

Characteristics of Corporate Governance and Sustainability Reporting with Profitability as Moderating

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Abstract: The information disclosed through the company's Sustainability Reporting report transparently will make it easier for stakeholders to know how the company carries out its activities and find out what impacts actually occur in the environment around the Company. This study examines the influence of Corporate Governance, Sustainability Report Disclosure moderated with profitability variables. This study uses data on 34 companies that participated in the Asia Sustainability Reporting Rating for the 2019-2023 period with secondary analysis using quantitative methods. This study examines the influence of Corporate Governance, Sustainability Report Disclosure moderated with profitability variables. This study uses data on 34 companies that participated in the Asia Sustainability Reporting Rating for the 2019-2023 period with secondary analysis using quantitative methods. The results of this study explain that the Audit Committee has no effect on Sustainability Report Disclosure, the Board of Commissioners has a positive effect on Sustainability Report Disclosure, the Board of Directors has a positive effect on Sustainability Report Disclosure, then profitability strengthens the relationship between the Audit Committee and the board of commissioners towards Sustainability Report Disclosure while profitability does not moderate the board of directors towards Sustainability Report Disclosure.

Keywords: Corporate Governance, Profitability, Sustainability Reporting

Abstrak: Informasi yang diungkapkan melalui laporan Sustainability Reporting oleh perusahaan secara transparan akan memudahkan para pemangku kepentingan untuk mengetahui bagaimana perusahaan melakukan aktivitasnya serta mengetahui dampak apa saja yang sebenarnya terjadi di lingkungan sekitar Perusahaan. Penelitian ini meneliti pengaruh Corporate Governance, Sustainability Report Disclosure yang dimoderasi dengan variabel profitabilitas. Studi ini menggunakan data pada 34 perusahaan yang mengikuti Asia Sustainability Reporting Rating periode 2019-2023 dengan analisis sekunder menggunakan metode kuantitatif. Hasil penelitian ini memberikan implikasi kepada pemerintah dalam mengkaji lebih dalam mengenai sustainability report yang dilakukan oleh perusahaan di Indonesia agar dapat bertanggung jawab dalam lingkup lingkungan, sosial maupun masyarakat. Hasil dari penelitian ini menjelaskan bahwa Komite Audit tidak berpengaruh terhadap Sustainability Report Disclosure, Dewan Komisaris berpengaruh Positif terhadap Sustainability Report Disclosure, Dewan Direksi berpengaruh Positif terhadap Sustainability Report Disclosure, selanjutnya profitabilitas memperkuat hubungan Komite Audit dan dewan komisaris terhadap Sustainability Report Disclosure sedangkan profitabilitas tidak memoderasi dewan direksi terhadap Sustainability Report Disclosure.

Kata Kunci: Corporate Governance, Profitabilitas dan Laporan Keuangan Berkelanjutan.

INTRODUCTION

In the current worrying world conditions, companies should not only think about the profits that will be obtained but also have to think about the impact caused through their operational activities, one of which is the impact caused on the environment and society. Many companies in Indonesia still have a bad impact on the environment, one of which is what happened in East Kalimantan. This environmental pollution occurs because PT Indo Tambangraya Megah (Tbk), which is engaged in the mining industry, discharges waste liquids from its company carelessly, causing the surrounding community to be disturbed. The liquid not only disturbs the community but also the ecosystem in the river. In the report *Killing Indonesia*, the Mining Advocacy Network (JATAM) and the Clean Indonesia Program revealed that there was pollution, violations of water and waste quality standards, and the disappearance of endemic biota that occurred in the Santai and Palakan Rivers.

Protecting the environment is not the task of the government alone, but companies and all humans can also play a role in protecting the environment. Companies can show their role through the issuance of sustainability report disclosure, by issuing a company's sustainability report, of course, it has also shown the form of its economic, environmental and social responsibilities to stakeholders. Sustainability Report according to GRI is the practice of open reporting carried out by an organization regarding the impact caused by an organization, namely economic, environmental and social impacts that will play a role in the sustainability of a company. Sustainability Report is a mandatory report that must be fulfilled by companies that have been regulated in the Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the implementation of sustainable finance for financial service institutions, issuers, and public companies. In the regulation, it has been explained that all companies such as financial service institutions, issuers, and public companies are required to disclose sustainability reports in the annual annual report,

Corporate governance is a management and supervision system carried out by the company that aims to achieve the goals set by the company itself (Anitika & Khafid,2015). Companies that have good corporate governance will have goals in fulfilling the company's sustainability. The company Indo Tambangraya Megah Tbk has a good governance structure and meets four GCG principles, one of which is responsibility where one of the company's responsibilities is related to the company's internal control system (SPI). The internal control system owned by Indo Tambangraya Megah Tbk is one of the main responsibilities of the internal audit that is responsible for the Board of Directors. This internal audit examines and evaluates whether the company's operational activities have run with the SPI applicable to the company, in addition to that based on the General Guidelines for Governance Policy in 2006, the company's responsibility is closely related to the company's concern for the community and environmental sustainability around the company.

Good corporate governance must meet the four principles outlined by the Organization for Economic Co-operation and Development (OECD) which are implicitly in the Limited Liability Company Law and are found on the official website of the Indonesia Stock Exchange, namely, 1. Fairness, 2. Transparency, 3. Accountability, 4. Responsibility. Audit quality is an assessment of whether or not the auditor's way of detecting phenomena that occur in a company is obtained from the company's activities and then the auditor communicates the results of his findings to the company. The company will then disclose its annual report to the public in a transparent manner. The company's annual report is disclosed to the public to gain the trust of stakeholders. Stakeholders certainly expect reliable annual reports, so stakeholders entrust auditors in examining annual reports. Audit services are services that are used as monitoring company problems. A good auditor will transparently disclose the problems that occur to the company to the stakeholders. This also affects the quality of audits, good audit quality is expected to restore the trust of parties who use the company's annual report (Christiani & Nugrahanti, 2014). As a result of the large number of human resources who work as auditors, it is undeniable that the quality of the auditors is different.

LITERATURE REVIEW

Teori Stakeholders

This theory strongly prioritizes the accountability of a company far beyond financial or economic performance. One form of *mandatory* disclosure that should be disclosed by companies today is the disclosure of *sustainability reports*. This theory strongly prioritizes the accountability of a company far beyond financial or economic performance. One form of *mandatory* disclosure that should be disclosed by companies today is the disclosure of *sustainability reports* (Aliniar & Wahyuni, 2017).

Legitimacy Theory

The theory of legitimacy is a theory based on a "social contract" between a company and its operating environment, according to which a company can continue to operate after society accepts its existence and operation. Financial Services Institutions, Issuers, and the Public Sector are required to prepare Sustainability Reports since the enactment of OJK Regulation No. 51/2017 concerning Sustainable Finance. In addition, OJK Circular Letter or SEOJK No. 16/2021 concerning Technical Guidelines for the Preparation of Annual Reports and Corporate Responsibility Reports of Issuers and Public Companies, which emphasizes the presentation of sustainability reports (Barung, Simanjuntak & Hutadjulu, 2018).

Sustainability Report

Global Relative Initiative (GRI) Formulates sustainability reporting that: "Sustainability Reporting is a model in reporting company information to stakeholders that describes financial performance with social reporting, environmental reporting, and corporate governance reporting in an integrated manner in one reporting package". The purpose of sustainability reporting is to help organizations or communities in assessing, disclosing, and capturing information about the commitments, implementation, disclosures, and responsibilities of internal and external stakeholders of the company to determine its long-term sustainability (Lako, 2018), (Cho, et al 2014), (Dhaniel Syam, 2013), Wong, & Chen, 2016) dan (Aman et al, 2015).

Corporate Governance

Corporate Governance is a set of interrelated regulations between the company, the company's management and shareholders in regulating the behavior carried out by the company, the company's management and shareholders, as conveyed by the *Forum of Corporate Governance Indonesia*. According to the World Bank (World Bank) in (Effendi & Arief, 2016) dan (Yudhanti & Listianto2021). states that *Corporate Governance* is defined as as a collection of laws, regulations, and rules that must be fulfilled by companies in encouraging company performance that aims to generate long-term economic value.

Audit Committee

Based on Article 1 of the Financial Services Authority Regulation No.55/POJK.04/2015 concerning the Establishment and Guidelines for the Implementation of the Work of the Audit Committee, an audit committee is defined as a committee formed by and responsible to the Board of Commissioners in assisting in the implementation of the duties and functions of the Board of Commissioners. The existence of an audit committee in a public company is mandatory and expressly regulated in Article 2 of the Financial Services Authority Regulation No.55/POJK.04/2015 concerning the Establishment and Guidelines for the Implementation of the Audit Committee's Work. The article expressly stipulates that "Issuers or Public Companies are required to have an Audit Committee."). Pengukuran komite audit tersebut konsisten dengan penelitian terdahulu (Arif et al, 2020), (Buallay & Al-Ajmi, (2020), (Idawati & Hanifah, 2022), (Indriasih, 2022), (Mutmainah & Wardani, 2013), dan (Pozzoli & Paolone, 2022).

Independent Board of Commissioners

The Board of Independent Commissioners is a commissioner who is not a member of the management, majority shareholder of the company, an officer or in other words does not have a direct or indirect relationship with the majority shareholders of the company who oversees the governance of the company. In this case, independent commissioners also show that the existence of independent commissioners as representatives of independent shareholders (minority shareholders) is included to represent other interests, for example such as representing the interests of shareholders (Effendi & Arief, 2016, p. 42). The Independent Board of Commissioners' measurements are consistent with previous research (Arayssi & Tabaja, 2020), (Handayani & Nur, 2019), (Herda et al, 2012), (Idawati & Hanifah, 2022), (Indrianingsih & Agustina 2020) , (Wahyudi & Bait, 2021 dan (Kathy Rao, et al, 2012).

Board of Directors

The Board of Directors in a company has the role of an agent who manages the company whose position is overall responsible for the company's operational activities. The Board of Directors has the obligation to provide information to the board of commissioners and answer other needs submitted by the board of commissioners (Effendi 2016: 26-27). Based on the Financial Services Authority (OJK) Regulation No. 33/POJK.04/2014 concerning the Board of Directors and the Board of Commissioners or public companies where in the regulation there are work guidelines for the board of directors. The measurement of the Board of Directors is consistent with previous research (Meidona et al, 2018), (Iswandika & Sipayung, 2014), Lucia & Penggabean, 2018), Mujiani & Rohmawati, 2022), Safitri & Saifudin, 2019), Sari & Marsono, 2013) dan (Wahyudi, S.M , 2021).

Profitability

Profitability according to M. Hanafi is a ratio used to measure a company's ability to generate profits at the level of sales, assets, and equity. The three metrics that are often mentioned are Profit Margin, Return on Asset (ROA), and Return on Equity (ROE). (Harahap, 2015, p. 305) states that the purpose of using the profitability ratio is the ability of the company to earn a profit to show how much net profit is obtained from each sale. The profitability ratio measures the efficiency of general management based on the level of profit achieved in relation to sales and investments. The better the profitability ratio then the better it describes the company's high profit earning ability. Measurements of profitability are consistent with previous research (Maryana & Carolina, 2021), (Respati & Hadiprajitno, 2015) , (Rizky & Yuyetta, 2015) dan (Ruroh & Latifah, 2018).

Hypothesis Development

The Influence of the Audit Committee on Sustainability Report Disclosure

Previous research (Wahyudi & Bait, 2021) stated that the Audit Committee has a positive effect on *Sustainability Report Disclosure*. Audit Committee members with financial expertise can improve their ability to improve their ability to improve tighter internal controls, as audit committee expertise can assist management in developing risk management related to non-financial disclosures effectively (Pozzoli et al., 2022). Based on the description above, the following hypothesis is proposed:

H1: Audit Committee Positively Affects *Sustainability Reporting*

The Influence of the Independent Board of Commissioners on Sustainability Reporting

Based on the perspective of agency theory, the existence of an independent board of commissioners is also able to reduce opportunistic actions of agents so that harmony can be created between the needs of the company and shareholders (Indrianingsih & Agustina, 2020). Therefore, the more independent members of the board of commissioners, the quality of *sustainability report* disclosure will increase (Aliniar & Wahyuni, 2017). Previous research (Aniktia & Khafid, 2015) states that the Board of Independent Commissioners has a positive effect on *Sustainability Report Disclosure*. Based on the description above, the following hypothesis is proposed:

H2: Independent Board of Commissioners has a Positive Effect on *Sustainability Report Disclosure*

The Influence of the Board of Directors on *Sustainability Reporting*

In addition to managing the company, the board of directors is also obliged to make reports for shareholders and the government, one of which is in the preparation of company guidelines in implementing GCG (Effendi, 2016:26). In compiling this, of course, the board of directors held a meeting in order to carry out coordination and establish communication (Suharyani, & Jati 2019). Thus, the more meetings held by the board of directors, the better the performance of the board of directors, the more the company's efforts in carrying out social obligations and disclosing them (Ruhana, A., & Hidayah, 2020)

H3: The Board of Directors has a Positive Impact on *Sustainability Report Disclosure*

Profitability moderates the Audit Committee on *Sustainability Reporting*

The company both issues financial statements and sustainability reports. High profitability indicates the company's ability to make profits. When the company's profitability is high, it indicates that the supervision carried out by the audit committee can run well in supervising financial performance, if the company's financial performance is good, it will encourage the company to disclose *sustainability report information* (Roviqoh and Khafid, 2021). Based on the description above, the following hypothesis is proposed:

H4: Profitability strengthens the Audit Committee's relationship with *Sustainability Reporting*

Profitability moderates the Board of Independent Commissioners on *Sustainability Report Disclosure*

Profitability shows the company's ability to make profits, with high profitability will encourage the company to disclose *sustainability reports*. In the stakeholder theory, it is stated that the relationship between the company and *its stakeholders* must also be maintained, one of which is by disclosing *the sustainability report*, with high profitability will encourage the disclosure (Roviqoh and Khafid, 2021). The company that discloses *the sustainability report* describes the performance of management in managing its company, one of which is the performance of an independent board of commissioners.

Principles of *corporate governance* play a role in regulating and controlling the running of the company in minimizing problems between agents and *principals* so that it will add value to the company in the eyes of stakeholders (Rudyanto & Siregar 2018).

H5: Profitability can strengthen the relationship of the Board of Independent Commissioners to Sustainability Reporting.

Profitability moderates the Board of Directors towards *Sustainability Reporting*

When the company's profitability is high, it allows the company to allocate profits to the company's activities, one of which is financing, disclosure of *sustainability reports*. As an *organ of corporate governance*, the Board of Directors has the responsibility of determining the company's strategy and managing the company's wealth. Therefore, with the higher profitability of the company, the Board of Directors can use it to increase the disclosure of *sustainability reports* because the costs allocated for these activities will be larger and more effective through the increasing number of Board of Directors meetings.

H6: Profitability can strengthen the Board of Directors' relationship with *Sustainability Report Disclosure*

METHOD

The object of this research is a company that follows the *Asia Sustainability Reporting Rating* for the 2019-2023 period, which is a total population of 34 companies, in order to obtain optimal results of this study using *purposive sampling* so that there are 4 outliers, so that the total observations in this study are as many as 166.

Operationalization Variable Audit Committee

According to the Financial Services Authority Regulation Number 55/POJK.04 of 2015 concerning the Establishment and Implementation of the Work of the Audit Committee, the Audit Committee is a committee formed by and responsible to the Board of Commissioners in helping to carry out the duties and functions of the Board of Commissioners. In this study, the audit committee will be measured using the proportion of the Audit Committee who have expertise in accounting and finance.

Audit Committee

$$\frac{\text{Audit Committee which has expertise in the field of accounting and finance} \times 100\%}{\text{Number of Audit Committees}}$$

These measurements were also used in the study (.Buallay & Al.Dhean, 2019) dan (Pozzoli et. al., 2022).

Independent Board of Commissioners

According to POJK No.33/POJK.04/2014 concerning the Board of Directors and the Board of Commissioners of Issuers and Public Companies, the Board of Independent Commissioners is a member of the board of commissioners who come from outside the issuer or public company and meet the requirements as an independent commissioner. In this study, the independent board of commissioners was measured using the proportion of the independent board of commissioners.

$$\text{Board of of Commissioners} = \frac{\text{Board of Commissioners}}{\text{Nurnbers of Board of Commissioners}} \times 100\%$$

These measurements were also used in research (Indrianingsih & Agustina (2020) , (Wahyudi & Bait, 2021 dan (Kathy Rao, et al, 2012).

Board of Directors

The board of directors is a chart of the company that has the authority and full responsibility for the company's operations for the benefit of the company in accordance with the company's objectives and can be the representative of the company as the person responsible for the company's activities.

Board of Directors = Number of Board of Directors Meetings in One Year

These measurements were also used in research (Ruhana & Hidayah,2020).

Variable Dependency

Dependent variables are variables whose existence is greatly influenced or dependent on the existence of other variables. In this study, the researcher used a bound variable, namely *Sustainability Reporting*. *Sustainability Report* is a form of non-financial company report that reveals the company's activities in economic, social and environmental conditions (Rudyanto & Siregar, 2018). *Sustainability Reporting* is measured using *the Sustainability Report Disclosure Index (SRDI)* (Barung et al., 2018). Using the formula:

$$SRDI = \frac{\text{The amount that the item is disclosed by the company}}{\text{Number of items expected}}$$

Moderation Variables

Return on assets is the most common type of profitability ratio used to measure a company's health in addition to its own. Instead, the profitability ratio can be used as an important measure to determine whether a company is healthy even when it is not the company itself. Therefore, a stable level of profitability will provide investors with certainty about their investments by providing evidence that the company can successfully generate revenue consistently. The higher the return on assets, the more effective the company is in using its assets to protect customers (Salim, 2014). In this study, the measurement used to measure profitability is using the return on equity ratio.

$$ROE = \frac{\text{Earnings After Tax}}{\text{Total Equity}} \times 100\%$$

The use of the ROE formula above is also used in the research (Harahap, 2015; Idawati, 2020)

Data Analysis Techniques

The data analysis method used is multiple linear regression. Multiple linear regression is a regression model that involves more than one independent variable. This multiple linear regression analysis was carried out to find out the direction and how much influence independent variables have on dependent variables. The multiple linear regression analysis in this study is:

$$SRDI_{it} = \alpha_{it} + \beta_1 AC_{it} + \beta_2 BINDP_{it} + \beta_3 BOD_{it} + \beta_5 (AC * ROE)_{it} + \beta_6 (BINDP * ROE)_{it} + \beta_7 (BOD * ROE)_{it} + e_{it}$$

Description:

- AC = Audit Committee
- BINDP = Board of Independence
- BOD = Board of Directors
- ROE = Profitabilitas
- e = Standard Error

DISCUSSION

Tabel 1. Result Test Statistic Descriptive

	SRDI	AC	BINDP	BOD	ROE	AC_ROE	BINDP_R OE	BOD_R OE
Mean	0.446627	0.547460	0.411205	187.8072	0.100663	0.051145	0.037289	2.931807
Median	0.440000	0.670000	0.400000	37.00000	0.080000	0.030000	0.030000	2.175000
Max	0.870000	1.000000	0.800000	3446.000	0.910000	0.590000	0.380000	26.61000
Min	0.070000	0.000000	0.000000	10.00000	-0.410000	-0.28000	-0.180000	-12.13000
Std.Dev	0.190128	0.302185	0.148837	727.9546	0.152852	0.104756	0.060266	3.906498
Skewness	0.261304	-0.403569	-0.221618	4.552950	1.739231	2.280315	1.844347	1.128974
Kurtosis	2.296628	2.289820	3.347412	21.73988	11.42686	13.09149	13.98085	12.44858

Table 1 above shows the description of each variable. Based on the table, it can be described as follows:

The *sustainability report data* is with an average of 44 disclosure items out of a total of 91 GRI-G4 items, so that less than 50% of the items disclosed by companies that follow the Asia Sustainability Reporting Rating in the 2019-2023 period. Decree of the Minister of SOEs Number: Kep-103/MBU/2002 the audit committee consists of at least 3 members, where the average value of the audit committee owned by the company is 5 people. Thus, the Board of Commissioners with an average value of 0.411205 where the results show that companies that follow the Asia Sustainability Reporting Rating have met the applicable regulations with the presentation of 41% of the proportion of independent commissioners as required by the regulation of the Indonesia Stock Exchange (IDX) No. KEP-315/bej/06-2000 in regulation no. 1-A, where the regulation states that good corporate governance has the proportion of independent board of commissioners at least 30% of the total number of commissioners in the company. The results of this study show an average of 187,8072 meetings that are scheduled, both routine and non-routine, the Board of Directors as many as 187 times, this shows the existence of routine or non-routine meeting activities as a mechanism to monitor the company's policy strategy. Furthermore, related to the profitability of moderating the

audit committee on *sustainability report disclosure* of 0.051145 or as many as 5 people, this shows that in accordance with the applicable rules, as well as the profitability of moderating independent commissioners on *sustainability report disclosure* of 0.037289 or 37% in accordance with applicable provisions and also the profitability of moderating the board of directors towards *Sustainability Report Disclosure* of 2.931807 or 293 times in one year includes regular and non-routine meetings to strengthen all management policies.

Tabel 2. Result Test Parsial Model Regresi

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Conclusion
C	-1.005638	0.466216	-2.157022	0.0326	-
AC	-0.028205	0.043608	-0.646794	0.5187	Rejected
BINDP	0.164525	0.077789	2.115027	0.0360**	Accepted
BOD	3.000005	1.220005	2.464030	0.0148 **	Accepted
ROE	-0.631820	0.144979	-4.358017	0.0000*	Accepted
AC_ROE	0.341889	0.147331	2.320551	0.0216**	Accepted
BINDP_ROE	0.889254	0.332825	2.671840	0.0084**	Accepted
BOD_ROE	-0.000949	0.003891	-0.243979	0.8076	Rejected

*Signifikansi, <0,01, ** Signifikansi < 0,05, ***Signifikansi < 0,1 Source : Data processed by the author

Based on the table. 2 which is the result of a partial test or a T test in a regression model can be described with the following description:

1.The influence of the Audit Committee affects the *Sustainability Reporting*.

The Audit Committee has a Positive Effect on *Sustainability Report Disclosure*. Based on the AC probability value of 0.5187 , this shows that the probability value > 0.05 means that the AC variable has no effect on *the Sustainability Report Disclosure*. So in this study, hypothesis one was rejected. The insignificance of the results can be explained through the concept of symbolic compliance, where the formation of the audit committee is more oriented towards regulatory compliance than oversight effectiveness. Although the audit committee is administratively active, the quality of discussions, the depth of evaluations, and the follow-up to recommendations are suboptimal, thus failing to significantly impact performance.

2.The influence of the Board of Commissioners affects *Sustainability Reporting*

The Board of Commissioners has a positive effect on *Sustainability Report Disclosure*. Based on table 2, it can be seen that the probability value of BINDP is 0.0360 , this shows that the probability

value < 0.05 means that the BINDP variable has an effect on *the Sustainability Report Disclosure*. So in this study, hypothesis two is accepted.

The independent board of commissioners is able to reduce opportunistic actions so that there can be harmony between the needs of the company and shareholders, therefore the more members of the independent board of commissioners, the more quality of sustainability report disclosure, the more likely it is that the quality of sustainability report disclosure will increase.

3.The Influence of the Board of Directors on Sustainability Reporting

The Board of Directors as a positive effect on *Sustainability Reporting* Based on table 2, it can be seen that the probability value of BOD is 0.0148, this shows that the probability value < 0.05 means that the BOD variable has an effect on *the Sustainability Reporting*. So in this study, hypothesis two is accepted. The board of directors functions to oversee management so that it focuses not only on short-term profits, but also on social and environmental responsibility. The influence of the board can pressure management to present transparent sustainability reports. Investors trust companies with boards that are active in overseeing ESG (Environmental, Social, Governance) issues).

4.The influence of the Audit Committee is moderated by Profitability on Sustainability Reporting.

Profitability strengthens the Audit Committee's relationship with *Sustainability Report Disclosure*. Based on the table. 2 can be seen that the probability value AC_ROE is 0.0216, this shows that the probability value < 0.05 means that the variable AC_ROE has an effect on *the Sustainability Report Disclosure*. So in this study, hypothesis five is accepted. This shows that when the company's profitability is high, it indicates that the supervision carried out by the audit committee can run well in supervising financial performance, if the company's financial performance is good, it will encourage the company to disclose *sustainability report information*.

5.The Influence of the Board of Commissioners moderated by Profitability on Sustainability Reporting

Profitability strengthens the Board of Commissioners' relationship with *the Sustainability Report Disclosure*. Based on the table. 2 can be seen that the probability value BINDP_ROE 0.0084, this shows that the probability value < 0.05 means that the variable BINDP_ROE has an effect on *the Sustainability Report Disclosure*. So in this study, hypothesis six is accepted. Companies that disclose *sustainability reports* describe the performance of management in managing their companies, one of which is kinerja Board of Commissioners independen. The principle of *corporate governance* plays a role in regulating and controlling the company's running in minimizing problems between agents and *principals* so that it will add value to the company in the eyes of stakeholders.

6.The Influence of the Board of Directors moderated by Profitability on Sustainability Reporting.

Based on table.2, it can be seen that the probability value BOD_ROE 0.8076, this shows that the probability value > 0.05 means that the variable BOD_ROE does not moderate the *Sustainability Report Disclosure*. The number of meetings conducted by the Board of Directors and the amount of profitability do not show maximum effectiveness in obtaining a transparent and reliable sustainability report, because the size of the company's profitability cannot affect the effectiveness of the board of directors meeting because the company is considered to only meet the provisions of the regulations and there are still directors who do not have high competence related to sustainability reports so that discussions related to these issues not maximal.

CONCLUSION

This study succeeded in reaching the conclusion of the study that the Audit Committee have no effect on Sustainability Reporting while the Board of Commissioners and the Board of Directors have an effect on Sustainability Reporting. Profitability strengthens the Audit Committee's relationship with Sustainability Reporting Profitability strengthens the Board of Commissioners' relationship with Sustainability Reporting while Profitability does not moderate the Board of Directors' relationship with Sustainability Reporting.

Sustainability reporting is an important factor in gaining the trust of stakeholders. The findings also prove that corporate governance is an important factor in disclosing the number of GRI-G4 items contained in sustainability reporting. The latest finding from this study is that audit quality will also be the most important factor in disclosing sustainability reporting.

As for the benefits of the findings in this study can have implications and are expected to provide benefits for all parties, both for companies that are research samples and companies in general that are not research samples, it is hoped that this research will also be a consideration for the government in requiring regulations that have been issued by the government so that all companies can be accountable for the company's operational activities. However, this research of course still has various limitations, including with a limited research year and the company used in this study is also limited. Each industry of course also has different problems and characteristics that have the potential to influence decision-making in disclosing sustainability reports. This study also has not identified corporate governance using shareholding, the proportion of directors with educational backgrounds, certifications and others that are also likely to have a different impact on the nature of their orientation in sustainability reporting practices.

For this reason, the researcher suggests being able to consider future research in order to identify the differences between the companies that Classified into banking, manufacturing, mining companies into the category of large companies and small companies which can be seen from the size of the company. In addition, the researcher also suggested using other independent variables in reflecting corporate governance such as stock ownership, educational background, training certificates owned and so on in supporting research to be even better. It would be better if future researchers could add variables regarding the educational background or certification of directors to improve the competence of the board of directors and board of commissioners as well as the audit committee..

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