

CHARACTERISTICS OF AUDIT COMMITTEES AND SUSTAINABILITY REPORTING

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ABSTRACT

This study aims to examine the influence of audit committee characteristics on sustainability reporting in financial institutions, particularly banking companies. The characteristics analyzed include audit committee size, the frequency of audit committee meetings held annually, and gender diversity among audit committee members, with firm size incorporated as a control variable. The sample consists of 62 observations from banking companies listed on the Indonesia Stock Exchange (IDX) that meet the research criteria for the years 2023 and 2024. Data were obtained from the banks' annual reports for 2023–2024 and analyzed using multiple linear regression with the assistance of EViews software. The findings indicate that audit committee size has a positive effect on sustainability reporting. The frequency of audit committee meetings shows no influence on sustainability reporting. Gender diversity also demonstrates no significant effect; however, at a more relaxed significance threshold, gender diversity exhibits a negative relationship with sustainability reporting. These results imply that banking institutions should, first, ensure that audit committees consist of a sufficient number of members. Second, they should establish mechanisms that facilitate effective meetings with full attendance. Finally, there is a need to strengthen sustainability-related literacy and understanding—particularly among female audit committee members—to enhance their contribution to sustainability oversight.

Keywords: Sustainability Reporting, Audit Committee, Non-Financial Performance

1. INTRODUCTION

Worsening environmental degradation has increasingly triggered various ecological crises, including rising greenhouse gas emissions, frequent flooding, the thinning of the ozone layer, global warming, deteriorating air quality, and a range of other negative consequences. These conditions have broad implications for multiple dimensions of human life across the globe. One of the most serious concerns is the escalating release of greenhouse gases, which destabilizes the global climate system. This situation encouraged the European Union (EU) to formulate the Carbon Border Adjustment Mechanism (CBAM), a policy instrument that will be fully enforced in 2026 for all countries engaged in trade with the EU (Firdausy et al., 2025).

Profit-driven entities, or companies whose primary objective is to generate earnings, have increasingly faced pressure from stakeholders over the past twenty years to take responsibility not only for their financial outcomes but also for their non-financial commitments. Firms are now expected to account for their environmental and social performance to ensure long-term sustainability (Kumar & Prakash, 2019; Gupta, 2024; Prayoga & Siswantoro, 2025). Empirical studies also indicate that Sustainability Reporting plays an essential role in supporting global initiatives aimed at achieving net-zero emissions (Laskari & Bandiyono, 2025).

In the financial sector, banks are frequently regarded as the core of modern economic systems due to their pivotal function in facilitating continuous development. Through the provision and allocation of funds, banks help stimulate economic activity within society. However, many countries have raised concerns regarding how effectively banking institutions perform their public service functions and contribute to national development. Banks, in particular, have come under scrutiny for financing business practices that are considered environmentally, socially, and economically unsustainable. For instance, a majority of BSI customers in Central Java have yet to adopt green banking principles within their business operations (Adhitya, 2023), and many still lack adequate understanding of environmentally responsible banking practices.

The banking sector, as an essential component of the economic system, maintains a close relationship with environmental sustainability, even though its environmental footprint is not generated directly. Environmental degradation linked to banking activities typically arises through the financing or investment decisions that support external parties, such as corporate clients and large-scale projects. As part of both local and global corporate ecosystems, banks hold a strategic position in advancing the transition toward an environmentally responsible economy that is resilient to climate change. This expectation aligns with policies issued by the Ministry of Environment, the Financial Services Authority, and Bank Indonesia. Within this context, banks are encouraged to adopt sustainable business initiatives, including recycling programs, service digitalization to minimize paper use, energy conservation, and participation in community-based activities. In essence, banks are expected to act as environmental stewards by ensuring that financing activities do not cause ecological harm, incorporating environmental considerations within risk management processes, promoting green financing, operating in environmentally conscious ways, and transparently communicating their impacts and performance.

Effective corporate decision-making requires the implementation of Good Corporate Governance (GCG). Fundamental principles such as transparency, responsibility, fairness, independence, and accountability form the core of good governance and significantly influence a firm's financial outcomes (Nouraldeen, 2024). Governance functions to safeguard shareholder interests through oversight and strategic direction to company management. A well-designed governance system can mitigate issues arising from conflicting interests between majority and minority shareholders and reduce risks associated with information asymmetry (Al Farooque, Buachoom, & Sun, 2020). Conversely, weak governance structures often contribute to financial distress. As a result, regulations and standards concerning governance have continued to evolve, particularly following global financial crises that affected various financial institutions. Organizations with strong governance frameworks tend to record better performance, motivating firms to continuously improve their governance mechanisms to enhance their reputation and credibility among shareholders (Ahmed et al., 2024).

A robust governance structure ensures that an organization applies accountable and well-defined procedures in making strategic decisions, including those related to sustainability. The adoption of governance principles supports the preparation of sustainability reports that demonstrate transparent and responsible management practices. Strong governance helps firms identify relevant sustainability priorities and oversee progress toward achieving these targets. Sustainability reporting informs stakeholders about how companies address economic, social, and environmental matters connected to their operations. Good governance enhances the quality of these disclosures by ensuring that the information presented is

reliable, clear, and transparent. Furthermore, strong governance encourages openness in sustainability communications, enabling stakeholders to assess the extent of a company's sustainability commitment and identify areas for improvement. Good governance has been shown to positively influence sustainability performance (Holiawati, Murwaningsari, & Mayangsari, 2020; Khotimah, Ruhayat, & Hakim, 2024).

Within the corporate governance framework, the board of directors and various supporting committees are responsible for ensuring that sustainability-related information receives attention comparable to that given to financial reporting and compliance with accounting standards. These bodies are tasked with establishing policies and supervising the implementation of sustainability strategies. Among these committees, the audit committee plays a central role in monitoring organizational activities and ensuring transparency in financial disclosures (Nouraldeen, 2024), including sustainability reports (Boiral et al., 2019).

Although numerous studies have examined audit committee characteristics and their connection to sustainability disclosure, limited research has focused on how these characteristics influence sustainability reporting within the banking industry. This study therefore investigates three key attributes of the audit committee: committee size, meeting frequency, and gender diversity. The research seeks to answer the following questions: 1) Does audit committee size influence sustainability reporting? 2) Does audit committee meeting frequency influence sustainability reporting? 3) Does gender diversity within the audit committee influence sustainability reporting?

Based on these questions, the study aims to: 1) Examine and evaluate the effect of audit committee size on sustainability reporting. 2) Examine and evaluate the effect of audit committee meeting frequency on sustainability reporting. 3) Examine and evaluate the effect of gender diversity in the audit committee on sustainability reporting.

The results of this study are expected to provide several benefits: 1). Educational Institutions: The findings may enrich academic knowledge and support future research. 2). Companies: The insights may help organizations strengthen and improve the quality of their sustainability reporting practices.

Legitimacy Theori

Legitimacy theory explains that organizations consistently seek to ensure their actions are viewed as acceptable and appropriate by the broader community and the social systems in which they operate (Suchman, 1995). Legitimacy is considered a vital intangible resource that allows firms to sustain and expand their operations (Dowling & Pfeffer, 1975). One of the key strategies used by companies to secure and reinforce this legitimacy is the preparation of sustainability reports, which serve as evidence that corporate activities are aligned with prevailing societal norms, expectations, and values (Deegan, 2002). When firms experience social pressures related to environmental, social, or governance concerns, enhancing sustainability disclosures becomes a strategic mechanism to preserve their image and maintain public trust. Within the scope of this study, the audit committee holds an essential function in ensuring that sustainability reports genuinely represent actual performance and a real commitment to sustainability, rather than acting as mere tools for symbolic legitimacy (Haji, 2013). A well-functioning audit committee helps safeguard against greenwashing by verifying the accuracy and credibility of the information being reported.

Stakeholder Theory

Stakeholder theory, first introduced by Freeman (1984), argues that a firm's responsibilities extend beyond its shareholders to include a broad range of interested parties, including employees, customers, local communities, regulatory bodies, and the natural environment. Sustainability reporting functions as a key channel through which companies address the informational demands of these diverse stakeholders. By disclosing comprehensive data related to economic, environmental, and social performance, organizations can strengthen stakeholder relationships and build greater trust (Gray et al., 1995). Within this framework, the audit committee acts as an intermediary between management and the board of directors, ensuring that stakeholder information requirements are properly reflected in sustainability disclosures (Khan et al., 2013). Strong audit committee attributes enhance the reliability of such disclosures and signal the company's genuine commitment to sustainability principles.

Sustainability Reporting

Sustainability reporting refers to the practice whereby organizations disclose the economic, environmental, and social consequences of their operations (Laine, 2021). This reporting approach has expanded as stakeholders demand greater transparency and accountability that go beyond conventional financial information. Firms are increasingly expected to demonstrate responsibility for their non-financial performance, particularly regarding environmental and social matters, to ensure long-term sustainability (Kumar & Prakash, 2019). In the banking industry, climate-related risks have become an essential consideration in advancing sustainable development initiatives (Shahrom & Kunhibava, 2023).

A major milestone in the global development of sustainability reporting was the establishment of the Global Reporting Initiative (GRI) in 1997. GRI introduced widely recognized guidelines that provide a standardized framework for sustainability disclosures. According to these guidelines, a sustainability report is a transparent document that outlines a company's economic, environmental, and social impacts. The report functions not only as a record of corporate activity but also as a comprehensive reflection of both the positive and negative contributions an organization makes toward sustainable development. Its primary purpose is to provide stakeholders with clear insights into how the company fulfills its social and environmental responsibilities while pursuing long-term economic growth. Moreover, sustainability reporting promotes transparency, accountability, and responsible business conduct by encouraging companies to maintain equilibrium between economic objectives, ecological protection, and community welfare. Following the success of GRI, other standard-setting institutions continued advancing sustainability reporting initiatives. One of the most recent developments is the effort by the International Financial Reporting Standards (IFRS) to integrate financial and sustainability reporting into a unified global framework.

Audit Committee Size

The size of the audit committee, particularly the number of its members, is widely regarded as a key determinant of its effectiveness (Mussallam, 2020). The Treadway Commission (1987) recommends that an ideal audit committee should consist of at least three independent members to ensure adequate oversight. A committee that is too large may hinder active participation, although the ideal maximum size may differ across institutions. In Indonesia, these requirements are formalized in OJK Regulation No. 55/2015, which mandates that an audit committee must be composed of at least three individuals.

Frequency Of Audit Committee Meetings

In 1982, Richard O'Donnell, then chairman of the audit committee at Distech, emphasized that an audit committee cannot function effectively without actively carrying out its

responsibilities. This viewpoint aligns with recommendations from the Treadway Commission (1987), which highlight the importance of conducting meetings on a regular basis and holding additional sessions when necessary. Audit committees are also encouraged to hold private discussions with internal auditors and external public accountants. In Indonesia, the implementation of audit committee meetings is regulated by OJK Regulation No. 55/2015, which outlines the standards for meeting frequency and procedures.

Gender Diversity

Gender diversity refers to the representation of both men and women within organizational structures such as companies, academic institutions, or courts. Increasing female representation on boards has been found to positively influence organizational outcomes. This improvement is often attributed to distinct behavioral tendencies between genders. Women are generally perceived as stronger in interpersonal communication, capable of multitasking, and more intuitive in their decision-making. In contrast, men tend to focus on task execution and rely more heavily on factual and procedural reasoning (Mishra & Jhunjhunwala, 2013).

Company Size (Control Variable)

Company size serves as a control variable in this research. It reflects the scale of an organization, commonly measured using indicators such as total assets, sales volume, number of employees, or market capitalization during a particular period. In this study, company size is measured by the natural logarithm of total assets, a method chosen to normalize the data and minimize variability.

Effect Of Audit Committee Size On Sustainability Reporting

Audit Committee Size plays an important role in strengthening the transparency and accountability of sustainability disclosures to stakeholders. A well-functioning audit committee typically consists of members who are able to exchange insights, collaborate effectively, and contribute diverse perspectives. A larger committee may provide broader expertise and stronger oversight, which can enhance the quality of sustainability reporting (Aprianti et al., 2022; Arslan et al., 2024). Based on this reasoning, the following hypothesis is proposed:

H1: Audit committee size positively influences sustainability reporting.

Effect Of Audit Committee Meetings On Sustainability Reporting

The Frequency Of Audit Committee Meetings reflects the committee's independent oversight role in ensuring that the information provided to stakeholders accurately represents the organization's social, environmental, and economic performance. Audit committees are expected to meet regularly—though not excessively—to effectively support the preparation of sustainability reports (Arslan et al., 2024). Consistent and well-structured meetings enable the committee to monitor sustainability-related issues more closely, strengthen engagement with stakeholders, and ultimately enhance the quality of sustainability disclosures (Appuhami & Tashakor, 2017; Aprianti et al., 2022). Therefore, the following hypothesis is proposed:

H2: The frequency of audit committee meetings positively influences sustainability reporting.

The Effect of the audit committee gender diversity on the sustainability reporting

Gender diversity in the audit committee—particularly the presence of women—is expected to enhance decision-making by bringing emotional sensitivity and ethical perspectives that are sometimes underemphasized by men. Female members of audit committees generally demonstrate stronger ethical awareness and social concern, which can motivate companies to

be more responsive to sustainability issues to meet stakeholder expectations. Prior research indicates that gender diversity supports broader sustainability and SDG-related disclosures (Zampone et al., 2022; Syahri et al., 2024). Therefore, the following hypothesis is proposed:
 H3: Gender diversity has a positively influences sustainability reporting.

2. RESEARCH METHOD

This study focuses on banking institutions listed on the Indonesia Stock Exchange (IDX) as the research population. The sample was selected using a purposive sampling method based on the following criteria: (1) banks that were publicly listed on the IDX during 2023 and 2024; (2) banks that published annual financial reports for the 2023–2024 period; and (3) banks that have a Sustainability Index score or are included in the ESG Index.

Below is the operational definition table of the variables along with their measurement indicators.

Table 1. Operational Variable and Measurements
 Source: Author's own work

Variable	Measurements	Scale	Reference
Sustainability Reporting	Environmental, Social & Governance Index	Ratio	ESG Katadata Insight Center Index
Audit committee size (ACS)	Number of Audit Committee Members	Ratio	Mussallam (2020), Al Farooque (2020), Ahmed <i>et al.</i> (2024)
Audit committee meeting frequency (ACMF)	Number of audit committee meetings in a fiscal year	Ratio	Al Farooque (2020), Arslan <i>et al.</i> (2024), Ahmed <i>et al.</i> (2024)
Gender Diversity of the Audit Committee (ACGD)	Number of female audit committee members Audit committee members	Ratio	Ahmed <i>et al.</i> (2024), Zampone <i>et al.</i> (2024)
Company size (S)	Ln Total Asset	Ratio	

The data in this study were analyzed using panel data regression techniques. Panel data are constructed by combining time-series and cross-sectional components, allowing researchers to observe multiple entities across different periods simultaneously (Gujarati, Porter, & Pal, 2020; Ghazali & Ratmono, 2017). The regression framework applied in this research is presented in the research model as follows:

$$SR_{it} = \beta_0 + \beta_1 ACS_{it} + \beta_2 ACMF_{it} + \beta_3 ACGD_{it} + \beta_4 LnS_{it} + \varepsilon_{it}$$

Where SR_{it} represents the Sustainability Reporting of firm i at time t ; α denotes the constant term; β_1 , β_2 , β_3 , and β_4 indicate the regression coefficients of the respective independent variables. ACS_{it} refers to the audit committee size of firm i at time t ; $ACMF_{it}$ captures the frequency of audit committee meetings of firm i at time t ; $ACGD_{it}$ measures the gender diversity within the audit committee of firm i at time t ; S_{it} indicates the firm size of company i at time t ; and ε_{it} represents the error term for firm i at time t .

3. RESULTS AND DISCUSSIONS

Currently, there are 46 banking companies listed on the Indonesia Stock Exchange (idx.co.id) that serve as the research population. However, for the period 2023–2024, only 31 banks, or 62 firm–year observations, meet the criteria and have complete data for analysis.

The objects of this study include Sustainability Reporting as the dependent variable and the audit committee characteristics—namely audit committee size, frequency of audit committee meetings (sessions), and audit committee gender diversity—as the independent variables. The results of the descriptive statistical analysis for all variables used in the study are presented in Table 2.

Table 2. Descriptive Statistics
 Source: Processed by authors using EViews

	SR	ACS	ACMF	ACGD	LNTA
Mean	40.91323	4.177419	16.50000	0.263710	31.91878
Median	41.24500	4.000000	14.00000	0.250000	31.62202
Maximum	73.49000	9.000000	39.00000	0.750000	35.42552
Minimum	16.85000	3.000000	5.000000	0.000000	29.10794
Std. Dev.	14.28573	1.465720	7.615235	0.245191	1.795141
Skewness	0.112014	1.138446	1.109362	0.472287	0.325622
Kurtosis	2.217179	3.907139	3.545951	2.006353	1.994649
Sum	2536.620	259.0000	1023.000	16.35000	1978.964
Sum Sq. Dev.	12449.00	131.0484	3537.500	3.667247	196.5744
Observations	62	62	62	62	62

The mean value of Sustainability Reporting (SR) is 40.91323, with a maximum of 73.49000 and a minimum of 16.85000. The Audit Committee Size (ACS) shows an average of 4.177419 members, with the smallest committee consisting of 3 members and the largest comprising 9 members. The Audit Committee Meeting Frequency (ACMF) has an average of 16.50 meetings, with the highest frequency recorded at 39 meetings and the lowest at 5 meetings. Meanwhile, the Audit Committee Gender Diversity (ACGD) has a mean value of 0.263710, with a maximum of 0.750000 and a minimum of 0.000000, indicating that in some firms, all audit committee members are male.

The results of the Chow test for model selection show probability values of 0.000 for both the cross-section F and Chi-square statistics, indicating statistical significance. These findings suggest that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model. However, additional testing is necessary to determine the most suitable model between the Fixed Effect and Random Effect approaches. Therefore, the next step is to perform the Hausman test, and the results are presented in Table 3 below.

Table 3. Chow Test
 Source: Processed by author using EViews

Redundant Fixed Effects Tests
 Equation: EQ01
 Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.394173	(30,27)	0.0010
Cross-section Chi-square	96.882406	30	0.0000

The Hausman test results, as shown in Table 4, indicate that the cross-section random probability value is 0.00, demonstrating statistical significance. Accordingly, the Fixed Effect Model (FEM) is confirmed as the most appropriate model to be utilized in this study.

Table 4. Hausman Test
Source: Processed by author using EViews

Correlated Random Effects - Hausman Test
Equation: EQ01
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	42.455450	4	0.0000

The estimation results generated from the Fixed Effect Model (FEM) are presented in Table 5 below.

Table 5. Regression Results Based on the Fixed Effect Model
Source: Processed by author using EViews

Dependent Variable: SR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2661.490	682.6695	-3.898651	0.0006
ACS	10.64008	3.706367	2.870758	0.0079
ACMF	0.714016	0.624736	1.142909	0.2631
ACGD	-30.57216	17.08656	-1.789252	0.0848
LNTA	83.15593	21.56285	3.856445	0.0006

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	5.580665	R-squared	0.844894
Mean dependent var	40.91323	Adjusted R-squared	0.649575
S.D. dependent var	14.28573	S.E. of regression	8.456680
Akaike info criterion	7.405525	Sum squared resid	1930.917
Schwarz criterion	8.606327	Log likelihood	-194.5713
Hannan-Quinn criter.	7.876990	F-statistic	4.325715
Durbin-Watson stat	2.275000	Prob(F-statistic)	0.000099

The findings from the panel data regression analysis using the Fixed Effect Model indicate that audit committee size, meeting frequency, and gender diversity collectively influence sustainability reporting. Specifically, audit committee size shows a positive and significant relationship with sustainability reporting, as evidenced by a probability value of 0.0079 and a positive coefficient at the 5% significance level. In contrast, the frequency of audit committee meetings does not significantly affect sustainability reporting, with a probability value of 0.2631. Meanwhile, gender diversity exhibits a negative association with sustainability reporting, supported by a probability value of 0.0848 and a negative coefficient at the 10% significance level. Based on these findings, the resulting regression equation is formulated as follows:

$$SR_{it} = -2661,490 + 10,64008ACS_{it} + 0,714016ACMF_{it} - 30,57216ACGD_{it} + 83,15593LnS_{it} + \varepsilon_{it}$$

Based on the results of the residual normality test for the Fixed Effect Model regression, as illustrated in Figure 1 below, the Jarque–Bera probability value exceeds 0.05. This indicates

that the residuals are normally distributed, and thus the data used in this study satisfy the normality assumption.

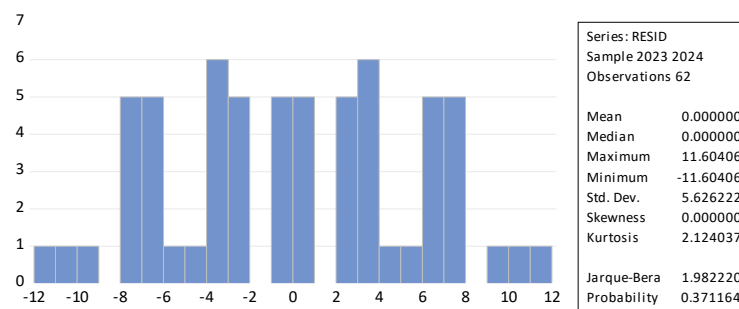


Figure 1. Normality Test
 Source: Processed by author using EViews

Table 6. Multicollinearity Test
 Source: Processed by author using EViews

	ACS	ACMF	ACGD	LNTA
ACS	1.000000	0.517720	-0.276468	0.639950
ACMF	0.517720	1.000000	0.001097	0.702116
ACGD	-0.276468	0.001097	1.000000	0.074400
LNTA	0.639950	0.702116	0.074400	1.000000

The results of the multicollinearity test (Table 6) show that the highest correlation among the independent variables is 0.702, which is below the 0.85 threshold. This indicates that multicollinearity is not a concern, as the independent variables are not strongly correlated with one another.

Furthermore, heteroskedasticity was tested using the Glejser method, with the results presented in Table 7. The findings reveal that none of the coefficients for the independent variables are statistically significant. Therefore, it can be concluded that the regression model does not exhibit heteroskedasticity.

Table 7. Heteroscedastisity
 Source: Processed by author using EViews

VARIABLE	COEFFICIENT	STD. ERROR	T-STATISTIC	PROB.
C	-2.032001	10.03918	-0.202407	0.8403
ACS	-0.524582	0.388664	-1.349707	0.1824
ACMF	0.013817	0.073343	0.188385	0.8512
ACGD	-0.534494	1.780865	-0.300132	0.7652
LNTA	0.276938	0.362690	0.763567	0.4483
Root MSE	2.954244	R-squared		0.032881
Mean dependent var	4.703141	Adjusted R-squared		-0.034987
S.D. dependent var	3.028569	S.E. of regression		3.081093
Akaike info criterion	5.165653	Sum squared resid		541.1087
Schwarz criterion	5.337196	Log likelihood		-155.1353
Hannan-Quinn criter.	5.233005	F-statistic		0.484486
Durbin-Watson stat	0.010421	Prob(F-statistic)		0.747018

Using the autocorrelation test with the Durbin–Watson (DW) statistic, the Fixed Effect Model regression produced a DW value of 2.275000. This value falls within the range of 1.54 to 2.46, which indicates that the model is free from autocorrelation problems. Since the DW statistic lies within this acceptance region, the null hypothesis (H_0), which states that no

autocorrelation is present, is accepted. Therefore, it can be concluded that the regression model does not exhibit autocorrelation.

The findings demonstrate that the audit committee exerts a significant positive influence on sustainability reporting. This outcome aligns with the proposed hypothesis, which states that the audit committee positively affects the level of sustainability disclosure. The results suggest that a larger audit committee may contribute to enhanced reporting quality. However, it is important to recognize that an optimal committee size likely exists; beyond this threshold, effectiveness may decline due to increased diversity of perspectives, which can complicate decision-making regarding disclosure content.

The frequency of audit committee meetings is found to have no significant effect on sustainability reporting, indicating that this result does not support the proposed hypothesis. This lack of influence may stem from inconsistent attendance among committee members, reducing the effectiveness of meetings despite their frequency. Another possible explanation is the high turnover of audit committee members within the same year, which may disrupt continuity and hinder decision-making processes. Consequently, frequent but ineffective meetings are unlikely to improve the quality of sustainability reporting.

Gender diversity exhibits a statistically significant negative effect on sustainability reporting at the 10% significance level. This finding does not support the proposed hypothesis and indicates that gender diversity does not exert a significant influence at the conventional 5% significance threshold. The negative association suggests that the role of gender diversity within the audit committee remains limited and may even diminish the quality of sustainability reporting. A plausible explanation is that female members of the audit committee may not yet be performing their roles optimally. A summary of the hypothesis testing results is presented in Table 8.

Table 8. Hypothesis Testing Results

Number	Hypothesis	Coefficient	Probability value	Conclusion
1.	H1: The size of the audit committee has a positive effect on the sustainability reporting	10.64008	0.0079	H1 is accepted
2.	H2: The frequency of audit committee meetings has a positive effect on the sustainability reporting	0.714016	0.2631	H2 is rejected
3.	H3: Gender diversity has a positive effect on the sustainability reporting	-30.57216	0.0848	H3 is rejected

4. CONCLUTIONS AND SUGGESTION

Sustainability reporting serves as an essential mechanism for conveying to stakeholders how companies address the social, economic, and environmental impacts arising from their operational activities. Within the corporate governance framework, the audit committee holds a key oversight role in promoting transparency and accountability in both financial and non-financial disclosures, including sustainability reports. The results of this study indicate that the size of the audit committee has a positive influence on sustainability reporting. In contrast, the frequency of audit committee meetings does not show a significant effect. Additionally, although gender diversity does not exhibit a significant relationship at the 5% level, it shows a negative association with sustainability reporting when assessed at the 10% significance level.

- 1) This study employs the sustainability index published by an independent institution, namely the ESG Index developed by the Katadata Insight Center. It is important to note that other independent institutions may construct sustainability or ESG indices using different methodologies, which could lead to varying assessment results.
- 2) The independent variables examined in relation to audit committee characteristics are limited to only three dimensions: audit committee size, frequency of audit committee meetings, and gender diversity. In reality, numerous other characteristics of audit committees—such as members' expertise, independence, tenure, or financial literacy—may also influence sustainability reporting. Additionally, variables outside the audit committee, including company-specific factors or broader governance mechanisms, could further affect sustainability reporting quality but were not included in this study.

Enhancing the quality of sustainability reporting can be achieved by increasing the number of audit committee members, provided that the committee size remains within an optimal range to ensure efficiency. Companies should also promote full participation of audit committee members in each meeting and minimize turnover to maintain continuity, strengthen oversight functions, and improve meeting effectiveness. Furthermore, it is recommended that female members of the audit committee be encouraged to take on more active roles, enabling the organization to fully benefit from the diverse perspectives they bring.

For future research, scholars may consider incorporating additional audit committee characteristics—such as members' educational backgrounds, professional expertise, personal values, or tenure—to obtain a more comprehensive understanding of factors influencing sustainability reporting. Researchers may also explore variables beyond the audit committee, including broader corporate governance mechanisms or firm-level attributes, that could affect the extent and quality of sustainability disclosures.

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