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THE ROLE OF THE AUDIT COMMITTEE AND GENDER DIVERSITY IN THE QUALITY OF SUSTAINABILITY REPORT DISCLOSURES

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ABSTRACT

This research aims to determine the role of the audit committee and gender diversity in Sustainability Reports. This research is a quantitative descriptive research that will use a causality approach in identifying the role of the audit committee and gender diversity on the quality of sustainability report disclosures. This research uses issuer data sourced from issuers' annual reports and sustainability reports from the NCCR website for the 2019-2021 period obtained from 231 companies. The analytical method used is multiple linear regression analysis. The research results show that the variables of audit committee size, frequency of audit committee meetings, proportion of financial expertise on the audit committee and gender diversity have a significant effect on the disclosure of Sustainability Reports. This shows that the role of gender diversity is very necessary in the quality of Sustainability Report disclosure.

Keywords: Audit Committee; Gender Diversity; Sustainability Report

INTRODUCTION

Global practices in disclosure change over time to adapt to the business climate and economic transformations in the world. Recently, companies are required to meet the needs of various stakeholders who pay attention to company values. (Deegan & Rankin, 1996); (Parmar *et al*., 2011). Apart from providing financial information to shareholders, companies also need to publish non-financial information. (Thayaraj & Karunarathne, 2021). Stakeholders are interested in understanding the company's approach and performance in managing sustainability, namely economic, environmental, and social aspects, including the potential value created from managing sustainability. Companies are required to provide information in larger amounts and differ from traditional disclosure methods, namely providing non-financial information on a wider scale ((Khoiriyah, *et al*, (2022) ; (Buallay & Al-Ajmi, 2020). Therefore, companies are starting to shift from the traditional method of only reporting financial aspects, to a more modern direction, namely reporting all aspects, both financial and non-financial, to stakeholders (Tarigan & Semuel, 2015).

Sustainability Reports are company media to inform stakeholders about company performance in economic, social and environmental aspects. Thus, disclosure of sustainability reports is developing and becoming an important thing for companies (Young, 2013). Sustainability Reports are widely used by organizations in predicting the market value of an organization. Sustainability reporting communicates economic, environmental and social performance that reflects positive and negative impacts on company performance (Gray, *et al*., 1995); (Sharma & Kelly, 2014)). This is because sustainability reports do not only contain financial performance information but non-financial information on economic, social and environmental aspects. Therefore, sustainability reports must be prepared according to standards and guidelines so that they are of good quality.

The standards used for sustainability reports are the Global Reporting Initiative (GRI) standards, which is an organization that promotes the use of sustainability reporting as a way for a company to become more sustainable (Dissanayake, et al, 2016); (Bartolacci, et al., 2020). GRI includes economic, social and environmental disclosures (Sonia, et al., 2020). Buallay, et al., (2020) stated that sustainability performance indicators can help companies create sustainability strategies and help stakeholders evaluate the company's sustainability performance. The GRI Sustainability Reporting Guidelines define sustainability reporting as "a process that helps organizations set goals, measure performance, and manage change towards a sustainable global economy that combines long-term profits with social responsibility and environmental stewardship (Ernest , et al., 2013); (Tarigan, et al., 2015).

Company management, to achieve their personal goals, often intervenes in the disclosure of sustainability reports (Josua, et al., 2020). Therefore, other components are needed to assist monitoring and improve the quality of Sustainability Report disclosure. Therefore, other components are needed to assist monitoring and improve the quality of Sustainability Report disclosure. A reliable independent party is the audit committee. The presence of an audit committee is expected to increase the level of CSR disclosure. As an important part of the company, the audit committee is expected to closely monitor financial and non-financial reporting practices and minimize the possibility of information asymmetry between management and stakeholders. The characteristics of the audit committee are described as the size of the audit committee, the number of meetings and expertise in the financial sector. With the existence of an audit committee, supervision will be tighter for management and help minimize actions that could harm shareholders (Madi, et al., 2014).

In recent years, gender issues have become increasingly important. Economic Co-operation and Development (OECD) provides a special index of where women have a place on the boards of the largest public companies ((OECD, 2020); (Morrone et al., 2022)). Gender diversity or gender diversity in a company will influence various aspects in various areas of the company (Fauziah, 2018). Companies with board diversity can increase company effectiveness compared to homogeneous boards (Adams, et al., 2005). The presence of women as company directors can contribute to increasing the number of social responsibility disclosures (Hadya & Susanto, 2018). Women tend to have a flexible leadership style, trust and control over a firm structure and tend to listen, provide motivation and try to avoid conflict and disclose more information to shareholders (Kartikarini, *et al*., 2013). From a gender perspective, women are also considered to have an important role in the company. Women can hold important positions in companies, including boards of commissioners, directors, audit committees. Research by Dizar, *et al*., (2018) found that the gender variable had a positive effect on the disclosure of Sustainability Reports.

LITERATURE REVIEW

Agency Theory

The existence of an agency relationship as a cost of supervising the agent incurred by the principal (Jensen & Meckling, 1976). Limited supervision can encourage management to commit acts of abuse of authority or embezzlement of resources which can harm the company's interests in the long term (Josua, *et al*., 2020). This difference in interests is called the Agency Problem. In order to realize good corporate governance practices, companies must apply the principles of corporate governance, namely transparency, accountability, fairness, responsibility and independence. Agency theory predicts that audit committees can be one way to solve the Agency Problem.

Stakeholder Theory

Stakeholder theory emphasizes corporate accountability far beyond financial performance (Gray, *et al*., 1995) and provides the concept that companies will seek support to sustain their survival (Freeman, *et al*., 2005). Stakeholder theory states that companies will voluntarily disclose information about their economic, social and environmental performance to satisfy and gain recognition from stakeholders (Deegan & Rankin, 1996). This theory is supported by (Donaldson & Preston, 2020) which states that companies are not only responsible to the owners and management of the company, but also to stakeholders. So that communication is carried out with stakeholders through social and environmental disclosures (Indyanti & Zulaikha, 2017). One form of corporate disclosure that is currently developing rapidly is the publication of sustainability reports (Diono & Prabowo, 2017).

Legitimacy Theory

Legitimacy theory states that organizations always try to ensure that the activities they carry out are in accordance with the definitions and norms of the society in which they exist (Dowling & Pfeffer, 1975). Legitimacy can be considered as the perception or assumption that an action carried out by an entity is an action that is desired, appropriate or in accordance with socially developed norms, value systems, beliefs and definitions. (Suchman, 1995).

Haniffa & Cooke (2002) in legitimacy theory states that companies have a contract with society to carry out work based on the values of justice, and how companies respond to interest groups towards companies that present company information to stakeholders.

The basis of Legitimacy theory is the existence of contracts that occur in society between companies and society where operating companies and economic users explain the power of Legitimacy theory in carrying out corporate sustainability (Wijayanti, 2016). Bagi negara berkembang hal ini menjadi penting yang pertama kemampuan untuk membangun motif optimalisasi dalam tujuan mencari laba terkait motivasi perusahaan untuk memperbesar tanggung jawab sosialnya. Second, the organizational culture factor Legitimacy can shape different institutions in different contexts (Thayaraj *et al.*, 2021). Furthermore, Legitimacy theory is one of the theories that underlies the disclosure of sustainability reports to ensure that the company's responsibilities run well, in this case the disclosure of sustainability reports will be maximally supervised by the supervisory board (Kaium Masud *et al*., 2017).

Sustainability Reporting

Sustainability report is a report published to the public containing the economic, financial, social and environmental performance of a financial services institution, issuer and public company (Otoritas Jasa Keuangan, 2021). Sustainability Reports are considered accountability and transparency for Issuers and Public Companies regarding the impact of their operations on the economy, environment and social (Otoritas Jasa Keuangan, 2021).

Through the Sustainability Report, it is hoped that various benefits will be obtained, both internal and external to the company. The internal benefits are:

1. Sharpen the vision and strategy in the sustainability aspect
2. Strengthen management systems related to sustainability management
3. Improve the quality of transparency regarding the company's efforts in implementing sustainability aspects
4. Makes it easier to analyze the company's weaknesses and strengths
5. Increase the motivation of workers who care about the environment and society.

The external benefits obtained through the Sustainability Report are:

1. Improve the company's image and reputation as well as public trust;
2. Facilitate access to funds/investors;
3. Improve relationships with stakeholders; and increase competitiveness

Size of the Audit Committee

The audit committee is part of corporate governance which aims to create good corporate governance (Thayaraj *et al*., 2021). The audit committee is formed by the board of commissioners to carry out its duties and functions, and is responsible to the board of commissioners. One of the duties of the board of commissioners is to review financial information and other reports related to the report, namely the disclosure of sustainability reports (Khoiriyah, *et al*., 2022).

Provisions for audit committees in public companies in Indonesia are regulated in POJK Number 55 of 2015 concerning the implementation of audit committee duties (POJK, 2015); (KSEI, 2018). This regulation also regulates the provisions for audit committee meetings. In its implementation, the audit committee is expected to help increase the company's transparency regarding financial and non-financial reports. According to Financial Services Authority Regulation number 55 of 2015 (KSEI, 2018), the audit committee consists of a minimum of 3 (three) independent commissioners. Larger audit committees have the capacity, expertise and diverse perspectives to ensure appropriate oversight on sustainability report disclosures. They can reduce the possibility of information asymmetry and agency problems.

Audit Committee Meeting Frequency

Based on Financial Services Authority Regulation number 55 (Otoritas Jasa Keuangan, 2015) the minimum number of audit committee meetings is once every three months or four times a year. Although there is no agreement on the optimal number of audit committee meetings some professional audit firms, such as Pricewater House and KPMG (1999) recommend that audit committee meetings be held at least three or four per year.

Liyanto & Anam (2019) revealed the effectiveness of the Audit Committee in carrying out its supervision role in the financial reporting process requires regular meetings. In essence, the audit committee that often holds meetings every year is more likely to find differences and ensure the reliability of the process of disclosure of sustainability reports. The frequency of the audit committee meeting can regularly assist the audit committee to continue to get information and be proactive about issues related to the disclosure of the sustainability report. The frequency of the audit committee meeting allows the Director to more time effectively carry out the role of monitoring and increase company disclosure such as sustainability reports. The audit committee that often holds meetings can overcome the problem of disclosure related to accounting, audit, and disclosure of Corporate social responsibility (CSR) in a timely manner (Appuhami & Tashakor, 2017). Empirical findings also show a positive relationship between the frequency of the audit committee and financial disclosure (financial and non-financial).

Audit Committee with Expertise

The audit committee's financial expertise depends on the proportion of members who have accounting or financial expertise. The audit committee must include at least 1 (one) member with relevant accounting or financial qualifications and expertise to carry out their role effectively. The reason is because audit committee members without accounting or financial expertise tend to be unable to detect problems in the reporting process (Agrawal & Chadha, 2005). Audit committee members who have financial expertise understand the implications of good reporting practices, and compliance with reporting practices.

Previous studies also argue that audit committee members with financial expertise tend to increase the level of CSR disclosure (Appuhami & Tashakor, 2017). Audit committee members can also use their knowledge to determine the level of CSR disclosure in the annual report. Li, *et al*., (2012) noted that audit committees with financial expertise are in a better position to understand the capital market implications of CSR disclosures. That when a company appoints members with financial expertise to the audit committee, market players will react positively.

Gender Diversity

Gender is defined as inequalities, divisions and differences that are socially constructed around assumed differences between women and men. Gender is the basic organizing principle in social life, the principle of allocation of tasks, rights, rewards and power, including the means of violence (Fauziah, 2018). The term gender is used in a social context to explain the characteristics of men between feminine and masculine traits in society (Kartikarini & Mutmainah, 2013). The comparison of behavior between women and men concluded in research conducted (Croson & Gneezy, 2009):

1. Women tend to be risk averse compared to men,
2. Women have more specific social preferences
3. Women's social orientation is neither more nor less
4. Women have softer social preferences
5. Women tend to be reluctant to compete compared to men

Meanwhile, gender diversity includes the composition of men and women in an organization or company executive ranks. Hadya & Susanto (2018) stated that the presence of women as company directors can make a real contribution in increasing the number of corporate social responsibility disclosures and when the company is led by individuals who have a high level of education, especially related to economics and business, it encourages an increase in the number of responsibility disclosures. corporate social. According to Kartikarini, *et al*., (2013) from a gender perspective, women are considered to have an important role in companies.

Financial performance

1. Company Size

This research uses a control variable for company size because large companies can cause more environmental pollution than small companies ((Gordini, 2017); (Farida, 2019)). However, it is also possible that large companies will also have more resources to deal with environmental problems than small companies. Company size is seen from the size of the total assets owned by this company and total assets will be assessed using the logarithm of the company's total assets.

2. Leverage

The Leverage variable shows the company's ability to use borrowed funds or debt to maximize company investment. A high leverage ratio will encourage companies to disclose as much information as possible to stakeholders ((Gordini, 2017); (Farida, 2019)). This is intended to reduce monitoring or supervision costs. Higher leverage will allow companies to disclose wider information compared to companies with small leverage (Widyastuti et al., 2023). Leverage measurement is measured using the debt to equity ratio (DER)

3. Profitability

Companies with a high level of profitability tend to disclose more information or disclosures, because companies that have the ability to generate greater profits will usually also have more funds used for disclosure, both voluntary and mandatory ((Gordini, 2017); (Farida, 2019); (Widyastuti, *et al*, 2022)). This variable is measured using ROA (return on assets).

The Influence of Audit Committee Size on Sustainability Report Disclosure

According to (Qaderi, *et al*., 2020) the larger the size of the audit committee, the more resources, expertise and perspectives each member has. This encourages optimization of company supervision. The larger the size of the audit committee, the more tasks and functions members can delegate (Barakat, *et al* ., 2015). A larger audit committee will result in better supervision because it has more expertise and skills that the company needs. The greater the number of audit committees, the greater the ability to solve problems in financial reporting and encourage the disclosure of non-financial information, including CSR disclosures (Buallay, *et al*., 2020) in matters related to Sustainability Report disclosures.

Research on the effect of audit committee size on CSR disclosure by (Barakat, *et al* ., (2015); Buallay, *et al*., (2020); Mohammadi, *et al*., (2021); (Khoiriyah, *et al*., 2022)) shows that the size of the audit committee has a positive effect on corporate social responsibility disclosure. This shows that audit committees with a majority of independent directors are more successful in promoting the credibility of financial and non-financial reporting such as disclosure of corporate social responsibility because they are free from management influence (Musallam, 2018). In line with Agency theory propositions, it is expected that larger audit committees will have greater board oversight capacity to increase the level of sustainability report disclosure. So the hypothesis that can be formulated is:

H_1 : The size of the audit committee has a significant influence on disclosure of sustainability reports.

The Effect of Audit Committee Meeting Frequency on Sustainability Report Disclosure

Audit committee meeting frequency refers to the number of meetings held by audit committee members during the reporting period. According to (Li, *et al*., 2012) that at least four audit committee meetings are held during a year. The research results state that the frequency of audit committee meetings is significantly and positively related to the level of voluntary disclosure. they argue that regular audit committee meetings improve the committee's ability to carry out its oversight function (Musallam, 2018). Appuhami & Tashakor (2017) have examined the relationship between audit committee characteristics and corporate social responsibility through voluntary data collected from 300 annual reports of listed companies. The results found that audit committee size, meeting frequency, committee independence and gender diversity have a significant influence on the level of disclosure of corporate social responsibility. Liyanto & Anam (2019) stated that the frequency of audit committee meetings has a negative and significant effect on accounting conservatism.

H_2 : The frequency of audit committee meetings has a significant influence on sustainability report disclosure.

The Influence of an Audit Committee Who Has Expertise on Disclosure of Sustainability Reports

Previous studies have found a significant role of financial and accounting expertise in increasing the level of voluntary disclosure by Akhtaruddin, *et al*., (2010). Li, *et al*., (2012)'s empirical study reveals that the accounting and financial expertise of audit committee members has a positive impact on the level of voluntary disclosure. Positive relationship between audit committee having financial expertise and disclosure, for example, Li, *et al*., (2012) using data from 262 British companies, found that there was a positive relationship between audit committee financial expertise and the level of intellectual capital disclosure.

In contrast, Appuhami & Tashakor (2017) found no evidence of the relationship between audit committee accounting expertise and the level of corporate social responsibility disclosure. The research results of Madi, *et al*., (2014) did not find a significant relationship between financial expertise of audit committee members and voluntary disclosure and Li, *et al*., (2012) did not find a significant relationship between intellectual capital disclosure on audit committee independence and expertise. finance. Therefore, the third hypothesis states that:

H_3 : Audit committee expertise has a significant positive effect on the level of sustainability report disclosure.

The Influence of Gender Diversity on Sustainability Report Disclosure

Apart from social issues, the results of research studying the relationship between gender diversity and performance provide mixed results ((Gordini, 2017); (Magnanelli *et al*, 2020); (Arora, 2022)). Magnanelli *et al*,(2020) analyzed a sample of listed companies in Italy, showing a positive relationship between female directors and company performance indicating a positive relationship between the percentage of women in the top management team and the company's financial performance. Morrone *et al*., (2022) research shows that the inclusion of female directors on the board has a significant relationship with performance, finding no evidence that female directors force higher dividend payments. Dizar, *et al*., (2018) found that the gender variable had a positive effect on the disclosure of Sustainability Reports.

In contrast, Hedija & Němec (2021) show that the gender composition of company boards does not have a statistically significant effect on company and financial performance. In line with research by Farida (2019) that the leadership of directors in sample companies has no effect on the disclosure of Sustainable Development Goals, one of which is due to the low representation of women on the board of directors, where the average number of women on the board of directors is no more than 3 people. Based on the literature review and previous research, a hypothesis can be drawn:

H_4 : Gender diversity has a significant positive effect on the level of disclosure of sustainability reports.

METHOD

This research is research using a quantitative approach, which uses a causality approach to analyze the determinants of decisions to obtain quality sustainability reports. This research is an exploratory study of disclosure of company Sustainability Reports which is an important phenomenon in consideration by stakeholders in a company.

The data used in this research is secondary data. Secondary data was obtained from annual reports and sustainability reports of ASRRAT participating companies. ASRRAT is a sustainability report rating event for companies in Southeast Asia. So the assumption is that companies that are willing to take part in this event are companies that already have a sustainability report. Data sourced from: National Center for Sustainability Reporting website, namely https://nccr.id/.

The population in this study are all companies that have participated in the ratings issued by the NCSR. From this population, the companies that will be selected as samples are companies that have complete annual reports and sustainability reports, following the ratings regularly for three consecutive years from 2019 – 2021. In addition, companies from outside Indonesia will be excluded from the sample. So the number of companies in the research sample is 77 companies.

The dependent variable is Sustainability Report disclosure which is measured based on indicators published by GRI which consist of economic, environmental and social disclosures expressed in the Sustainability Report Disclosure Index (SRDI). This variable is measured using content analysis based on the GRI 4.0 index, value 1 if the item is disclosed, value 0 if the item is not disclosed then divided by 91 items.

For the independent variable, the size of the audit committee is measured by the number of audit committee members. Audit committee frequency is measured by the number of audit committee meetings during 1 (one) year ((Musallam, 2018); Appuhami & Tashakor (2017)). The financial expertise variable is measured by the proportion of financial expertise on the audit committee to the total audit members ((Akhtaruddin, et al., 2010); Li, et al., (2012)). The gender diversity variable uses a dummy, a value of 1 is given if the audit committee has both female and male members; 0 otherwise ((Gordini, 2017); (Magnanelli *et al*, 2020); (Arora, 2022)).

To analyze the research data, multiple regression analysis techniques were used. The following is the regression model:

$$SRDI_{it} = \beta 0 + \beta 1_{it}\ ACSIZ + \beta 2_{it}\ ACMEET + \beta 3_{it}\ ACEXP + \beta 4_{it}\ GDIVERSITY + \beta 5_{it}\ FSIZE + \beta 6_{it}\ LEV + \beta 7_{it}\ ROA + \varepsilon it$$

Information :

SRDI	: Sustainability Report disclosure index
$\beta 1_{it}$ ACSIZ	: Audit committee size
$\beta 2_{it}$ ACMEET	: Frequency of audit committee meetings
$\beta 3_{it}$ ACEXP	: Proportion of financial expertise on the audit committee
$\beta 4_{it}$ GDIVERSITY	: Gender diversity
$\beta 5_{it}$ FSIZE	: Company size
$\beta 6_{it}$ LEV	: Leverage
$\beta 7_{it}$ ROA	: *Return on Assets*

RESULT AND DISCUSSION

In this research, the sample used was 51 manufacturing companies. From this sample, 231 sample data.

Table 1. Statistical Descriptive Analysis

	Minimum	Maximum	Mean	Std.Dev
SRDI	30,8198	53,5201	11,9911	10,2214
ACSIZ	3,3122	6,0111	4,0222	0,6061
ACMEET	1,4110	6,0722	3,0312	10,571
ACEXP	1,8801	5,0312	1,0511	0,8091
GDIVERSITY	3,0611	5,0331	2,0251	0,4011
FSIZE	3,0421	3,4811	2,7180	0,9374
LEV	0.1330	0.7917	0.4774	0.1825
ROA	0.0572	0.2118	0.0502	0.0558

Source : data processed, 2023

Table 1 shows the results of descriptive analysis of the variables contained in the research which produces minimum values, maximum values, averages and standard deviations for each variable. The classical assumption tests carried out in this research include the Normality test, Multicollinearity test, Heteroscedasticity test, and Autocorrelation test. The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. The normality test is carried out with a normal probably plot of standardized residual. Based on the normal probably plot of standardized residual image, it can be seen that the points are spread around the diagonal line and the distribution follows the direction of the diagonal line. Thus it can be concluded that the data distribution is close to normal or meets the normality assumption

Multicollinearity test based on the results of the regression analysis, it can be seen that all tolerance values are more than 0.1 (>0.1), while all VIF values are less than 10 (<10). Therefore, all independent variables used in this study do not contain multicollinearity.

The heteroscedasticity test aims to test whether in the regression model there is inequality of variance from the remainder of one observation to another observation. The heteroscedasticity test in this study was measured using the plot method. Based on the scatterplot image, it shows that there are points spread above and below the Y axis, and do not form a pattern, so that the regression model does not have heteroscedasticity.

The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1. Autocorrelation testing using Durbin Watson. Based on regression analysis, it is known that the Durbin Watson value is 1.065 which is between -2 to +2. This means that the regression model does not have autocorrelation.

The results of hypothesis testing which is a summary of the regression analysis are presented in table 2 below:

Table 2. Hypothesis Testing Results

Variable	N	Koefisien	T Statistik	Sig-t
Constant	231	-0,637	-3,156	0,006
ACSIZ	231	0,066	-3,157	0,000
ACMEET	231	-0,022	3,888	0,031
ACEXP	231	0,052	-0,923	0,016
GDIVERSITY	231	0,01	2,643	0,051
FSIZE	231	0,066	-3,153	0,000
LEV	231	-0,012	2,024	0,073
ROA	231	0,186	0,342	0,158

*significant at $p < 0.05$ (one-tailed test).

Based on the table above, the multiple regression equation is presented as follows:

$$SRDI_{it} = -0{,}637 + 0{,}066ACSIZ - 0{,}022ACMEET + 0{,}052ACEXP + 0{,}01GDIVERSITY + 0{,}066\,FSIZE - 0{,}012LEV + 0{,}186ROA + \varepsilon it$$

The discussion of the results of hypothesis testing is described as follows:

The size of the audit committee has a significant influence on sustainability report disclosure

Alternative hypothesis 1 (H_1) proposed in this research is that the size of the audit committee has a significant influence on sustainability report disclosure. Based on table 3 above, the audit committee size variable has a significance level of 0.000. This means that the size of the audit committee has a significant effect on the disclosure of sustainability reports.

The results of this research are in line with previous research conducted Barakat, *et al* ., (2015); Qaderi, *et al*.,(2020), Buallay, *et al*., (2020); Mohammadi, *et al*., (2021); Khoiriyah, *et al*., (2022). The large size of the audit committee means a lot of resources, expertise and perspectives from its members. This encourages optimization of company supervision. The larger the size of the audit committee, the more tasks and functions that can be delegated to committee members appropriately. The larger size of the audit committee will result in better supervision because it has the expertise and skills needed by the company. The greater the number of audit committees, the better the ability to solve problems in financial reporting and encourage disclosure including non-financial information, including disclosure of Sustainability Reports.

The frequency of audit committee meetings has a significant influence on sustainability report disclosure

Alternative hypothesis 2 (H_2) proposed in this research is that the frequency of audit committee meetings has a significant influence on sustainability report disclosure. Based on table 3 above, the audit committee meeting frequency variable has a significance level of 0.031. This means that the frequency of audit committee meetings has a significant effect on the disclosure of sustainability reports.

The results of this research are in line with previous research conducted by Appuhami & Tashakor, (2017), Liyanto & Anam (2019), namely that the effectiveness of the audit committee in carrying out its supervisory role over the financial reporting process requires regular meetings. The regular frequency of audit committee meetings can help the audit committee to stay informed and be proactive about issues related to sustainability report disclosure. An audit committee that holds frequent meetings can resolve disclosure issues related to accounting, auditing and disclosure of Sustainability Reports in a timely manner.

Audit committee expertise has a significant positive effect on the level of sustainability report disclosure

Alternative hypothesis 3 (H_3) proposed in this research is that the proportion of financial expertise on the audit committee has a significant influence on sustainability report disclosure. Based on table 3 above, the variable proportion of financial expertise on the audit committee has a significance level of 0.016. This means that the variable proportion of financial expertise on the audit committee has a significant effect on the disclosure of sustainability reports.

The results of this research are in line with previous research conducted Li, *et al*., (2012); Appuhami & Tashakor (2017) that the audit committee must include at least 1 (one) member with relevant accounting or financial qualifications and expertise to carry out their role effectively. The reason is because audit committee members without accounting or financial expertise tend to be unable to detect problems in the reporting process. Audit committee members who have financial expertise, understand the implications of good reporting practices, and compliance with reporting practices. Previous studies also argue that audit committee members with financial expertise tend to increase the level of Sustainability Report disclosure.

Gender diversity has a significant positive effect on the level of disclosure of sustainability reports

Alternative hypothesis 4 (H_4) proposed in this research is that gender diversity has a significant influence on sustainability report disclosure. Based on table 3 above, the gender diversity variable has a significance level of 0.016. This means that gender diversity has a significant effect on the disclosure of sustainability reports.

The results of this research are in line with previous research conducted by Kartikarini, *et al*., (2013); Hadya & Susanto (2018) that the presence of women as company directors can make a real contribution in increasing the number of Sustainability Report disclosures and from a gender perspective, women are considered to have an important role in the company.

In line with agency theory propositions, it is expected that larger audit committees will have greater board oversight capacity to increase the level of sustainability report disclosure. In accordance with Stakeholder theory, companies will disclose information about their economic, social and environmental performance to meet and gain recognition from stakeholders. Furthermore, legitimacy theory is a company's efforts to increase confidence regarding the company's survival regarding the relationship between the company and society and the environment in which the company carries out its activities. So that the company will not lose legitimacy which will have an impact on the company's survival in the future.

CONCLUSION (S) AND RECOMMENDATION (S)

The independent variables are audit committee size, frequency of audit committee meetings, proportion of financial expertise on the audit committee, gender diversity with the control variable company size on Sustainability Report disclosures have a significant influence. Meanwhile, the control variables leverage and profitability have an influence.

This shows that the role of gender diversity is very necessary in the quality of Sustainability Report disclosure. A larger audit committee will have greater board oversight capacity to increase the level of sustainability report disclosure. Regular audit committee meetings improve the committee's ability to carry out its oversight function. An Audit Committee that has accounting and financial expertise from audit committee members has a positive impact on the level of Sustainability Report disclosure. Furthermore, the existence of gender diversity on the board has a positive influence, with the presence of female directors on the top management team having a positive influence on the disclosure of the Sustainability Report.

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