

# Governance Composition of Board Directors and Audit Committees: Gender Diversity Moderation in Sustainability Reporting

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## Abstract

This study analyzes the influence of the board of directors and audit committee on sustainability report disclosure, with gender diversity as a moderating variable in financial sector companies listed on the Malaysian Stock Exchange during the period 2022–2024. The background of this study is the increasing demand for sustainability transparency in line with regulatory pressure and stakeholder attention to environmental and social issues. However, previous studies have shown inconsistent findings regarding the role of corporate governance mechanisms in encouraging sustainability reporting disclosure, prompting this study to add gender diversity as a moderating variable. This study uses a quantitative approach with secondary data sources from annual reports and sustainability reports of 15 companies selected through purposive sampling. The analysis was conducted using panel data regression and Moderated Regression Analysis (MRA) with the help of Eviews 13. The results show that, to a certain extent, sustainability report disclosure is not influenced by the board of directors or the audit committee. Furthermore, gender diversity does not enhance the relationship between corporate governance mechanisms and sustainability report disclosure in the study period. These results indicate that the effectiveness of governance in promoting sustainability practices is not solely determined by the size of the structure or the proportion of women on the board of directors, but is also influenced by the quality of the board's role and involvement in sustainability oversight.

## KEYWORDS

board of directors; audit committees; sustainability report; gender diversity.

## Introduction

Increasing global pressure on environmental, social, and governance issues has changed the orientation of corporate performance assessments, with sustainability becoming an integral part of business practices. In line with its international commitment through the Paris Agreement, Malaysia is targeting a 45% reduction in national carbon emissions intensity by 2030 (United Nations Development Programme), although environmental pressures continue, as reflected in the loss of 101,000 hectares of natural forest cover in 2024, equivalent to 70.9 million tons of CO<sub>2</sub> emissions ([Global Forest Watch, 2024](#)). In response to these conditions, Bursa Malaysia established the National Sustainability Reporting Framework, which requires public companies to disclose material ESG indicators in a measurable and standardized manner. Within the economic structure, the financial sector plays a strategic role as a channel for capital and a determinant of the direction of financing allocation, thus potentially influencing sustainability practices across sectors. Previous studies show that companies in the financial sector tend to have higher

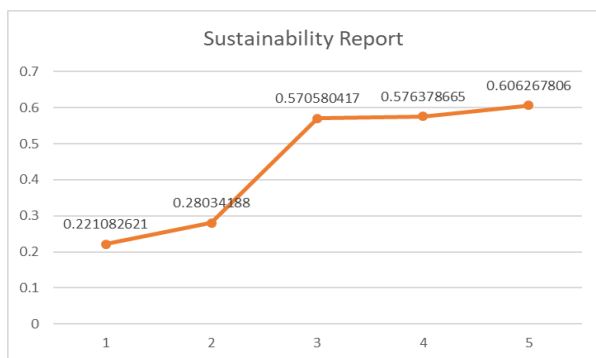


Figure 1. Sustainability report 2020–2024

Sources: Data processed in 2025

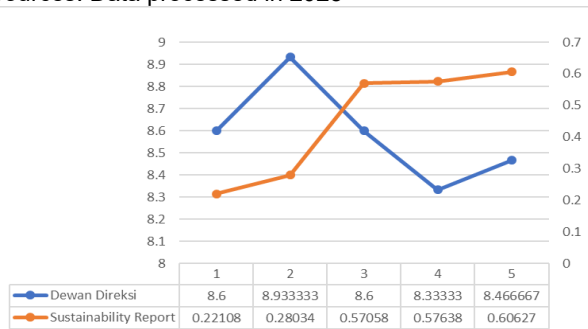


Figure 2. Board of Directors and Sustainability Report for 2020-2024

Sources: Data processed in 2025

levels of sustainability reporting disclosure compared to other sectors (Rakhmawati & Rahmasari, 2024).

However, empirical evidence regarding the extent to which corporate governance mechanisms effectively promote the quality of sustainability reporting in the financial sector still shows mixed and inconclusive findings (Mahmood et al., 2018). This condition indicates a gap in the literature between the regulatory framework for sustainability reporting and the actual role of corporate governance in sustainability disclosure practices in the financial sector, particularly during the transition period for the implementation of sustainability reporting standards from 2022 to 2024. (See Figure 1).

The Sustainability report graph trend shows a consistent increase from 2020 to 2024. Companies that adhere to the principles of good corporate governance are better able to control their internal and external policies, ensuring that sustainability report disclosures are transparent and of high quality. Good corporate governance encompasses principles like fairness, independence, responsibility, accountability, and transparency (Oktapiani & Simatupang, 2024). The board of directors and audit committee are two important variables that can influence the disclosure of sustainability reports.

Figure 2 stated average score of the board of directors fluctuated between 2020 and 2024, increasing to 8.93 (2021) then decreasing to 8.3 (2023) and increasing again to 8.47 (2024). Meanwhile, the sustainability report score increased consistently from 0.22 (2020) to 0.61 (2024). These preliminary findings appear to be inconsistent with general expectations based on stakeholder theory and legitimacy theory, thereby necessitating formal testing. According to stakeholder theory, the interests of all relevant parties, including workers, consumers, the state, and nature, must be taken into consideration. Meanwhile, legitimacy theory emphasizes that companies gain legitimacy by acting in accordance with social norms,

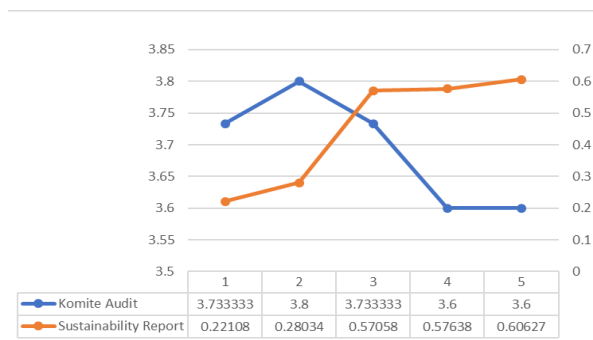


Figure 3. Audit Committee and Sustainability Report for 2020-2024

Sources: Data processed in 2025

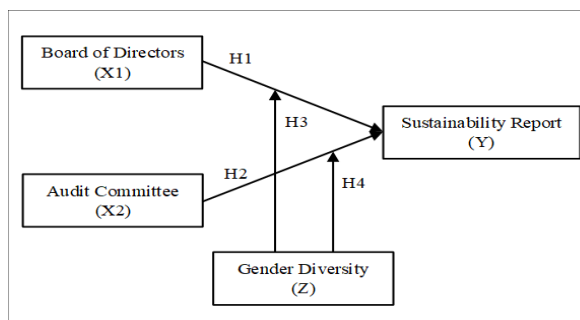


Figure 4. Research Paradigm

values, and expectations. On the other hand, agency theory argues that a larger number of board members can improve management and governance skills (Purnama & Handayani, 2021).

Disclosure in sustainability reports is positively correlated with board size (Latif et al., 2023; Ng & Marsidi, 2022; Ramadhani & Maresti, 2021; Sitorus et al., 2024) In contrast, some research (Kalbuana et al., 2022; Purbandari & Suryani, 2021; Purnama & Handayani, 2021) finds no evidence that the board of directors can affect sustainability reports. By publishing sustainability reports in accordance with sound corporate governance principles, especially the idea of accountability, the board of directors is able to convey corporate responsibility (Purnama & Handayani, 2021).

Figure 3 demonstrates that between 2021 and 2024, the average number of audit committees fell, yet disclosure levels in sustainability reports actually increased. Stakeholder theory and Good Corporate Governance (GCG) principles are at odds with this situation. Specifically, the principle of transparency states that sustainability reports should be more open and disclosure-heavy the stronger the audit committee's supervisory role within the corporate governance system (Lendengtariang & Bimo, 2022). This brings to mind the idea that more audit committees in a corporation means more, the stronger the influence of these committees in improving the operational effectiveness and supervisory functions of the company (Nurhadimah & Paramita, 2024).

Several studies show that audit committees have an influence on increasing the disclosure of sustainability reports (Jamil & Wahyuni, 2025; Latifah et al., 2019; Sitanggang & Paramitadewi, 2022). This is because an increase in the number of audit committee members contributes to strengthening the supervisory function and the quality of recommendations given to the board of commissioners, thereby encouraging management to disclose sustainability reports (Retnoningsih et al., 2024). This finding differs from several research results which state that audit committees have no influence on

sustainability reports (Madona & Khafid, 2020; Purnama & Handayani, 2021; Tuzzohra et al., 2024)

This study also involves a moderating variable, namely gender diversity, which is proxied by the proportion of women on the board of directors and audit committee. Various international reports also tend to highlight "women on board" rather than "men on board" because men already dominate board positions. This imbalance makes women a relevant group to analyze, especially considering their contribution to the transparency and quality of sustainability report disclosures. Their presence at the board level also brings a more cautious perspective, especially when assessing potential risks, so that caution is one of the characteristics often seen in female leaders (Nursulistyo & Bandi, 2023).

Gender equality on the boards of Malaysian companies remains an issue of concern. Currently, women make up 31.4% of board members at the top 100 companies listed on the Malaysian stock exchange, according to the (Securities Commission Malaysia, 2024). However, when all companies listed on the stock exchange are taken into account, that figure drops to 28.5%. The Malaysian Code on Corporate Governance (MCCG) 2021 urges companies to have a minimum of 30% female representation on their boards of directors to enhance inclusivity, oversight effectiveness, and decision-making quality, so this accomplishment is still below the national target. The presence of women brings different perspectives and connections that enrich the organization's ability to adapt to environmental pressures. Based on RDT logic, this becomes a strategy to obtain important resources while reducing external dependence (Febrianti et al., 2024). This study focuses on the financial sector due to its strategic role in maintaining economic stability and directing capital allocation. Compared to other sectors, this sector is subject to stricter regulatory oversight and faces increasingly high expectations to be a pioneer in the implementation of environmental, social, and governance practices (Batak et al., 2025).

Given the ongoing challenges and contradictory findings in prior studies about sustainability reporting in Malaysia, the researchers were motivated to perform a study with the working title "The Influence of Good Corporate Governance (Board of Directors and Audit Committee) on Sustainability Reports with Gender Diversity as a Moderating Variable (A Case Study of Financial Sector Companies Listed on the Malaysian Stock Exchange in the Period 2022-2024."

#### Sustainability Report

According to Lestari & Vadila (2020), sustainability reporting is when a corporation documents the ways in which its operations impact society, the environment, and the economy. To measure, disclose, and ensure responsibility for an organization's performance in meeting sustainable development goals to both internal and external stakeholders is the practice of sustainability reporting (SR) (Madona & Khafid, 2020). Any interested party can review the report's findings to see how seriously the corporation takes its social responsibility (Dewi & Pitriyari, 2019). According to Rohim et al. (2024), sustainability reports offer a holistic view of how a company's actions affect society, the environment, and the bottom line. Sustainable Report Disclosure Index (SRDI) is a metric for evaluating sustainability reports. The SRDI measurement relies on the Global Reporting Initiative (GRI) 2021 standards as the primary benchmark for evaluating corporate social

responsibility. This version was selected to ensure consistency across firms and research periods. In cases where companies continue to apply GRI 2016, the indicators are aligned with the 2021 checklist to harmonize disclosures, thereby guaranteeing that all assessments follow a standardized framework. The process for determining this is.

$$SRDI = \frac{V}{M}$$

Note:

SRDI = Company's Sustainability Report Disclosure Index

V = Number of items disclosed by the company

M = Number of items expected

#### Board of Directors

According to Prasica & Sembiring (2025), the company's assets, both current and future, are subject to the guidance of the board of directors' policies and procedures. Compliance with relevant laws and regulations is an important responsibility of the board of directors. This includes non-financial reporting, such as sustainability reports, which are published (Latifah et al., 2019). Therefore, this variable is calculated as follows.

$$\text{Board of Directors} = \Sigma \text{Board of Directors}$$

#### Audit Committee

The audit committee is an independent committee formed by and responsible to the board of commissioners (Prayogo & Desmiza, 2024). Companies form audit committees to monitor the responsibilities of auditors, manage internal business control systems, and conduct all audit activities, including internal and external audits, in accordance with applicable laws (Oktapiani & Simatupang, 2024). The audit committee is tasked with reviewing the reporting system, and its presence encourages companies to present complete and highly credible reports (Dewi & Pitriyari, 2019). Therefore, this variable is calculated as follows:

$$\text{Audit Committee} = \Sigma \text{Audit Committee}$$

#### Gender Diversity

According to Annisa et al. (2023), companies with gender parity in leadership positions are more likely to be innovative and creative because their decision-making is better informed by a wider range of perspectives. Decisions made by female members are typically more cautious and well-considered because they are more analytical and meticulous in their evaluation, which involves spotting issues, weighing alternatives, and looking at the results of previous decisions (Suwasono & Anggraini, 2021). According to Sururi & Gantayowati (2023), organizations can benefit from women's participation since they bring a variety of perspectives, ideas, and recommendations. The following formula is used to calculate gender diversity in this study:

$$GD = \frac{\Sigma \text{Women in the board}}{\Sigma \text{Board member}}$$

#### The Influence of the Board of Directors on Sustainability Reports

The board of directors is the company's top manager, and as such, its decision-making quality promotes information disclosure, which includes the disclosure of sustainability reports, which is crucial to the implementation of Good Corporate Governance (GCG) (Sitorus et al., 2024). Businesses can minimize agency disputes while simultaneously sending a positive message to stakeholders and the public. According to Latif et al. (2023), a larger board of directors may be able to encourage more transparency regarding a company's

sustainability efforts. The decision-making process benefits from the many perspectives, experiences, and skillsets of all board members when there are many of them, which is encouraged by a big board of directors. The board's capacity to oversee and make better judgments is enhanced by this variety, especially when it comes to the disclosure of sustainability reports. Consequently, the disclosures made in corporate sustainability reports are of higher quality and more comprehensive as a consequence of the decisions that follow (Ng & Marsidi, 2022; Setiawan et al., 2023). Consistent with other research, this indicates that the board of directors does in fact have some say over sustainability reporting (Latifah et al., 2019; Ng & Marsidi, 2022; Ramadhani & Maresti, 2021; Setiawan et al., 2023). H1: The Board of Directors has a positive influence on the Sustainability Report

#### The Influence of Audit Committees on Sustainability Reports

Viewed through the lens of agency theory, Audit Committees exist to address the information imbalance between company management (agents) and shareholders or other stakeholders (principals). Audit Committees help reduce the risk of information asymmetry that can harm stakeholders (Pernamasari & Chariri, 2024). The capacity of the organization to oversee the reporting system and compliance with external parties is indicated by the size of the audit committee. Management is encouraged to provide more comprehensive and responsible reports, including sustainability reports, when the audit committee is larger since it has more capacity to guarantee the authenticity and integrity of information (Dewi & Pitriyari, 2019). Another benefit of a larger audit committee is that it provides better oversight and more thorough recommendations to the board of commissioners, which in turn motivates management to disclose sustainability reports in order to appease stakeholders and establish credibility (Retnoningsih et al., 2024). Many studies have found that audit committees have an impact on the disclosure of sustainability reports, thus this makes sense (Jamil & Wahyuni, 2025; Retnoningsih et al., 2024; Sitanggang & Paramitadewi, 2022).

H2: The Audit Committee has a positive impact on the Sustainability Report

#### The Role of Women's Boards in Moderating the Influence of Boards of Directors on Sustainability Reports

In legitimacy theory, increasing gender equality in the board of directors can demonstrate that the company respects social values and can improve its public image and credibility. Through sustainability reporting that also explains the company's efforts to achieve gender diversity, the company is considered to have fulfilled its social and environmental responsibilities (Absari et al., 2025). Having a more diverse gender representation on the board of directors boosts the board's independence, which in turn improves efficiency, monitoring, and sustainability results. According to Latif et al. (2023), female board members frequently bring a distinct set of ethical standards to the table. They are perceived as more compassionate and, as a result, are more willing to be transparent about sustainability challenges. Having a diverse board of directors, including gender representatives, can help with sustainability report disclosure, according to multiple research (Cicchiello et al., 2021; Latif et al., 2023). Concurrently, it enhances the

board of directors' strategic responsibility in guiding the organization towards sustainable reporting standards. There is a correlation between the presence of women on boards of directors and a greater emphasis on CSR and ethical business practices. They are expected to represent all stakeholders so that companies are more responsive and ethical, especially in the implementation of CSR (Galbreath, 2018).

H3: Gender Diversity moderates the influence of the Board of Directors on Sustainability Reports

#### The Role of the Women's Board in Moderating the Influence of the Audit Committee on Sustainability Reports

It is thought that the external audit process would be better overseen by an audit committee that is more diverse in terms of gender. This agrees with resource dependent theory, which states that organizations benefit from gender diversity and expert knowledge in the sector since it leads to fresh ideas and increased productivity (Trianto & Anggraini, 2025). According to Ardillah (2023), gender diversity on audit committees has an effect on sustainability reports, which supports our finding. Having members of both sexes on audit committees enhances the effectiveness of supervision and further solidifies the committees' responsibility to guarantee the veracity and accuracy of sustainability reports issued by corporations. There will be a stronger push for honesty, integrity, and responsibility when more women serve on audit committees. When there are more women on audit committees, they are better able to evaluate and keep an eye on sustainability issues, thereby contributing to more transparent, accountable, and reliable sustainability reporting practices (Batak et al., 2025).

H4: Gender Diversity moderates the influence of the Audit Committee on Sustainability Reports. (See Figure 4).

## Methods

In this study, we examine the impact board of directors and audit committee on sustainability reports and the role of the proportion of female board members as a moderating variable using quantitative method with an associative approach. All 36 companies registered on the Malaysian Stock Exchange in the financial sector from 2022 to 2024 make up the research population. From this population, the sample was determined using purposive sampling techniques, resulting in 15 companies that met the research criteria. The criteria used in selecting the sample included: financial sector companies listed on the Malaysian Stock Exchange, companies that were consistently listed during 2022–2024, and companies that fully disclosed their annual reports and sustainability reports during that period. The research data was obtained from annual reports and sustainability reports published by companies on the Malaysian Stock Exchange website. We used panel data regression with descriptive statistics, three different types of panel models (Common Effect, Fixed Effect, and Random Effect), hypothesis testing, classical assumption testing, and Moderated Regression Analysis (MRA) to examine how the gender ratio of board members influenced the results.

## Result and Discussion

### Descriptive statistical analysis

A method used to describe collected data as it is, not by extrapolating findings to the population at large. Several measures included in descriptive statistics are mean, median, mode, etc (Sugiyono, 2017).

Table 1 presents descriptive statistics of the research variables, which include sustainability reports (SR), boards of directors (BOD), audit committees (AC), gender diversity on the board of directors (GDBOD), and gender diversity on the audit committee (GDAC), with a total of 45 observations. The median value of the SR variable is 0.5897, and the average value is 0.5844, suggesting that organizations disclose sustainability information at a fairly consistent level. Varying levels of disclosure are indicated by the SR values, which range from a minimum of 0.4188 to a maximum of 0.7949.

Companies' varying governance structures are reflected in the BOD variable's mean value of 8,4667 and its range of values from 5 to 12, whereas AC displays an average value of 3,6444 and its range of values from 2 to 5. The gender diversity variable shows some variation in the standard deviation values; GDAC has a value of 0.4819 and GDBOD has an average value of 0.3660. Standard deviations are lower than means, suggesting a

Table 1. Descriptive Statistics of Research Variables

	SR	BOD	AC	GDBOD	GDAC
Mean	0.584408	8.466667	3.644444	0.365961	0.481852
Median	0.589740	9.000000	3.000000	0.333333	0.500000
Maximum	0.794870	12.000000	5.000000	0.571430	0.666670
Minimum	0.418800	5.000000	2.000000	0.125000	0.000000
Std. Dev	0.084389	1.791394	0.883062	0.087969	0.184735
Observations	45	45	45	45	45

Table 2. Result Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.848281	(14,28)	0.0000
Cross – Section Chi-Square	83.702828	14	0.0000

Table 3. Result Hausman Test

Test Summary	Chi-sq. Statistic	Chi-sq. D.f.	Prob.
Cross-section Random	0.738081	2	0.6914

Table 4. Result LM Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	25.44118 (0.0000)	0.175980 (0.6749)	25.61716 (0.0000)

Table 5. Classical Assumption Test

Variabel	Centered VIF
BOD	1.202279
AC	1.136145
GDBOD	1.604115
GDAC	1.535397

moderate degree of data dispersion overall.

### Panel Data Regression Estimation Model

Table 2 shows that the Chi-Square probability value is  $0.000 \leq 0.05$ . This result indicates that the null hypothesis ( $H_0$ ), which states that the appropriate estimation model is the Common Effect Model (CEM), is rejected. Conversely, the alternative hypothesis ( $H_1$ ), which states that the appropriate estimation model is the Fixed Effect Model (FEM), is accepted. Thus, the FEM model is selected as the most appropriate model for this study. The next stage of analysis is conducted using the Hausman test.

Table 3 shows that the Chi-Square Cross Section probability value in the Hausman test is 0.6914, which is greater than the significance level of 0.05. This result indicates that the null hypothesis ( $H_0$ ), which states that the appropriate estimation model is the Random Effect Model (REM), is accepted. Conversely, the alternative hypothesis ( $H_1$ ), which states that the Fixed Effect Model (FEM) is more appropriate, is rejected. Thus, the selected estimation model is REM. Therefore, the next stage of analysis continues with the Lagrange Multiplier (LM) test to ensure model suitability.

Table 4 shows that the cross-section probability value in the Lagrange Multiplier (LM) test is 0.000, which is smaller

Table 6. Heteroskedasticity Test: Glejser

	t-statistic	Prob
BOD	1.111955	0.2725
AC	-0.731381	0.4686

Table 7. Equation 1

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	0.553866	0.071102	7.789732	0.0000
BOD	-0.003936	0.008189	-0.480578	0.6333
AC	0.017523	0.013448	1.303044	0.1997

Table 8. Equation 2

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	0.935317	0.317059	2.949975	0.0054
BOD	-0.045334	0.037024	-1.224452	0.2283
AC	-0.005731	0.045317	-0.126462	0.9000
GDBOD	-0.779991	0.757585	-1.029576	0.3097
GDAC	-0.163939	0.321039	-0.510651	0.6125
GDxBOD	0.108795	0.095154	1.143365	0.2600
GDxAC	0.049231	0.091253	0.539498	0.5927

Table 9. Analysis of Coefficient of Determination

R-squared	0.097982
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than or equal to the significance level of 0.05. This result indicates that the null hypothesis ( $H_0$ ), which states that the Common Effect Model (CEM) is the appropriate model, is rejected. Conversely, the alternative hypothesis ( $H_1$ ), which states that the Random Effect Model (REM) is more appropriate, is accepted. Thus, REM is chosen as the best estimation model for this study because it is able to describe the variation in panel data more accurately.

Classical Assumption Test

The traditional assumption testing in this study is restricted to multicollinearity testing in panel data analysis. This is based on the opinion of Basuki & Prawoto (2021), who state that normality testing is not a major prerequisite in fulfilling the BLUE (Best Linear Unbiased Estimator) criteria, so it is not always required in regression analysis. The autocorrelation test is more appropriate for time series data. Therefore, the classical assumption test in this study focuses on the multicollinearity and heteroscedasticity tests, with the test results presented as follows. (See Table 5).

Based on multicollinearity testing, the VIF value of each independent variable was recorded as less than 10. This finding confirms that the regression model does not face multicollinearity issues, so that the relationship between independent variables remains controlled. Therefore, the model used can be considered appropriate for regression analysis and has the potential to produce valid results. (See Table 6).

The test results show that all probability values are above the significance level of 0.05. This finding indicates that the regression model does not experience heteroscedasticity. Thus, the residual variance can be

considered homogeneous (homoscedastic), so that the regression model used meets the classical assumptions and is suitable for further analysis. (See Table 7 and Table 8).

Panel Data Regression

Equation 1

$$SR = 0.553866 - 0.003936 \text{ BOD} + 0.017523 \text{ AC}$$

Equation 2

$$SR = 0.935317 - 0.045334 \text{ BOD} - 0.005731 \text{ AC} - 0.779991 \text{ GDBOD} - 0.163939 \text{ GDAC} + 0.108795 \text{ GDxBOD} + 0.049231 \text{ GDxAC}$$

The Influence of the Board of Directors on Sustainability Reports

The first hypothesis (H1) states that the board of directors influences the disclosure of sustainability reports. However, the test results show a coefficient value of 0.2283 with a significance level greater than 0.05, so H1 is rejected. These findings do not support theoretical expectations from either the stakeholder theory or legitimacy theory perspectives. According to stakeholder theory, companies should pay attention to the interests of all stakeholders, while legitimacy theory emphasizes the importance of aligning company actions with social norms and expectations (Purnama & Handayani, 2021).

In the context of the Malaysian financial sector during the 2022–2024 period, these findings can be attributed to the nature of sustainability reporting, which is predominantly driven by regulatory compliance rather than proactive strategic initiatives. The data shows that an increase in the number of directors can reduce individual accountability due to free-rider behavior, which weakens the supervisory function, and is not always accompanied by adequate

sustainability competencies, particularly ESG expertise. In addition, larger boards face coordination and communication constraints that can hinder the formulation of sustainability strategies (Septian et al., 2025). Therefore, larger boards of directors have not been able to improve managerial oversight or encourage broader disclosure of sustainability reports (Rachmadanty & Agustina, 2023). Consistent with other research, this study found that sustainability reports were unaffected by the board of directors (Kalbuana et al., 2022; Purbandari & Suryani, 2021; Purnama & Handayani, 2021).

#### The Influence of Audit Committees on Sustainability Reports

The study's findings reveal that the audit committee has no influence over the disclosure of sustainability reports, with a value of 0.9000 ( $> 0.05$ ). This leads us to reject H2. According to stakeholder theory and agency theory, audit committees play a role in reducing information asymmetry between company management (agents) and shareholders and other stakeholders (principals) (Pernamasari & Chariri, 2024). Furthermore, stakeholder theory emphasizes that audit committees should encourage companies to disclose information that is relevant to the needs of stakeholders (Sitanggang & Paramitadewi, 2022). However, the findings of this study do not support these theoretical expectations, as audit committees were not found to have a significant effect on the level of sustainability report disclosure in the context of the sample and period studied.

Dewi & Pitriasari (2019) found that audit committees are generally formal and focused on improving financial report quality rather than sustainability disclosure, therefore the number of members does not necessarily represent the effectiveness of monitoring. More members on the audit committee won't necessarily mean better sustainability reports if no one on the committee has any particular knowledge or experience in the subject (Tuzzohra et al., 2024). This is because the audit committee is primarily concerned with financial reporting and compliance, not sustainability. These results corroborate those of earlier research that found no impact of audit committees on sustainability reports (Madona & Khafid, 2020; Purnama & Handayani, 2021; Tuzzohra et al., 2024).

#### The Role of Women's Boards in Moderating the Influence of Boards of Directors on Sustainability Reports

With a moderating value of 0.2600 for gender diversity on the relationship between the board of directors and sustainability reporting disclosure, which exceeds the 0.05 significance threshold, the results indicate that H3 is not supported. This suggests that, within the sample and period examined, the presence of women on the board of directors does not provide statistically significant evidence of strengthening the board's role in influencing sustainability reporting disclosure. This discovery demonstrates that women's representation on boards is

still seen more as a means to an end (i.e., meeting legislative requirements) than as a chance to have a strategic impact, meaning that women's potential contributions to corporate governance have not been fully realised. This condition tends to weaken the innovative drive that should emerge from a diverse board in formulating corporate sustainability policies (Faraudello & Cacciolo, 2025).

#### The Role of the Women's Board in Moderating the Influence of the Audit Committee on Sustainability Reports

H4 was rejected because the analysis results showed that gender diversity in audit committees did not provide significant evidence of moderation in the relationship between audit committees and sustainability report disclosure. The moderation coefficient value of 0.5927, which is higher than the significance threshold of 0.05, indicates that the presence of women in the audit committee does not statistically strengthen the influence of the audit committee on the level of sustainability report disclosure in the context of this sample and research period. This agrees with the findings of Batak et al. (2025) that gender diversity on the board of directors does not enhance their impact on sustainability reports. One of the factors underlying this condition is the phenomenon of tokenism, where the presence of women tends to be symbolic and they are not yet substantially involved in the dynamics and strategic decision-making processes. In addition, other factors such as expertise, experience, and the level of independence of audit committee members are considered to be more influential than the mere presence of female members.

#### Analysis of Coefficient of Determination

The coefficient of determination reveals that the independent variables incorporated in the model namely the Board of Directors, the Audit Committee, and their interaction with gender diversity account for approximately 9.80% of the variation observed in the disclosure of Sustainability Reports. This explanatory power is reflected in the R-squared statistic of 0.097982. Conversely, the remaining 90.20% of the variation is attributable to other determinants not encompassed within the specified regression framework. (See Table 9).

#### Limitations and Cautions

In order to properly understand the findings, one must take into account the study's various limitations. To begin, the impact of corporate governance procedures on sustainability report disclosure cannot be well captured by the relatively short observation period of three years (2022–2024). Secondly, the results cannot be applied to other industries with varied environmental risk characteristics and levels of regulation because this study just examined financial sector companies listed on the Malaysian Stock Exchange. Thirdly, this study only takes quantitative measures of corporate governance into account, such as the percentage of women on the board and the total number of board members. It does not take into account qualitative measures, such as the level of expertise and experience in

sustainability or the extent to which the board is involved in making strategic decisions. Furthermore, the fact that the Adjusted R-squared value is negative suggests that factors unrelated to the study model are the primary determinants of the variation in sustainability report disclosure.

#### Recommendations for Future Research

To fully understand the effect of corporate governance structures on sustainability report disclosure over the long term, future studies should increase the duration of the observation period. Additional factors that could enhance the efficacy of these governance mechanisms, such as stakeholder pressure, industry environmental sensitivity, and the presence of a sustainability committee, could be thoroughly examined in future studies using all GCG variables. The board's supervisory and decision-making roles are bolstered by these elements, so that the implementation of sustainability policies can be reflected more consistently and substantively in sustainability reports.

## Conclusion

This study takes a look at financial sector companies listed on the Malaysian Stock Exchange from 2022 to 2024 and looks at how the board of directors and audit committee affect sustainability report disclosure. It uses gender diversity as a moderating variable. The results of the study indicate that the influence of the board of directors and audit committee on sustainability report disclosure has not shown a statistically significant relationship. Furthermore, the results show that there is no statistically significant effect of gender diversity in moderating the relationship between the audit committee and the board of directors and sustainability report disclosure. Thus, these findings cannot be generalized as evidence that corporate governance or female representation is "ineffective," but rather reflect the conditions of the limited sample, sector, and period of the study. These findings indicate that the effectiveness of governance in promoting sustainability practices is not solely determined by the size of the structure or the proportion of women on the board, but rather depends more on the quality of the roles, capacity, and substantive involvement of board members in overseeing sustainability strategies. In practical terms, the research results emphasize the need for regulators and companies to strengthen sustainability competencies,

particularly related to ESG issues, and encourage boards to focus not only on formal compliance but also on strategic engagement. This study has limitations in the form of a relatively small sample size, specific sector coverage, a limited observation period of three years, and control variables that have not been fully included. Therefore, further studies are recommended to expand the sector, extend the analysis period, and add other contextual variables in order to obtain a more comprehensive understanding of the factors that determine sustainability report disclosure.

## Author contributions

In conducting this research, Hasna Nur Fadlilah served as the principal investigator responsible for all stages of the research, from formulating the focus and objectives of the research, developing the theoretical basis and methodological design, collecting and processing data, to analyzing and interpreting the research results. Hasna also played a major role in the preparation and development of the manuscript as a whole until it reached its final form, ready for publication.

Frido Saritua Simatupang contributed from the initial planning stage of the research by providing guidance in determining the topic, formulating the problem, and refining the direction of the research. In addition, Frido played a role in reviewing the analysis results, providing input on the interpretation of findings, and was involved in the editing and refinement of the manuscript to ensure it was in line with scientific writing rules and journal requirements. Both authors jointly reviewed, revised, and approved the final manuscript before it was submitted for publication.

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