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UNVEILING THE ROLE IN SHAPING SUSTAINABILITY REPORTING IN THE MINING SECTOR

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ABSTRACT
The social and environmental responsibilities of companies have drawn public attention to their economic, social, and environmental performance. This has an impact on collective survival due to the effects caused by the company's operational activities. Therefore, companies are increasingly focusing on their surrounding environment by implementing CSR, which is reported through Sustainability Reporting Disclosure. This reporting is also influenced by corporate governance principles and the performance achieved. This research was conducted to provide empirical evidence on the influence of governance and corporate performance on sustainability reporting disclosure. The companies selected for the study are those in the mining industry that published sustainability reporting disclosures during the research period from 2019 to 2023. The research sample was chosen using purposive sampling, with a total of 19 companies out of 42 companies. The analysis that is used to test the research hypothesis is linear regression analysis. The results of the study show that the board of directors has a positive and significant influence on Sustainability Reporting Disclosure, while the audit committee, profitability, and leverage have no influence on Sustainability Reporting Disclosure. This research provides information to stakeholders regarding factors that can improve the information in corporate sustainability reports. From these findings, it can be seen that governance and corporate governance do not have a significant impact on sustainability reporting disclosure, suggesting that companies should focus not only on these factors but also consider other factors.

Keywords: *Sustainability Reporting Disclosure, Corporate Governance, Company Performance.*

1. INTRODUCTION

Many companies are currently in the public spotlight due to their economic, social, or environmental performance. This is due to the existence of social and environmental responsibilities. Fulfilling social and environmental responsibilities are believed to enhance performance and reduce risks that companies may face according to Eriandani and Wijaya (2021). The disclosures made by companies are presented through sustainability reports. Sustainability reports are often used by companies to measure their performance, which will later be reflected in the quality of the report. However, at present, not many companies across various industries realize the significance of improving Sustainability Reporting Disclosure.

There are many factors that can influence Sustainability Reporting Disclosure, such as corporate governance and company performance. These factors push the companies to improving the quality and transparency of sustainability reporting as well as positively impacting the company's reputation and value. Good corporate governance will encourage transparency and accountability within the company which will impact the quality of sustainability reporting. With better oversight from the board of directors and the help of committee of audit, companies are more likely to clearly report on social, environmental, and governance aspects, thus this will increase investor confidence. Meanwhile, good company performance will allow the company to invest more in sustainability initiatives and report on these achievements. Profitability and leverage significantly influence a company's ability to effectively implement and report on sustainability reporting disclosure. Profitability shows that a profitable companies have more resource to invest and can showcase better sustainability reporting, while leverage sows that companies with high debt may face financial risks that limit their ability to invest in sustainability. Together, these four variables provide a multidimensional view of a company's value from different aspect in the market.

This study focuses on industrial companies, specifically in mining industry. The mining industry is a vital sector in Indonesia's economy, which play a crucial role in the nation's exports and economic growth. The mining industry is characterized by its resource-driven nature, with stable demand for key minerals such as coal, copper,and nickel, making it an attractive sector for investors. There are key factors that are influencing company performance in the mining industry such as effective leadership, regulatory compliance, and the management of environmental and social risks. Good corporate governance also practises such as the implementation of clear policies and risk management strategies which can improve operational efficiency and long-term profitability. However, mining companies face challenges such as fluctuating global commodities prices, which can impact revenue and profitability. Additionally, environmental regulations and sustainability concern are increasingly important, requiring mining companies to adopt responsible practices that can balance profit generation with environmental preservation. The ability to manage these factors, while maintaining good governance and company performance, is vital in ensuring consistent performance and maximizing firm value in the competitive and highly volatile mining industry.

Understanding the relationship between each variable in corporate governance and company performance such as board of directors, committee of audit, profitability, and leverage in the mining industry is crucial for evaluating the impact in their sustainability reporting disclosure. Further research needs to be done in this field because of the importance of conducting any supporting data and any background information found, despite the critical role that all these variables hold, limited studies specifically focus on mining sectors. This study will introduce sustainability reporting disclosure as a moderating variable, which serves as evidence of the company's dedication to tackling social and environmental challenges to stakeholders (Natali and Wahidahwati, 2016). By examining the role of sustainability reporting disclosure,this study aims to explore how transparent communication of Environmental, Social, and Governance (ESG) initiatives may contribute to overall firm performance and investor trust.

Several studies have been conducted to assess the relationship between board of directors, committee of audit, profitability, and leverage to sustainability reporting disclosure but the results remain mixed. For instance, research by Retnaningrum and Alexander (2024) states that board of directors, profitability, and leverage does not have an impact on sustainability reporting disclosure which is supported by research by Syakirl, Cheisviyanny, and Halmawati (2019). On other hand, according to Putri, Asmeri, and Yanti (2023), corporate governance does influence sustainability reporting disclosure. Which also supported by research from Wahyuningrum et al (2020) and research from Dewi (2019), that mention that company performance has a positive impact and can positively affect sustainability reporting disclosure.

Stakeholder Theory

Stakeholder theory as described by Septiani and Puspitandari (2017), is the efforts of company management to meet the expectations of stakeholders. It argues that a company's responsibility extends beyond generating profits for shareholders to also addressing its social and environmental impact on stakeholders, including society, government, and others. Companies must foster relationships with stakeholders by acknowledging their needs and desires. This theory emphasizes the importance of meeting the interests of all involved parties, not just the owners. Sustainability reports become a crucial consideration for investors and stakeholders in decision-making, as they help organizations maintain good relationships with stakeholders (Horisch et al, 2020). A sustainability report provides transparent information on a company's economic, environmental, and social activities, which allows stakeholders to assess company performance, which in turn will influence their decision to contribute to the company. This theory highlights that, beyond profitability and shareholder interests, companies also have social responsibilities toward the community, consumers, and supliers.

Sustainability Reporting Disclosure

Sustainability reporting disclosure is a way for companies to provide economic, environmental, and social information to stakeholders, particularly shareholders. According to Global Reporting Initiative (2016), sustainability reporting disclosure is a process of disclosing the economic, social, and environmental impacts of a company to stakeholders. This aims to enhance the transparency and accountability of the company in fulfilling its social and environmental responsibilities. Sustainability reporting allows organisations to consider their impact on sustainability issues, providing transparency on the risks and opportunities they may face. A sustainability report communicates a company's economic, environmental, and social performance in achieving sustainable development goals. Internally, it helps companies assess the impact of their operation on the environment, society, and economy. Externally, it enhances engagement with stakeholders, which allows companies to share their short, medium, and long-term decisions. As such, sustainability reporting disclosure is crucial for companies to showcase their commitment to business sustainability, and it should be prepared annually to inform investors about the company's long-term viability.

Board of Directors and Sustainability Reporting Disclosure

The publication of sustainability reports is one way for companies to provide economic, environmental, and social information to stakeholders, particularly shareholders. In Stakeholder theory, this theory emphasizes that companies are responsible not only to shareholders but also to other stakeholders such as employees, customers, and suppliers, and the community. Good corporate governance creates a framework for transparency and accountability, which makes sustainability reporting a vital tool. A board of directors with insight into sustainability reports will transparently disclose actions taken related to sustainability. The larger the board of directors in a company, the more diverse the experiences and capabilities in company management. Empirical evidence that presented by Putri, Asmeri, and Yanti (2023) shows that corporate governance such as board of directors has an effect on sustainability reporting disclosure. Consequently, it can be inferred that :

H1: The board of directors has a positive effect on sustainability reporting disclosure.

Committee of Audit and Sustainability Reporting Disclosure

The committee of audit is a committee under the board of commissioners that is responsible for the internal oversight of the company. Companies that have a well-functioning audit committee will enhance the disclosure in the company's sustainability report. A well-functioning audit committee aligns with stakeholder theory by ensuring transparent and accountable reporting, which will benefit all stakeholders by providing accurate, comprehensive, and reliable sustainability information. Thus, the audit committee's role in enhancing sustainability reporting directly supports the broader goals of corporate accountability and stakeholder engagement. In the research by Dizar et al (2018), and Latifah et al (2019), it was stated that the audit committee can improve the disclosure in sustainability

reports. This is due to the strong oversight by the audit committee, which enhances the quality of the company's sustainability reports, marked by an increasing amount of information related to the company's sustainability efforts. Based of this research, the study will outline the hypothesis as follows :
H2: The audit committee has a positive effect on sustainability reporting disclosure.

Profitability and Sustainability Reporting Disclosure
The sustainability report emphasizes the importance of sustainability in all aspects of a company's operations, including social, economic, and environmental impacts. In the framework of stakeholder theory, a company is seen as an entity responsible to various stakeholders, not just shareholders. Profitability is a factor that provides management with the freedom and flexibility to broadly disclose voluntary information. A company's good performance, both financially and in terms of sustainability, will reflect its ability to meet stakeholders expectations. High-performing companies tend to have sufficient resources to invest in sustainability initiatives, which may include corporate social responsibility programs, environmentally friendly practices,and sustainable innovations. This demonstrates their commitment to greater sustainability while also building trust with stakeholders. on the other hand, the recognition and reputation gained from good performance will also improve the company's relationship with stakeholders, which will create a positive cycle where stakeholder support to contribute to performance will be even better. Based on this,the relationship between profitability and sustainability reporting disclosure in stakeholder theory will show that sustainability and performance should be viewed holistically, where both will influence and contribute to the company's success in fulfilling its responsibilities to all stakeholders. Based on the research of Wahyuningrum et al (2020), it mentions that company performance such as profitability still has a positive effect which is supported by research by Dewi (2019) that profitability performance can positively influence sustainability reporting disclosure. From this, the study will outline the hypothesis as follows :
H3: Profitability has a positive effect on sustainability reporting disclosure

Leverage and Sustainability Reporting Disclosure
Leverage indicates the utilization of borrowed capital (debt) to support a company's operations or investment. In stakeholder theory, leverage can greatly influence sustainability reporting disclosure. This aims to gain the trust of relevant stakeholders. Higher leverage can also push companies to disclose more comprehensive sustainability information, as they seek to build trust and credibility with stakeholders who are concerned about the risks associated with their financial structure. On the other hand, firms with lower leverage might have less pressure to disclose such information, as they are perceived as less risky from a financial standpoint. Based on the research of Wahyuningrum et al (2020), it mentions that company performance such as leverage still has a positive effect which is supported by research by Dewi (2019) that leverage can positively influence sustainability reporting disclosure. From this, the study will outline the hypothesis as follows :
H4: Leverage has a positive effect on sustainability reporting disclosure

2. RESEARCH METHOD

This study employs a quantitative method within a descriptive research framework, utilizing secondary data that is easily accessible and has been previously analyzed. The financial reports were obtained from the official website of the Indonesia Stock Exchange and the official websites of industrial companies. The data analysis was conducted using SPSS 2019. This study specifically targets companies in the industrial sector which specifically mining industries that are listed on the Indonesia Stock Exchange between 2019 to 2023. A purposive sampling technique was applied, following specific criteria, namely that the selected companies must operate within the industrial sector and be publicly listed on the Indonesia Stock Exchange during the 2019–2023 period, must have published audited annual reports as of December 31 from the year 2019 through 2023, and must have all the data and reports that needed throughout the year 2019 to 2023. Ultimately, the study analyzed 19 companies that met these criteria, resulting in a total of 95 data point.

In this study, board of directors, committee of audit, profitability and leverage are conceptualized as independent variables, whereas sustainability reporting disclosure is designated as the dependent variable. The board of directors is operationalized as the total number of board members within a company (Retnaningrum and Alexander, 2024). A larger board size is hypothesised to have a positive impact on sustainability reporting due to diverse perspectives and greater expertise in overseeing corporate governance and sustainability initiatives. The audit committee is measured by the number of independent members within the audit committee (Retnaningrum and Alexander, 2024). A higher proportion of independent members is expected to contribute to enhancing transparency and accountability in sustainability reporting, as independent members are likely to ensure that sustainability disclosures meet higher standards of accuracy and reliability. Profitability is quantified as the ratio of net income to common equity (Retnaningrum and Alexander, 2024), indicating how efficiently a company generates profit relative to shareholders' equity. Profitability is expected to positively influence sustainability reporting disclosure, as more profitable companies have the resources and incentives to disclose more detailed sustainability information to attract stakeholders. Leverage is measured by the debt-to-equity ratio, specifically the proportion of total debt to total equity (Retnaningrum and Alexander, 2024). A higher leverage ratio indicates that a company relies more heavily on debt financing,and such companies may be motivated to enhance sustainability reporting disclosure to reassure stakeholders, particularly creditors, regarding the company's financial stability and sustainability practices. To assess the dependent variable, sustainability reporting disclosure is assessed by the level of detail and comprehensiveness of sustainability-related information disclosed in the company's annual report or sustainability reports, as indicated by qualitative score or index (Retnaningrum and Alexander, 2024). This measurement captures the company's commitment to transparency in environmental, social and governance matters.

Table 1. Operationalization of Variables
Source: Compiled by Authors

Variables	Indicator	Scales	Source
Board of Directors	The amount of directors in the company	Amount	Retnaningrum and Alexander (2024)
Committee of Audit	The amount of committee in the company	Amount	Retnaningrum and Alexander (2024)
Profitability (ROA)	ROA : $\frac{Net\ Income}{Total\ asset}$	Ratio	Retnaningrum and Alexander (2024)
Leverage (DER)	DER : $\frac{Total\ Debt}{Total\ Equity}$	Ratio	Retnaningrum and Alexander (2024)
SRD (Y)	SRDI : $\frac{\boldsymbol{n}}{\boldsymbol{k}}$	Ratio	Retnaningrum and Alexander (2024)

The relationship between the dependent and independent variables is assessed through multiple linear regression analysis. The prediction model applied in this study is:

$$\textbf{SRDI} : \frac{n}{k}$$

SRDI = *Sustainability Reporting Disclosure Index*
n = The number of items disclosed by the company in each performance category
k = The number of items expected to be disclosed by the company in each performance category

3. RESULTS AND DISCUSSIONS

Table 2. Descriptive Statistics
Source: Output Data SPSS 25

	N	Minimum	Maximum	Mean	Standard Deviation
Board of Directors	95	2	11	4.54	2.221
Committee of Audit	95	2	5	3.09	0.527
Profitability (ROA)	95	-0.26	0.62	0.122	0.15879
Leverage (DER)	95	-19.56	11.33	0.5740	3.32530
SRD (Y)	95	0.03	0.51	0.1806	0.10228

The descriptive statistics for the variables in this study reveal several key insights into the financial characteristics of the mining industry generated using SPSS 25, summarising five variables for a dataset of 95 observations. The average board of directors, count per member in the company, is 4.54. With a maximum of 11 and a minimum of 2, indicating that some firms have small boards while others have large ones. The standard deviation of the board of directors is 2.221, indicating moderate variation in board sizes across companies. In the committee of audit, the maximum of 5 and minimum of 2. The mean is 3.09, which means that most companies have around 3 members in the audit committee. The standard deviation is 0.527, indicating low variation which shows that most companies have a similar audit committee size. In profitability, measured by Return on Asset (ROA), the minimum value is -0.26 which some companies are experiencing losses and the maximum value is 0.62, indicating that the most profitable company has 62% profit margin. The mean is 0.1200 which means that on average, the companies have a 12% profitability rate. The standard deviation is 0.15879, suggesting moderate variation in profitability across firms. Leverage, measured by debt-to-equity ratio with the minimum value of -19.56 and maximum value of 11.33. The mean is 0.5740, on average this shows that companies use moderate levels of debt. The standard deviation is 3.32530, indicating high variability, meaning some firms are highly leveraged while others have little to no debt. Sustainability Reporting Disclosure which represent dependent variable, with minimum value of 0.03 and maximum value of 0.51. The mean is .1806, indicating that most companies have a performance value around 18%. The standard deviation is 0.10228, suggesting moderate variability but not extreme.

Table 3. Normality Test Result
Source: Output Data SPSS 25

		Unstandardized Residual
N		95
Normal Parameters (a,b)	Mean	0.000000
	Standard Deviation	0.08316038
Most Extreme Differences	Absolute	0.085
	Positive	0.085
	Negative	-0.062
Test Statistic		0.085
Asymp. Sig. (2-tailed)		0.087 ©

a. Test distributor is normal
b. Calculated from data
c. Lilliefors Significance Correction

As shown in Table 3, the one-sample kolmogorov-smirnov test is used to evaluate whether a given dataset follows a normal distribution. The mean of the residuals is 0.0000, and the standard deviation is 0.08316038, indicating the spread of residual values around the mean. The most extreme difference of 0.085, a positive deviation of 0.085, and a negative deviation -0.062. The K-S test is 0.085. The asymptotic significance (2-tailed) value is 0.087. Since this p-value exceeds 0.05, it indicates that the residuals do not significantly deviate from a normality, suggesting they can be considered normally distributed. This is crucial for statistical modeling assumptions, such as in regression analysis, where normality of residuals is often required for accurate inference.

Table 4. Multicollinearity Test Result
Source: Output Data SPSS 25

Coefficient Statistic		
Variable	**Tolerance**	**VIF**
Board of Director	0.868	1.152
Committee of Audit	0.911	1.098
Profitability (ROA)	0.933	1.072
Leverage (DER)	0.933	1.072

Based on Table 4, all independent variables have tolerance values above 0.85 and VIF values below 1.2, indicating low multicollinearity. This suggests that the independent variables do not have strong linear relationships. This indicates that the independent variables are not highly correlated, meaning they can be reliably used in the regression model without concern for multicollinearity affecting the accuracy of the estimated coefficients.

Table 5. Autocorrelation Test Result
Source: Output Data SPSS 25

Model	R	R Square	Adjusted R Square	Std. Error of the Estimated	Durbin-Watson
1	0.582 a	0.339	0.310	0.08499	0.847

a. Predictors: (Constant), Leverage, Profitability, Committee of Audit , Board of Director
b. Dependent Variable : Sustainability Reporting Disclosure (Y)

Based on Table 5, the Durbin-Watson test value is recorded at 0.847. Since this value falls within the range of -2 to 2, it can be concluded that the regression model used in this study does not show signs of autocorrelation or free of autocorrelation.

Table 6. Heteroscedasticity Test Result
Source: Output Data SPSS 25

Coefficients (a)					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
1 (constant)	0.062	0.034		1.810	0.74
Board of Directors	0.002	0.003	0.093	0.828	0.410
Committee of Audit	-0.003	0.011	-0.031	-0.278	0.781
Profitability	0.014	0.036	0.042	0.387	0.700
Leverage	-0.001	0.002	-0.055	-0.511	0.611

a. Dependent Variable

Based on Table 6, it can be seen that this table using Glejser test, which is used to detect heteroscedasticity in a regression model by analyzing whether independent variables significantly influence the absolute residuals. If the Sig. > 0.05, it indicates that the variable does not significantly affect the residuals, meaning heteroscedasticity is not present. In this case, all independent variables have p-value greater than 0.05 (0.410; 0.781; 0.700; and 0.611; respectively). This suggests that none of the variables significantly influence the absolute residuals, indicating the absence of heteroscedasticity in the model. The constant term has a coefficient of 0.062 with a p-value 0.074, which is also above the 0.05 threshold.

Table 7. Model 2 Regression Test Result
Source: Output Data SPSS 25

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t-statistic**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	0.114	0.054		2.117	0.037
Board of Directors	0.027	0.004	0.589	6.401	0.000
Committee of Audit	-0.19	0.017	-0.099	-1.099	0.275
Profitability	0.025	0.057	0.039	0.435	0.665
Leverage	0.000	0.003	-0.012	-0.134	0.894

Table 7 represents the result of a multiple linear regression analysis, examining the relationship between several independent variables (Board of Directors, Committee of Audit, Profitability, and Leverage) and the dependent variable (Sustainability Reporting Disclosure). The constant has a coefficient of 0.114 with a significant p-value of 0.037, indicating that when all independent variables are zero, the expected value of sustainability reporting disclosure (y) is 0.114. Among the independent variables, only the Board of Directors has a statistically significant impact on sustainability reporting disclosure with a coefficient of 0.027 and a highly significant p-value of 0.000. This suggests that an increase in the Board of Directors positively affects sustainability reporting disclosure. The beta value is 0.589, which further confirms that this variable has the strongest standardized effect on the dependent variable. In contrast, the Committee of Audit, Profitability, and Leverage does not have a significant effect on sustainability reporting disclosure, as indicated by their p-value, which is 0.275l; 0.665; and 0.894 respectively, which are greater than the 0.05 threshold for significance. Although the Committee of Audit has a negative coefficient on -0.019, suggesting a potential inverse relationship, the high p-value means this effect is not statistically reliable. Similarly, profitability and leverage show little to no significant relationship with sustainability reporting disclosure, while other variables do not contribute significantly.

Table 8. Coefficient of Determination Test Result
Source: Output Data SPSS 25

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1.	0.582 (a)	0.339	0.310	0.08499	0.847

The table presents the result of the coefficient of determination (R^2) test, which assesses the extent to which the independent variables account for variations in the dependent variable. The R-value of 0.582 signifies a moderate correlation between the independent variables and sustainability reporting disclosure. The R^2 value of 0.339 suggests that 33.9% of the variance in sustainability reporting disclosure is explained by these independent variables, while the remaining 66.1% is influenced by other factors not included in the model. The adjusted R^2 values of 0.310 accounts for the number of predictors and provides a more accurate measure of explanatory power, showing a slight reduction from R^2. The standard error of the estimate, 0.08499 represents the average deviation of the predicted value from the actual values.The Durbin-Watson statistic, 0.847, is used to test for autocorrelation, and since 0.847 is lower than 2, it suggests the presence of a positive autocorrelation. This means that errors in the model may be correlated over time. In conclusion, while the independent explain a moderate portion of the variability in sustainability reporting disclosure, there may be autocorrelation issues and unexplained factors that affect the dependent variable.

Table 9. F Test Result
Source: Output Data SPSS 25

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	0.333	4	0.083	11.535	0.000 (b)
Residual	0.650	90	0.007		
Total	0.983	94			

a. Dependent Variable : Sustainability Reporting Disclosure
b. Predictors : (Constant), Leverage, Profitability, Committee of Audit, and Board of Directors

The table shows Sig. value of 0.000. This amount is lower than 0.05, which means the regression model is statistically significant and provides evidence that at least one of the independent variables has a meaningful impact on sustainability reporting disclosure. This confirms that the independent variables, when considered together, significantly influence the dependent variable.

Table 10. T Test Result
Source: Output Data SPSS 25

Model	Unstandardized Coefficients		Standardized Coefficients	t-statistic	Sig.
	B	Std. Error	Beta		
(Constant)	0.114	0.054		2.117	0.037
Board of Directors	0.027	0.004	0.589	6.401	0.000
Committee of Audit	-0.19	0.017	-0.099	-1.099	0.275
Profitability	0.025	0.057	0.039	0.435	0.665
Leverage	0.000	0.003	-0.012	-0.134	0.894

This table displays the outcome of the partial t-test which evaluates the individual effect of each independent variable on the dependent variable. The Board of Directors has a significant positive effect on sustainability reporting disclosure , with a B value of 0.027 and a t-value of 6.401, and a p-value (sig.) of 0.000, indicating a strong influence.The Committee of Audit has a negative but insignificant effect, B-value of 0.025 and p-value of 0.665. Profitability shows a positive but also insignificant effect, B-value of 0.025 and p-value of 0.665. Leverage has a nearly zero impact, B-value of 0.000 and p-value 0.894, meaning it does not contribute significantly to Sustainability Reporting Disclosure. The constant value is 0.114, indicating baseline of sustainability reporting disclosure value when all independent variables are zero. The t-value of 2.117 and p-value of 0.037 suggest that the intercept is statistically significant. Overall, only the Board of Directors significantly affect Sustainability Reporting Disclosure, while the other factors do not show a statistically significant influence.

The Impact of The Board of Director on Sustainability Reporting Disclosure

The Board of Director has a significant impact on Sustainability Reporting Disclosure, so H1 is accepted. This finding aligns with empirical evidence that was presented by Putri, Asmeri, and Yanti (2023) that corporate governance such as board of directors has an effect on sustainability reporting disclosure. Which is also supported by research from Wahyuningrum et al (2020). However, this does not align with the research research by Retnaningrum and Alexander (2024) states that board of directors, does not have an impact on sustainability reporting disclosure which is supported by research by Syakirl, Cheisviyanny, and Halmawati (2019). Research indicates that certain board characteristics, such as the presence of independent directors and the establishment of sustainability committees, enhance the quality and extent of sustainability disclosure. This aligns with stakeholder theory, as independent directors help balance the interests of diverse stakeholders, ensuring that sustainability issues are properly addressed.

The Impact of The Committee of Audit on Sustainability Reporting Disclosure

The Committee of Audit has a negative but insignificant effect on Sustainability Reporting Disclosure, which means that H2 is rejected and not accepted**.** This finding does not align with research from Putri, Asmeri, and Yanti (2023), that states corporate governance does influence sustainability reporting disclosure. Which is also supported by research from Wahyuningrum et al (2020). The insignificant p-value, 0.665, suggests that the committee of audit's role in sustainability reporting disclosure is weak or inconsistent across different firms, meaning other factors such as regulatory pressure, stakeholder demands, or corporate culture may play a more significant role in shaping sustainability reporting disclosure. This aligns with stakeholder theory in the sense that if an entity does not perceive strong pressure from stakeholders regarding sustainability disclosure, it may not prioritize these reports.

The Impact of Profitability on Sustainability Reporting Disclosure

Profitability shows a positive but insignificant effect towards sustainability reporting disclosure, which can be concluded that H3 is rejected and not accepted. This finding aligns with research by Retnaningrum and Alexander (2024) states that profitability does not have an impact on sustainability reporting disclosure which is supported by research by Syakirl, Cheisviyanny, and Halmawati (2019). Insignificance of profitability in influencing sustainability reporting disclosure suggests that a company's financial performance does not necessarily determine its commitment to sustainability disclosure. It does not fully align with stakeholder theory, this because this study indicate that profitability alone does not drive sustainability disclosure.

The Impact of Leverage on Sustainability Reporting Disclosure

Leverage on the other hand, has nearly zero impact which mean that it does not contribute significantly to sustainability reporting disclosure. This can be concluded that H4 is rejected, which is aligns with research by Retnaningrum and Alexander (2024) states that leverage does not have an impact on sustainability reporting disclosure which is supported by research by Syakirl, Cheisviyanny, and Halmawati (2019). The insignificance of leverage towards sustainability reporting disclosure suggests that a company's level of debt does not play a crucial role in determining its commitment to transparency in sustainability practices. This does not fully align with stakeholder theory because according to this study, leverage does not significantly influencing sustainability reporting disclosure meaning that companies do not necessarily use sustainability reporting as a tool to build trust with stakeholders regarding financial risks.

4. CONCLUSIONS AND SUGGESTIONS

Table 11. The Result of Hypothesis Analysis
Source: Compiled all data by Author

Influence	Hypothesis	Regression
Board of Director on SRD	Accepted	Accepted
Committee of Audit on SRD	Accepted	Rejected
ROA on SRD	Accepted	Rejected
DER on SRD	Accepted	Rejected

This study reveals that the board of directors has a significant positive impact on sustainability reporting disclosure, which indicates that companies with strong and active board oversight tend to engage in more transparent and comprehensive sustainability reporting. A well-functioning board of directors play a crucial role in establishing sustainability policies, ensuring compliance with environmental and social standards, and promoting ethical corporate behavior. Meanwhile, the committee of audit was found to have a negative but insignificant effect on sustainability reporting disclosure. This suggests that the presence of the committee of audit alone may not be sufficient to enhance sustainability reporting. The ineffectiveness of the committee of audit towards sustainability reporting disclosure could be attributed to a lack of expertise in environmental and social reporting standards. Similarly, profitability was found to have a positive yet insignificant effect on sustainability reporting disclosure, which indicated that although companies with higher profitability may have more financial resources to invest in sustainability initiatives, profitability alone does not necessarily drive an increase in sustainability disclosure. Lastly leverage, which nearly has zero impact on sustainability reporting disclosure. This indicates that a company’s debt level does not contribute significantly to its decision to disclose sustainability-related information. These studies provide valuable insights into the factors that are influencing sustainability reporting disclosure, emphasizing the critical role of corporate governance while questioning the significance of company performance metrics such as profitability and leverage in determining the disclosure practices. The research findings indicate that the board of directors, which has a positive and significant influence on sustainability reporting disclosure,aligns with stakeholder theory, as the board plays a crucial role in enhancing corporate transparency and accountability towards stakeholders. However, the committee of audit, profitability, and leverage does not have a significant impact on sustainability reporting disclosure, suggesting that financial factors and audit oversight are not always the primary drivers of sustainability reporting. While the results support stakeholder theory in terms of the board’s role, other factors such as regulations and investor demands may have a greater influence on corporate sustainability transparency.

Based on this study, while it provides important insights into sustainability reporting disclosure, there is still a need for continuous improvements in corporate governance and regulatory frameworks to promote transparency and accountability in sustainability practices. To strengthen corporate governance practices, companies should integrate sustainability experts, improve the committee of audit expertise, and incorporate sustainability strategies into long-term business plans. Future research should explore additional influencing factors to gain deeper insights. By implementing. these recommendations, companies can improve transparency, accountability, and long-term sustainability efforts.

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