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Commentary

Sustainability disclosure and the relationship with board characteristics and assurance: Commentaries

Divulgação em sustentabilidade e as relações com as características dos conselhos e a asseguração: Comentários

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1. INTRODUCTION

These comments are part of the Special Edition of the *Revista Contabilidade & Finanças*, which aims to bridge the gap between academia and practice. Specifically, the comments presented below discuss the article titled "Sustainability Disclosure and the Relationship with Board Characteristics and Assurance", authored by Nickolas Duarte, Rodrigo Prazeres, Umbelina Lagioia, Juliana Araújo, and Luiz Carlos dos Anjos (2025). This document is divided into two sections: the first presents the comments of Prof. Dr. Fernando Caio Galdi, Head of Strategy and Innovation at Bradesco Asset Management; the second section addresses the comments of Prof. Dr. Vânia Maria Borgerth, a member of the CBPS (Brazilian Accounting Pronouncements Committee).

2 COMMENTS BY FERNANDO CAIO GALDI

2.1 Study Context

The article "Sustainability disclosure and the relationship with board characteristics and assurance" (Duarte et al., 2025) investigates how board characteristics and external assurance practices influence the quality of sustainability reports issued by Brazilian companies. Grounded in Legitimacy and Stakeholder Theories, the study seeks to understand how internal corporate governance factors shape sustainability disclosure practices, address stakeholder expectations, and reinforce organizational legitimacy. To achieve this, the authors analyzed data

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from annual sustainability reports of companies listed on the B3 (Brasil Bolsa Balcão) exchange, specifically those in the Ibovespa index, covering the 2014–2022 period.

Sustainability report quality was measured using an adapted index from Sun et al. (2022), which evaluates nine sustainability topics across seven criteria each. The study tested key hypotheses regarding the influence of variables such as board size, board independence, female board representation, the number of board subcommittees, and external assurance practices on sustainability report quality.

The results reveal that female representation on boards and external assurance practices have a positive and significant impact on the quality of sustainability reports. In contrast, no significant relationship was found between board size or board independence and report quality. Additionally, the number of board subcommittees showed a positive association with report quality, emphasizing the role of specialized governance structures.

2.2 Practical Relevance

The research offers valuable insights for companies, investors, regulators, and stakeholders seeking to enhance corporate governance and sustainability practices. A key finding is the importance of gender diversity on boards. Female representation increases sensitivity to social and environmental issues, resulting in higher-quality sustainability reports. This suggests that companies aiming for better governance and sustainability performance should actively promote women into strategic leadership roles.

Another practical implication is the adoption of external assurance for sustainability reports. Independent auditor assurance increases the credibility and reliability of disclosed information, meeting stakeholder demands for transparency and accountability. Companies that employ external assurance signal their commitment to accurate and trustworthy reporting, potentially fostering greater investor trust and stakeholder confidence. In a market increasingly focused on Environmental, Social, and Governance (ESG) issues, assured sustainability reports can provide a competitive advantage, attract sustainability-conscious investors, and strengthen corporate reputation.

The study also highlights that the number of board subcommittees correlates positively with sustainability report quality. Establishing specialized committees, such as sustainability or corporate social responsibility committees, enables companies to more effectively manage governance pressures and sustainability standards. These committees enhance the coordination of sustainability initiatives and integrate them into corporate strategy.

2.3 Unexplored Practical Issues

Despite the contributions outlined above, the article overlooks several practical issues relevant to the topic, which present opportunities for future research and improvements in corporate practices.

2.3.1 Regulatory and institutional environment

The study does not delve deeply into how Brazil's regulatory and institutional environment influences sustainability disclosure practices. For example, specific regulations, such as CVM (Comissão de Valores Mobiliários) Resolution 80/22, which mandates socio-environmental disclosures by publicly traded companies, and CVM Resolution 59/21, which updates ESG-related disclosure requirements, likely play a significant role in encouraging companies to enhance disclosure quality. International initiatives, such as the UN's (United Nations) Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) guidelines, also pressure companies to improve sustainability practices (CVM, 2009; UN, 2015; GRI, 2020).

Analyzing these regulatory influences could shed light on the effectiveness of public policies and international standards in promoting corporate transparency. Future research could explore how firms respond to new regulatory requirements or voluntarily adopt international standards, thereby identifying drivers of improved sustainability reporting.

Another important point is that, while the study highlights the significance of female representation on corporate boards, it does not address other dimensions of diversity that could impact governance practices and the quality of sustainability reports. Racial, ethnic, academic, professional, and generational diversity can enrich board discussions, foster innovation, and enhance responsiveness to stakeholder demands. Future research could investigate whether more broadly diverse boards produce higher-quality reports and become more effective at integrating sustainability into corporate strategies.

Furthermore, although the article focuses on formal characteristics of boards of directors, it overlooks the role of organizational culture and executive leadership in shaping sustainability reporting quality. Corporate culture can be decisive when determining whether to disclose detailed and reliable information (Schein, 2010). The influence of the CEO (Chief Financial Officer) and senior management—particularly their vision and commitment to sustainability—may significantly affect disclosure practices. Previous studies indicate that leaders with a strong sustainability orientation tend to promote greater transparency and integrate sustainable practices into corporate strategy (Eccles et al., 2014).

2.3.2 Industry analysis and cross-industry comparisons

Another relevant aspect of sustainability reporting studies is comparative analysis across industries, examining their practices and the incentives that shape their decision-making processes. Disclosure practices can vary significantly between industries due to factors such as environmental impact, industry-specific regulatory pressures, and stakeholder expectations (Clarkson et al., 2008). Industry analyses could identify sectors leading or lagging in report quality, helping to highlight best practices and areas needing improvement. For instance, industries with high environmental impact—such as energy, mining, and agribusiness—may face greater scrutiny and thus be incentivized to produce more detailed and assured sustainability reports. In contrast, industries with lower environmental impact may not experience the same pressure, influencing the scope and quality of their disclosures.

Additionally, companies in highly competitive markets may seek to distinguish themselves by improving disclosure practices to appeal to socially conscious consumers (Porter & Kramer, 2006). Institutional investors and sustainable investment funds frequently use ESG criteria in portfolio selection, making the quality of sustainability reports critical for accessing financing (Friede et al., 2015). Transparent disclosure of sustainable practices can attract ESG-focused investors and consumers, enhancing market share and brand value. On the other hand, neglecting report quality can pose reputational risks and result in missed business opportunities.

2.3.3 Costs and benefits of external assurance

While the article emphasizes the positive influence of external assurance on report quality, it does not analyze the cost-benefit trade-offs of this practice, especially for smaller firms or those with limited budgets. External assurance involves significant costs, and firms must evaluate whether the credibility and stakeholder trust gained justify this investment. Future research could investigate how firms decide to adopt external assurance, the barriers they face, and whether cost-effective alternatives can ensure reliable disclosures without incurring high expenses. Additionally, understanding how the market values external assurance could help firms make informed decisions about its adoption.

2.3.4 Corporate responses to climate change and sustainability

An essential consideration in related studies is the actual corporate response to climate change and sustainability challenges. Investigating how firms address growing pressures related to climate change can validate empirical findings based on disclosed reports. Environmental issues, such as transitioning to a low-carbon economy, remain central to corporate governance discussions. Including an analysis of how firms mitigate climate change and adapt to its impacts could offer valuable insights into the quality and effectiveness of sustainability reporting. Evaluating firms' efforts in setting emission reduction targets, investing in renewable energy, or adapting operations to address climate risks could reveal their commitment to sustainability and transparency in communicating these initiatives to stakeholders.

2.4 Conclusion

The study by Duarte et al. (2025) enhances our understanding of how internal corporate characteristics, such as board composition and external assurance practices, influence the quality of sustainability reports. However, a critical analysis reveals that practical issues related to regulatory contexts, diversity beyond gender, organizational culture, technological applications, industry analyses, assurance costs, and market pressures were not explored.

Addressing these issues in future research could deepen our understanding of the determinants of sustainability disclosure quality and provide valuable insights for companies, investors, and policymakers. Moreover, considering these factors could help organizations develop more effective strategies to meet stakeholder demands and contribute to sustainable development.

Future studies could also explore how technological advancements create new opportunities for improving the quality and accessibility of sustainability information. Digital tools, online platforms, big data, and artificial intelligence can be leveraged to collect, analyze, and disclose information more efficiently and interactively (Verdantix, 2019). Investigating this dimension could uncover opportunities to enhance stakeholder communication, increase transparency, and support deeper analyses of sustainability data.

3. COMMENTS BY VÂNIA MARIA BORGERTH

3.1 Study Context

The article "Sustainability disclosure and the relationship with board characteristics and assurance", developed by Duarte et al. (2025), makes a significant contribution to research at the intersection of sustainability accounting reporting, corporate governance, and audit/assurance practices. In particular, the study explores how specific characteristics of boards of directors, together with the practice of external assurance, impact the quality of sustainability reports issued by Brazilian companies. Drawing on well-established theories and employing a rigorous methodology, the study offers insights that can be applied to enhance governance practices and increase organizational legitimacy.

Drawing on data from companies listed on B3 (Brasil Bolsa Balcão), Duarte et al. (2025) highlight the importance of gender diversity on boards of directors, demonstrating that female representation positively influences sensitivity and responsiveness to social and environmental issues. This finding suggests that greater diversity can lead to improved sustainability practices. Moreover, the practice of external assurance—where reports are reviewed by an independent party—strengthens the integrity and reliability of disclosed information, thereby increasing stakeholder trust.

3.2 Practical Relevance

The findings of Duarte et al. (2025) have significant practical implications. For companies, consistent with prior studies (e.g., Karamudin et al., 2022; Alkhawaja et al., 2023), these results suggest that investing in board diversification and external assurance can serve as a competitive advantage, particularly in markets where environmental, social, and governance (ESG) criteria are increasingly valued. For investors and regulators, these elements are indicators of a company's commitment to transparency and environmental and social responsibility, as highlighted in previous research (e.g., Rao & Tilt, 2016; Amorelli & García-Sánchez, 2021).

In the current context, marked by rising demand for sustainable business practices, this study provides practical guidelines for companies aiming to stand out. By emphasizing the enhancement of corporate governance and the promotion of higher standards, Duarte et al. (2025) contribute meaningfully to the sustainable development agenda in Brazil, encouraging companies to more effectively meet the expectations of investors and society.

3.3 Relevant Practical Issues Not Explored in the Article

Although the article by Duarte et al. (2025) presents an interesting analysis of the relationship between board composition and sustainability disclosure, it is important to highlight additional aspects that could be explored in future research.

First, corporate boards represent only one of the layers of corporate governance, and in some cases, the main discussions and adoptions related to disclosure standards may occur within the executive boards. Therefore, as important as investigating corporate boards, it is also essential to examine the composition of executive boards, which, due to their relevance, can exert direct influence over the publication of sustainability reports.

Second, companies with different characteristics, such as (i) industry sector, (ii) size, (iii) market volume, among others, may have higher or lower propensities for disclosing sustainability information. Therefore, considering these idiosyncrasies presents a significant opportunity for future studies, not only to obtain more robust results but also to explore new perspectives on sustainability reporting.

Finally, but no less important, it is noteworthy that the assurance process is a genre that can be conducted through partial procedures, as in limited assurance, or through more comprehensive processes, as in reasonable assurance. In this context, a detailed analysis of the type of audit conducted is a crucial aspect to understand whether the audit model influences the type of information disclosed. Such research could illuminate potential feedback effects related to the selection of sustainability disclosures based on the audit format to which the information is subjected.

3.4 Conclusion

After a detailed analysis of the study by Duarte et al. (2025), I conclude that it makes a valuable theoretical and practical contribution by exploring how the characteristics of boards of directors and the practice of external assurance influence the quality of sustainability reports in Brazilian companies. The research is grounded in established theories and employs a robust methodology, offering relevant insights to enhance corporate governance practices and strengthen organizational legitimacy.

The study by Duarte et al. (2025) emphasizes the importance of gender diversity on boards and external assurance for the transparency and reliability of disclosed information—critical aspects for strengthening stakeholder trust and the competitiveness of companies in markets that value ESG criteria. The practical implications are significant, providing guidelines that can be immediately applied by companies, regulators, and investors to promote sustainable business practices.

In sum, I consider the topic to be highly relevant, offering original insights aligned with contemporary demands for sustainability and transparent governance, and of potential interest to both the academic and professional communities in the field. It represents a significant addition to the body of knowledge, offering practical and innovative guidelines for the improvement of corporate governance in Brazil.

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