in member competence and a lack of understanding of their role in sustainability issues, which causes the audit committee's performance to not significantly impact sustainability report disclosure.

This finding suggests that the relationship between the Audit Committee and sustainability report disclosure is not yet fully consistent with the assumptions of agency theory, which expects an active and effective Audit Committee measured by meeting frequency) to serve as a monitoring mechanism to reduce information

asymmetry and protect shareholder interests by enhancing the quality and credibility of information, including corporate sustainability practices. The findings of this study are consistent with several previous findings that show the audit committee, as measured by meeting frequency, does not influence sustainability report disclosure, including those by Tobing et al. (2019), Krisyadi & Elleen (2020), Puspasari et al. (2025), and Wahyudi (2021).

CONCLUSION

This study aims to examine the effect of profitability, firm size, independent commissioners, and audit committees on the disclosure of sustainability reports in energy sector companies listed on the Indonesia Stock Exchange for the 2021–2024 period. The results show that profitability, independent commissioner, and audit committee have no significant effect on sustainability report disclosure. In contrast, firm size has a significant influence, indicating that larger companies tend to have better capabilities and resources to prepare and disclose sustainability information more comprehensively. Based on these findings, it is recommended that companies, particularly those experiencing growth, begin allocating sufficient resources to develop a more comprehensive sustainability reporting framework, without having to wait until a certain level of profitability is reached. The finding that independent commissioner and audit committee do not influence disclosure implies the need for an evaluation of the effectiveness of corporate governance mechanisms in encouraging sustainability practices. For investors, these results emphasize the importance of considering non-financial aspects, such as sustainability reporting, in making informed investment decisions. Future studies are encouraged to employ alternative measurement indicators, add other variables such as liquidity, leverage, and other firm characteristics, and broaden the scope to include other business sectors and longer observation periods, so that the results become more diverse and widely generalizable.

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