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THE EFFECT OF GOOD CORPORATE GOVERNANCE ON SUSTAINABILITY REPORT DISCLOSURE: EVIDENCE FROM ESG STAR LISTED COMPANIES

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ABSTRACT

***Introduction**: Sustainability Report disclosure has become an important instrument for corporate accountability in communicating economic, social, and environmental performance to stakeholders. This study aims to examine the influence of Good Corporate Governance, represented by the board of directors, audit committee, and independent board of commissioners, on Sustainability Report disclosure among companies included in the ESG Star Listed Companies.*

***Methods:** This research employed a quantitative approach with an associative research design. Secondary data were collected from companies' annual reports and Sustainability Reports using a purposive sampling technique. The data were analyzed using multiple linear regression with the assistance of IBM SPSS Statistics software, preceded by descriptive statistical analysis and classical assumption tests. Hypothesis testing was conducted through partial tests, simultaneous tests, and coefficient of determination analysis.*

***Results:** The findings reveal that the board of directors has no significant effect on Sustainability Report disclosure. In contrast, the audit committee and the independent board of commissioners have positive and significant effects on Sustainability Report disclosure. These findings indicate that corporate monitoring mechanisms play a more substantial role than strategic decision-making functions in improving the transparency of sustainability reporting. The study concludes that the effectiveness of Good Corporate Governance in improving Sustainability Report disclosure is particularly influenced by the audit committee and the independent board of commissioners. Therefore, companies are encouraged to strengthen the effectiveness and oversight functions of their audit committees and independent boards of commissioners to enhance the quality and transparency of Sustainability Report disclosure.*

INTRODUCTION

Companies play a fundamental role in promoting economic development by generating employment opportunities, creating value for stakeholders, and contributing to national economic growth. Traditionally, corporate performance has been evaluated primarily based on financial achievements and the ability to maximize shareholder wealth. This conventional perspective reflects the single bottom line approach, where business success is measured predominantly by profitability. However, increasing environmental degradation, climate change, resource depletion, and social inequality have encouraged companies to reconsider their business orientation toward a more sustainable development model (Elkington, 1997; Oliveira et al., 2023). The concept of sustainability has fundamentally transformed corporate management by emphasizing that long-term business success depends not only on economic performance but also on the company's responsibility toward society and the environment. This perspective is reflected in the Triple Bottom Line (TBL) framework introduced by Elkington (1997), which integrates three interrelated dimensions of sustainability, namely profit, people, and planet. Under this framework, companies are expected to create economic value while simultaneously preserving environmental quality and improving social welfare. Sustainable business practices therefore require organizations to balance financial objectives with broader environmental and social responsibilities rather than focusing exclusively on short-term profitability (Elkington, 1997 Jámbor & Zanócz, 2023; Cantele et al., 2024)

The growing importance of sustainability has been reinforced by increasing stakeholder awareness regarding corporate accountability. Stakeholders, including investors, governments, customers, employees, and local communities, increasingly expect companies to operate transparently and responsibly. According to stakeholder theory, corporate sustainability is essential because organizations depend on stakeholder support to secure long-term legitimacy and maintain competitive advantages. Consequently, companies that successfully integrate sustainability into their business strategies are more likely to strengthen stakeholder trust, improve corporate reputation, and achieve sustainable organizational performance (Donaldson & Preston, 1995). Recent corporate practices have also demonstrated that neglecting environmental and social responsibilities may expose firms to significant financial and reputational risks. Environmental pollution, inefficient resource utilization, weak governance, and social conflicts frequently reduce stakeholder confidence and threaten corporate legitimacy. Therefore, sustainability should no longer be regarded as merely a voluntary corporate initiative but rather as a strategic business imperative that contributes to long-term organizational resilience. Empirical evidence supports this argument by demonstrating that companies implementing strong sustainability practices generally achieve better corporate sustainability performance across economic, environmental, and social dimensions (Tjahjadi et al., 2021).

In Indonesia, sustainability has become an increasingly important issue following the rapid development of Environmental, Social, and Governance (ESG) initiatives and growing investor demand for responsible investment practices. Companies are encouraged to integrate sustainability principles into their strategic management and operational activities to remain competitive in global markets. This transformation requires organizations not only to improve financial performance but also to demonstrate accountability through environmental stewardship, social responsibility, and transparent governance practices. Consequently, sustainability has evolved into one of the key determinants of corporate competitiveness, organizational legitimacy, and long-term value creation. Considering these developments, understanding the factors that encourage companies to adopt sustainable business practices has become an important area of accounting and corporate governance research. The integration of sustainability into corporate strategies provides the foundation for enhancing transparency and accountability, which are subsequently communicated through sustainability reporting. Therefore, examining sustainability from the perspective of corporate governance becomes increasingly relevant in understanding how organizations create sustainable value for shareholders and broader stakeholders.

The increasing adoption of sustainability principles has encouraged companies to disclose not only their financial performance but also their environmental, social, and governance (ESG) performance through Sustainability Reports. Sustainability reporting has evolved into an important corporate communication instrument because it provides comprehensive information regarding a company's economic, environmental, and social impacts while enhancing accountability and transparency to stakeholders. The Global Reporting Initiative (GRI) has become the most widely adopted international framework for sustainability reporting by providing standardized disclosure guidelines that improve the comparability, credibility, and usefulness of sustainability information for investors, regulators, and society. As sustainability disclosure becomes increasingly standardized, companies are expected to communicate not only their achievements but also the risks and challenges associated with sustainable business practices.

The growing demand for sustainability information is closely associated with the rapid development of Environmental, Social, and Governance (ESG) principles in global capital markets. Investors increasingly consider ESG performance as an important indicator of corporate resilience, long-term value creation, and risk management because companies with strong ESG performance are generally perceived as more capable of responding to environmental and social challenges while maintaining sustainable financial performance. Consequently, ESG has become an integral component of investment decision-making and corporate evaluation, encouraging companies to improve the quality and credibility of their sustainability disclosures.

The effectiveness of sustainability reporting is largely determined by the quality of Good Corporate Governance (GCG) implemented within an organization. Good Corporate Governance promotes transparency, accountability, responsibility, independence, and fairness in corporate decision-making, thereby creating an institutional environment that supports reliable sustainability disclosure. Governance mechanisms reduce information asymmetry between management and stakeholders by strengthening oversight functions and ensuring that sustainability issues are incorporated into strategic business decisions. Consequently, companies with stronger governance structures are expected to provide more comprehensive and transparent sustainability reports than companies with weaker governance practices.

Among various governance mechanisms, the board of directors, audit committee, and independent board of commissioners are frequently identified as key determinants of sustainability reporting quality. The board of directors is responsible for establishing corporate strategies and integrating sustainability objectives into organizational policies. The audit committee strengthens internal control and supervises the reliability of both financial and non-financial reporting, including sustainability disclosures. Meanwhile, the independent board of commissioners enhances monitoring effectiveness by providing objective oversight of management decisions and ensuring that corporate activities remain aligned with stakeholder interests. Empirical evidence indicates that effective governance mechanisms generally encourage broader sustainability disclosure and improve organizational accountability toward environmental and social performance.

Considering the strategic importance of sustainability reporting and the growing influence of ESG-based investment, understanding how Good Corporate Governance contributes to Sustainability Report disclosure has become increasingly relevant. This relationship is particularly important in emerging markets such as Indonesia, where sustainability reporting practices continue to evolve alongside regulatory developments and increasing stakeholder expectations for corporate transparency and responsible business conduct. Despite the growing body of literature examining the relationship between Good Corporate Governance (GCG) and Sustainability Report disclosure, empirical findings remain inconclusive. Several studies have reported that effective corporate governance mechanisms positively influence the extent and quality of sustainability reporting by enhancing transparency, accountability, and stakeholder engagement (Krisyadi & Elleen, (2020); Sheila Najla Syahirah, Harry Suharman,Dede Abdul Hasyir, (2023);Nainggolan, (2025). In contrast, other studies have found that certain governance mechanisms, such as the audit committee and independent board of commissioners, do not significantly affect Sustainability Report disclosure (Margaretha Barung et al., (2018) . These inconsistent findings indicate that the relationship between Good Corporate Governance and Sustainability Report disclosure remains inconclusive and requires further empirical investigation.

Furthermore, previous studies have predominantly focused on manufacturing companies or publicly listed companies in general, with limited attention given to firms included in ESG Star Listed Companies. Companies listed in this index are expected to demonstrate superior Environmental, Social, and Governance (ESG) performance and stronger commitments to sustainable business practices. However, empirical evidence regarding whether corporate governance mechanisms continue to influence Sustainability Report disclosure within companies that already exhibit relatively high ESG performance remains limited. The novelty of this study lies in its specific focus on ESG Star Listed Companies, which represent companies recognized for their ESG performance, and in examining the influence of three Good Corporate Governance mechanisms the Board of Directors, Audit Committee and Independent Board of Commissioners on Sustainability Report disclosure within this specific corporate context. This gap highlights the need for further research to provide a deeper understanding of the effectiveness of Good Corporate Governance in promoting sustainability disclosure among ESG-oriented companies. Based on these research gaps, this study investigates the influence of Good Corporate Governance, represented by the Board of Directors, Audit Committee and Independent Board of Commissioners on Sustainability Report disclosure among companies included in the ESG Star Listed Companies. The findings are expected to contribute to the corporate governance and sustainability reporting literature by providing empirical evidence from companies recognized for their strong ESG performance. In addition, the results are expected to offer practical implications for corporate management, investors, regulators, and other stakeholders in strengthening corporate transparency and supporting sustainable business practices.

LITERATURE REVIEW

Legitimacy Theory

Legitimacy Theory explains that companies seek to ensure that their activities and operations are consistent with the values, norms, and expectations prevailing in society in order to obtain and maintain social legitimacy. defines legitimacy as a generalized perception or assumption that the actions of an organization are desirable, proper, or appropriate within a socially constructed system of norms, values, beliefs, and definitions. Legitimacy is important for companies because organizational survival is determined not only by their ability to generate profits but also by the acceptance of their existence and activities by society. Therefore, companies need to maintain alignment between their organizational activities and social expectations to avoid a legitimacy gap that may negatively affect corporate reputation and long-term sustainability (Mark C. Suchman, 1995). In the context of sustainability, Legitimacy Theory suggests that companies use social and environmental disclosures as a means of obtaining, maintaining, or restoring organizational legitimacy. Sustainability Reports enable companies to communicate information to stakeholders regarding the economic, social, and environmental impacts of their activities while demonstrating their commitment to meeting societal expectations. Thus, a Sustainability Report does not merely function as an information-disclosure medium but also serves as a legitimacy instrument through which companies demonstrate the alignment of their activities with prevailing social values and norms. Crossley et al., (2021) demonstrate the relevance of Legitimacy Theory in explaining corporate sustainability practices, particularly social and environmental practices.

The relationship between Legitimacy Theory and Sustainability Report disclosure has become increasingly relevant as companies face growing stakeholder demands for transparency and accountability regarding their economic, social, and environmental impacts. Sustainability disclosure can serve as a corporate strategy to reduce the gap between societal perceptions and the actual activities of the organization. From this perspective, more extensive disclosure of sustainability information may strengthen a company's ability to demonstrate that its activities are consistent with societal and stakeholder expectations. Herbert & Graham, (2022) further demonstrate the applicability of Legitimacy Theory in explaining corporate sustainability reporting behavior, particularly in relation to how organizations use sustainability information to maintain their legitimacy.

In this study, Legitimacy Theory is employed as the theoretical foundation for explaining the relationship between Good Corporate Governance and Sustainability Report Disclosure. Effective Good Corporate Governance mechanisms, including the Board of Directors, Audit Committee, and Independent Board of Commissioners, can strengthen corporate oversight, transparency, and accountability. These mechanisms may subsequently encourage companies to provide more comprehensive and credible Sustainability Report disclosures. Therefore, Sustainability Reports can be viewed as a form of corporate communication through which companies demonstrate to stakeholders that their activities consider economic, social, and environmental responsibilities and comply with broader societal expectations. Accordingly, Legitimacy Theory provides a relevant theoretical foundation for explaining why effective Good Corporate Governance may contribute to the extent and quality of Sustainability Report Disclosure.

Good Corporate Governance

Good Corporate Governance (GCG) refers to the system of principles and mechanisms that regulate relationships among shareholders, boards of directors, boards of commissioners, audit committees, management, and other stakeholders to ensure transparency, accountability, responsibility, independence, and fairness in corporate management. Effective corporate governance is expected to improve organizational performance while ensuring sustainable value creation. This study employs three governance mechanisms as proxies for Good Corporate Governance, namely the board of directors, the audit committee, and the independent board of commissioners.

The board of directors is responsible for formulating strategic decisions and overseeing corporate operations, including sustainability strategies and Sustainability Report disclosure. An active board is expected to improve strategic decision-making and strengthen corporate commitment toward sustainability. In this study, the board of directors is measured by the frequency of board meetings held during one fiscal year (Faizah Naila Sofa & Novita WeningTyas Respati, 2020).

The audit committee assists the board of commissioners in supervising financial reporting, internal control, risk management, and corporate governance implementation. Effective audit committee oversight contributes to higher-quality corporate reporting, including sustainability disclosure (Krisyadi & Elleen, 2020). The audit committee variable is measured by the number of audit committee meetings conducted during one fiscal year. The independent board of commissioners functions as an independent supervisory body responsible for monitoring management decisions and ensuring the implementation of transparency and accountability principles. Independent commissioners are expected to encourage broader sustainability disclosure by providing objective oversight and protecting stakeholder interests. This study measures the independent board of commissioners using the proportion of independent commissioners to the total number of commissioners.

Sustainability Report

A Sustainability Report is a corporate report that communicates an organization's economic, environmental, and social impacts as part of its accountability and transparency toward stakeholders. Sustainability reporting has developed into an important corporate disclosure mechanism because it enables organizations to communicate information about their economic, environmental, and social performance beyond conventional financial reporting. (Hahn & Kühnen, 2013) explain that sustainability reporting has become an expanding field of corporate disclosure research because organizations increasingly use sustainability information to respond to stakeholder demands, institutional pressures, and expectations regarding corporate responsibility. In this context, sustainability reporting provides stakeholders with information that can be used to evaluate a company's commitment to sustainable business practices.

The Global Reporting Initiative (GRI) Standards provide a globally recognized framework for organizations to identify, measure, and communicate their impacts on the economy, environment, and people in a consistent and comparable manner. The GRI Standards provide a structured basis for sustainability disclosures and support the credibility, comparability, and usefulness of sustainability information for stakeholders, including investors, regulators, governments, and society. The application of GRI-based reporting has become particularly relevant in emerging economies because companies are increasingly expected to provide standardized information concerning their sustainability performance. Found that organizational and corporate characteristics influence the extent of GRI-based sustainability reporting, demonstrating the importance of institutional and organizational factors in determining the quality and extent of sustainability disclosure. Through sustainability reporting, companies can demonstrate their commitment to responsible business practices and provide stakeholders with information regarding the impacts and consequences of their corporate activities. Sustainability reporting therefore serves as an important mechanism for strengthening corporate transparency and accountability. The credibility of sustainability information is also influenced by corporate governance mechanisms. Al-shaer & Zaman (2018) found that audit committee characteristics are associated with the credibility of sustainability reports, indicating that effective governance and monitoring mechanisms can contribute to the reliability and credibility of sustainability-related information. This finding reinforces the view that sustainability reporting is not merely a communication instrument but is also closely connected with the effectiveness of corporate governance.

The importance of Sustainability Report disclosure has increased alongside the development of Environmental, Social, and Governance (ESG) practices and the growing expectations of stakeholders for responsible corporate behavior. Sustainability reports enable companies to communicate their responses to economic, environmental, and social challenges while allowing stakeholders to assess corporate sustainability performance. In Indonesia, the relationship between corporate governance and Sustainability Report disclosure has also received increasing empirical attention. Sheila Najla Syahirah, Harry Suharman,Dede Abdul Hasyir (2023) demonstrate the relevance of Good Corporate Governance and stakeholder considerations in explaining Sustainability Report disclosure in Indonesian companies. Similarly, Pratitarari & Honggowati (2025) examine Sustainability Report disclosure in Indonesia using the GRI Standards 2021 and demonstrate the relevance of corporate governance characteristics, particularly independent commissioners, in sustainability disclosure practices. These findings indicate that sustainability reporting is influenced not only by the company's internal reporting practices but also by governance structures and stakeholder expectations.

The adoption of sustainability reporting can also be understood as an organizational response to broader institutional and stakeholder pressures. Rosati & Faria (2019) demonstrate that institutional factors are associated with the extent to which companies address sustainability-related information in their reports. Therefore, sustainability reporting is not merely a voluntary communication activity but can also represent a strategic response to increasing demands for corporate transparency, accountability, and sustainable development. This condition is particularly relevant for companies operating in capital markets where investors increasingly consider ESG information in evaluating corporate performance, risk, and long-term value creation. In this study, Sustainability Report Disclosure is treated as the dependent variable and is measured using a Sustainability Reporting Index (SRI) based on the GRI Standards. The index is calculated by comparing the sustainability disclosure items reported by a company with the total disclosure items applicable to the research framework. A higher index indicates a greater extent of sustainability information disclosed by the company. The use of a GRI-based disclosure index is consistent with previous empirical research that applies content analysis to corporate sustainability reports to assess the extent of sustainability disclosure. Wulandari & Ayu (2026) for example, employ a GRI-based Sustainability Report Disclosure Index to examine sustainability disclosure in Indonesian energy companies and demonstrate the applicability of GRI-based measurement in assessing the extent of corporate sustainability reporting.

Accordingly, Sustainability Report Disclosure in this study represents the extent to which companies communicate their economic, environmental, and social impacts to stakeholders through standardized sustainability information. The use of the GRI-based Sustainability Reporting Index provides a systematic approach to evaluating the comprehensiveness of corporate sustainability disclosure and enables comparisons of disclosure practices across companies. Therefore, Sustainability Report Disclosure is considered an appropriate dependent variable for examining whether Good Corporate Governance mechanisms, represented by the Board of Directors, Audit Committee, and Independent Board of Commissioners, influence the extent of sustainability information disclosed by companies included in the ESG Star Listed Companies.

Previous Studies and Hypothesis Development

Previous empirical studies have reported inconsistent findings regarding the influence of Good Corporate Governance on Sustainability Report disclosure. Krisyadi & Elleen (2020) found that governance mechanisms positively affect sustainability reporting quality through improved transparency and accountability. Similarly, previous studies have reported that independent commissioners can enhance Sustainability Report disclosure by strengthening corporate oversight. Conversely, other studies found that the audit committee and independent commissioners do not significantly influence Sustainability Report disclosure. These inconsistent findings indicate that the effectiveness of corporate governance mechanisms may vary across industries, corporate characteristics, and governance environments. Based on Legitimacy Theory and the inconsistent findings of previous empirical studies, Good Corporate Governance mechanisms may play an important role in influencing Sustainability Report disclosure. However, the direction and significance of this influence may vary depending on the characteristics and governance conditions of each company. Therefore, this study examines the effect of the Board of Directors, Audit Committee, and Independent Board of Commissioners on Sustainability Report disclosure. Accordingly, the following non-directional hypotheses are proposed:

H1: The Board of Directors has an effect on Sustainability Report disclosure.
H2: The Audit Committee has an effect on Sustainability Report disclosure.
H3: The Independent Board of Commissioners has an effect on Sustainability Report disclosure..

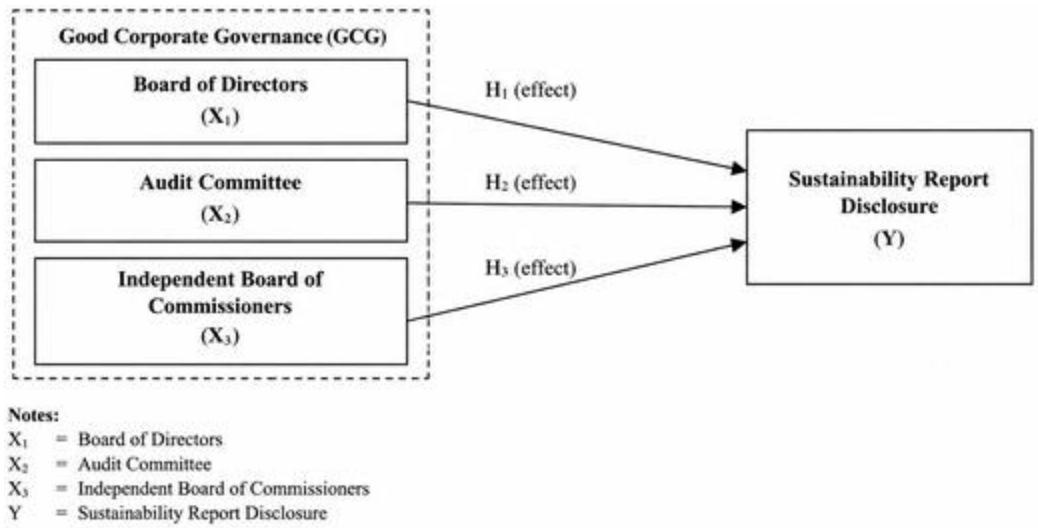

Figure 1
Conceptual Research Model

RESEARCH METHODS

his study employed a quantitative research design with an associative approach to examine the influence of Good Corporate Governance (GCG) on Sustainability Report disclosure among companies included in the ESG Star Listed Companies listed on the Indonesia Stock Exchange (IDX). The associative approach was adopted to analyze the causal relationship between the independent and dependent variables using statistical methods. The research was conducted in 2026 using secondary data obtained from the observation period determined in this study. The population comprised all companies listed in the ESG Star Listed Companies index. The sample was selected using a purposive sampling technique based on several criteria: (1) companies consistently included in the ESG Star Listed Companies during the observation period; (2) companies that published both annual reports and Sustainability Reports consecutively during the research period; and (3) companies providing complete information regarding the Good Corporate Governance variables required in this study. Companies that did not meet these criteria were excluded from the sample. Based on the predetermined sampling criteria, a total of 8 companies were selected as the research sample. With an observation period of five years, from 2018 to 2022.

This study utilized secondary data collected from publicly available sources, including annual reports, Sustainability Reports, the official website of the Indonesia Stock Exchange (IDX), company websites, and other relevant publications. Data collection was conducted through documentation and literature review to obtain information regarding corporate governance mechanisms, sustainability reporting, and theoretical foundations relevant to the study. The independent variables consisted of Board of Directors (X_1), Audit Committee (X_2), and Independent Board of Commissioners (X_3), while the dependent variable was Sustainability Report Disclosure (Y). The Board of Directors and Audit Committee variables were measured using the number of meetings held during one fiscal year, whereas the Independent Board of Commissioners was measured by the proportion of independent commissioners to the total number of commissioners. Sustainability Report disclosure was measured using the Sustainability Reporting Index (SRI) based on the Global Reporting Initiative (GRI) Standards, covering the economic, environmental and social dimensions. The Sustainability Reporting Index was calculated using the following formula:

To examine the influence of Good Corporate Governance on Sustainability Report disclosure, this study employed multiple linear regression analysis using IBM SPSS Statistics. Prior to hypothesis testing, descriptive statistical analysis and classical assumption tests, including the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test, were performed to ensure that the regression model satisfied the underlying statistical assumptions. Hypothesis testing was subsequently conducted using the t-test to examine the partial effect of each independent variable, the F-test to evaluate the simultaneous effect of all independent variables, and the coefficient of determination (R^2) to assess the explanatory power of the regression model. Because this study relied exclusively on publicly available secondary data obtained from corporate reports and official databases, it did not involve human participants or confidential personal information. Therefore, ethical clearance was not required, as the research complied with applicable ethical standards for secondary data analysis.

RESULT AND ANALYSIS-Heading 1 (Times New Roman 10, Bold, Align Left, UPERCASE)

The partial t-test was conducted to examine the individual effect of the independent variable, namely financial The partial t-test was conducted to examine the individual effect of each independent variable on Sustainability Report disclosure. The test determines whether each Good Corporate Governance mechanism significantly influences the dependent variable. The results of the partial t-test are presented in Table 1.

Table 1. Partial t-Test Results

Variable	t-value	Significance	Decision
Board of Directors	1.573	0.125	H1 rejected
Audit Committee	3.349	0.002	H2 accepted
Board of Independent Commissioners	3.794	0.001	H3 accepted

Source: Processed SPSS Output (2026)

The results indicate that the Board of Directors does not have a significant effect on Sustainability Report disclosure, as evidenced by a t-value of 1.573 and a significance value of 0.125, which exceeds the significance level of 0.05. Therefore, H_1 is rejected. This finding suggests that the frequency of board meetings alone does not necessarily improve the extent of Sustainability Report disclosure. Although the board of directors is responsible for determining corporate strategies, sustainability disclosure may depend more on organizational commitment, regulatory compliance, and sustainability policies than on the number of board meetings. This finding is consistent with the study conducted which reported that certain corporate governance mechanisms do not significantly influence Sustainability Report disclosure.

In contrast, the Audit Committee has a positive and significant effect on Sustainability Report disclosure, with a t-value of 3.349 and a significance value of 0.002. Since the significance value is below 0.05, H_2 is accepted. This result indicates that companies with more active audit committees tend to disclose sustainability information more comprehensively. The audit committee plays an essential role in supervising financial and non-financial reporting, ensuring compliance with governance principles, and improving the credibility and transparency of Sustainability Reports. This finding supports the study of Krisyadi & Elleen (2020) who concluded that an effective audit committee contributes positively to sustainability reporting practices.

Similarly, the Independent Board of Commissioners significantly influences Sustainability Report disclosure. The statistical results show a t-value of 3.794 with a significance value of 0.001, indicating a significant positive relationship between the independent board of commissioners and Sustainability Report disclosure. Consequently, H_3 is accepted. This finding implies that stronger independent supervision encourages management to disclose more comprehensive sustainability information. Independent commissioners enhance corporate accountability, strengthen monitoring functions, and reduce information asymmetry between management and stakeholders. This result is in line with found that independent commissioners improve the quality and transparency of sustainability reporting.

Overall, these findings demonstrate that not all Good Corporate Governance mechanisms exert the same influence on Sustainability Report disclosure. While the Board of Directors does not significantly affect sustainability disclosure, the Audit Committee and Independent Board of Commissioners play a crucial role in enhancing corporate transparency. These results support Legitimacy Theory, which argues that companies seek to maintain legitimacy by disclosing information that reflects their social and environmental responsibilities. Effective governance mechanisms, particularly those responsible for monitoring and oversight, encourage organizations to provide broader sustainability disclosures to strengthen stakeholder trust and maintain corporate legitimacy.

CONCLUSION

This study examined the influence of Good Corporate Governance (GCG), represented by the Board of Directors, Audit Committee, and Independent Board of Commissioners, on Sustainability Report disclosure among companies included in the ESG Star Listed Companies. The findings indicate that the Board of Directors does not have a significant effect on Sustainability Report disclosure, leading to the rejection of the first hypothesis. This result suggests that the frequency of board meetings alone is insufficient to encourage broader sustainability disclosure. In contrast, the Audit Committee and the Independent Board of Commissioners have positive and significant effects on Sustainability Report disclosure, supporting the second and third hypotheses. These findings demonstrate that effective monitoring and oversight mechanisms play a more important role in enhancing corporate transparency and accountability regarding sustainability practices.

The study contributes to the existing literature by providing empirical evidence that not all corporate governance mechanisms have the same impact on sustainability reporting. Specifically, the results highlight that governance bodies with supervisory functions, such as the audit committee and independent board of commissioners, are more influential in promoting comprehensive Sustainability Report disclosure among companies with strong ESG performance. These findings also support Legitimacy Theory, which suggests that companies disclose sustainability information to strengthen organizational legitimacy and maintain stakeholder trust. Based on these findings, companies are encouraged to strengthen the effectiveness of their audit committees and independent boards of commissioners to improve the quality and transparency of Sustainability Report disclosure. For regulators, the results may serve as a reference in developing governance policies that support sustainable business practices. Future research is recommended to include additional corporate governance variables, such as institutional ownership, managerial ownership, board diversity, or board expertise, and to extend the observation period or compare different industrial sectors to obtain more comprehensive evidence regarding the determinants of Sustainability Report disclosure.

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