RESEARCH ARTICLE
published:31 July 2026
doi: 10.21070/jas.v10i2.2035

Corporate Governance, Financial Performance, and Sustainability Disclosure

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General Background: The disclosure of sustainability reports has become a critical aspect of modern business practices as it reflects a company's commitment to sustainability, transparency, and social responsibility. **Specific Background:** In the mining sector, particularly among companies listed on the Indonesia Stock Exchange (IDX), sustainability reporting has received greater attention during the 2020–2023 period due to increasing stakeholder demands for ESG transparency. **Knowledge Gap:** However, few studies have examined the influence of profitability, firm size, firm activities, audit committees, and boards of directors on sustainability report disclosures in Indonesian mining companies. **Objective:** This study aims to analyze the influence of profitability, firm size, firm activities, audit committees, and boards of directors on sustainability report disclosures. **Method:** This quantitative study uses panel data from 33 mining companies selected through purposive sampling. Data were analyzed using panel regression with EViews 12, while model selection was performed using the Chow and Hausman tests. **Results:** The findings indicate that firm size and the audit committee have a positive and significant effect on sustainability report disclosure, whereas profitability, firm activities, and the board of directors do not have a significant effect. **Novelty:** This study combines financial performance and corporate governance variables to provide empirical evidence from Indonesian mining companies. **Implications:** Companies should strengthen the effectiveness of their audit committees and maintain consistent sustainability reporting practices.

Keywords: Audit Committee, Board of Directors, Firm Size, Profitability, Sustainability Report Disclosure.

OPEN ACCESS
ISSN 2548-3501 (online)
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Received: 20 August 2025
Accepted:18 May 2026
Published: 31 July 2026
Citation:
Zahrani, Nawangsari and Fachrezzi (2026) ***Corporate Governance, Financial Performance, and Sustainability Disclosure***

INTRODUCTION

As attention to environmental, social, and governance issues grows, companies are now expected to balance their financial performance with these additional responsibilities (Kalbuana *et al.*, 2022; Utami *et al.*, 2024; Alabdullah *et al.*, 2019). Sustainability reports have become a vital tool for disclosing economic, social, and environmental impacts, as well as for fostering transparency and legitimacy in the eyes of stakeholders (Hermawan *et al.*, 2021). In Indonesia, regulations have become increasingly stringent under POJK No. 51/POJK.03/2017, which requires organisations to report on sustainability, particularly in strategic industrial sectors such as mining (Mahendra & Purwanto, 2024). It should be noted that the mining industry has a significant impact on the environment due to its massive ecological footprint (Sari, 2020), thereby posing environmental risks such as water pollution incidents at PT Freeport Indonesia in Mimika, Papua, where toxic tailings were dumped, leading to the deforestation of tropical rainforests (Sucahyo, 2023). Nevertheless, corporate awareness of sustainability reporting has increased, as reflected in the disclosure trends of mining companies listed on the IDX based on the GRI G4 standards. Starting at 34% in 2020, coverage rose to 35% in 2021. A sharper increase occurred—reaching 42% in 2022 and then 46% three years later. This trend indicates a stronger commitment to transparency and accountability. Underlying this is a growing interest in ESG issues as well as increasingly stringent regulations (Nurrahman, 2022; Biduri *et al.*, 2023; Hassan *et al.*, 2024).

[Figure 1. Sustainability Reporting Trends by Mining Companies, 2020–2023]

The trend in sustainability reporting by mining companies listed on the Indonesia Stock Exchange from 2020 to 2023 is illustrated in Figure 1 (Nuha *et al.*, 2025). Although ESG issues had already gained momentum, the transition towards new sustainability reporting practices truly took place during this period. A critical shift occurred as a result of the disruption caused by the 2020 health pandemic, which forced companies to re-evaluate their strategies. Rather than treating sustainability as a secondary concern, many organisations chose to integrate it as a core element of their disclosures. Environmental threats, employee well-being, and social impacts became primary concerns, rather than mere side issues.

During the 2022–2023 period, increased transparency was primarily driven by stricter oversight of companies by Indonesian financial authorities through OJK Regulation No. 51/POJK.03/2017. This was prompted by the launch of the ESG Leaders Index by IDX, which encouraged companies to improve their reporting to avoid being overlooked by foreign investors. Demand and conditions in overseas markets also influenced this trend, as many foreign companies require information on environmental and social conditions for collaboration. Companies are also keen to build a positive public image, which demands increased disclosure of information regarding the company.

Analysing how companies operate internally—including profit levels, scale, operations, audit oversight, and board composition—influences the extent to which they disclose information regarding sustainability practices in the mining sector. Stakeholder theory (Freeman, 1984) asserts that companies must be accountable to a broader group beyond investors, including the community and workers (Ramadhaniyah *et al.*, 2022; Yanti & Gayatri, 2021), whilst legitimacy theory (Dowling & Pfeffer, 1975) emphasises the importance of aligning corporate values with societal expectations to achieve legitimacy and long-term sustainability (Hapsari, 2023). In this study, the stakeholder and legitimacy approaches will be further developed by linking governance instruments to institutional responses to regulation and societal pressure in high-risk sectors such as mining, where reporting will serve as a means of securing legitimacy, rather than merely demonstrating financial capability.

[Figure 2. Trends in Average Profitability, Company Size, Corporate Activities, Audit Committees, and Boards of Directors, 2020–2023]

Although market dynamics continue to evolve, Figure 2 illustrates trends in average profitability, operational scale, business participation, frequency of audit committee meetings, and board of directors meetings in mining companies during the period 2020–2023 (Septian *et al.*, 2025). In contrast to the stable trends shown by companies throughout the analysed period, return on assets (ROA) was volatile; ROA increased until 2022 but fell sharply by –11.50 the following year. (Ludianah *et al.*, 2022; Dewi, 2017) found no relationship between a company's ability to generate profits and transparency in sustainability reporting, although profits were viewed as a driver of such transparency. However, (Liana, 2019; Ratnasari & Zulfikar, 2024) argue that better financial performance can facilitate further corporate engagement in responsible actions, which may include communication regarding such activities.

Company size (Ln total assets) showed stable growth over the observation period. Due to the abundance of available resources, large companies are often involved in social and environmental responsibility activities (Apriwandi *et al.*, 2023). According to (Liana, 2019) and (Gunawan & Sjarief, 2022), increased scale leads to heightened public awareness, making transparency particularly important. Conversely, (Lestari et al., 2020; Jannah & Efendi, 2023) report that firm size does not influence sustainability reporting.

Firm activity (TATO) increased until 2022 but began to decline in 2023 by (-0.75). This may be due to lower efficiency in managing assets. According to studies conducted by (Nioko & Hendrani, 2024; Nofita *et al.*, 2024), no significant relationship was found between the two variables, as changes in levels were primarily influenced by industry type and established priorities. Conversely, (Ismi & Hendrani, 2024; Hartadinata *et al.*, 2023; Purnama & Handayani, 2021) have established a positive influence.

The audit committee (measured by meeting frequency) showed relatively stable growth, reflecting an increase in internal oversight. (Sinaga & Hendrani, 2024; Saputri et al., 2022) reported a positive relationship, as more frequent meetings tend to result in recommendations for social responsibility disclosures. However, (Nioko & Hendrani, 2024; Purnama & Handayani, 2021) found no significant effect, as audit committees often remain focused on conventional financial reporting rather than ESG issues.

The frequency of board meetings fluctuated, declining in 2021 (-24.03) before rising again in 2022 (24.36). (Husna *et al.*, 2023; Nioko & Hendrani, 2024) found no significant effect, as boards of directors often focus more on short-term financial aspects and the quantitative frequency of meetings does not always reflect ESG discussions. Conversely, (Ludianah *et al.*, 2022; Sari, 2025; Ong & Djajadikerta, 2020; Spallini *et al.*, 2021) report a positive effect, suggesting that active and experienced boards of directors are more likely to promote sustainability reporting as a mechanism for accountability and good corporate governance.

However, this conclusion may change when regulation, rather than business incentives, becomes the primary driver behind sustainability practices. This study reinforces its uniqueness by presenting findings as empirical evidence that sustainability reporting in Indonesia's mining sector is driven more by corporate governance mechanisms—specifically audit committees—than by financial performance indicators.

The contribution of this research lies in demonstrating a governance-driven disclosure model within a high-risk industry operating under mandatory ESG regulations (POJK No. 51/2017) and post-COVID institutional pressures. By linking these findings to the mining sector's environmental risk profile and the regulatory enforcement context, this study extends stakeholder and legitimacy theory by showing that compliance with sustainability disclosure is primarily shaped by governance oversight and regulatory accountability, rather than by corporate profitability or operational performance.

The Influence of Profitability on Sustainability Reporting

Profitability reflects a company's ability to generate profit (Pratama *et al*., 2024), with higher profitability increasing the likelihood of sustainability reporting (Awliya, 2022; Nioko & Hendrani, 2024). The growth in sustainability reporting activities aligns with the rise in global CSR disclosure, driven by increasing investor and stakeholder interest in CSR issues (Widianto, 2011). In Indonesia, the number of companies publishing standalone sustainability reports remains limited, as most social and environmental disclosures are made through the CSR section of annual reports (Widianto, 2011). However, standalone sustainability reports tend to provide more comprehensive and detailed social and environmental information. Based on stakeholder theory, companies are accountable to all stakeholders (Liana, 2019), and profitability enables companies to allocate greater resources to social and environmental initiatives, including through sustainability reporting (Gunawan & Sjarief, 2022). Several studies have found a significant positive influence of profitability on sustainability reporting (Liana, 2019; Ratnasari & Zulfikar, 2024; Damayanty *et al*., 2022; Hermawan *et al*., 2021), whilst other studies have found no significant effect (Nioko & Hendrani, 2024; Ludianah *et al*., 2022; Gunawan & Sjarief, 2022).

H1: Profitability has a positive influence on sustainability report disclosure.

The Influence of Firm Size on Sustainability Report Disclosure

A company's growth and stability are influenced by its readiness to build a CSR value chain, which supports long-term objectives (Widianto, 2011). Sustainability reports serve to communicate information regarding social and environmental practices, including the planning and implementation of CSR by management (Damayanty *et al*., 2022).

Companies are accountable not only to shareholders but also to consumers, employees, the government, the community, and investors; therefore, sustainability reporting is crucial as a means of accountability and legitimacy. Based on legitimacy theory, companies seek to obtain, maintain, or restore legitimacy by ensuring their activities align with prevailing social norms, including corporate social and environmental reporting in sustainability reports. Previous studies have shown that firm size has a significant and positive impact on sustainability reporting (Nioko & Hendrani, 2024; Liana, 2019; Dewi, 2017; Permata & Fauziyah, 2025; Gunawan & Sjarief, 2022; Saputri *et al*., 2022; Munandar & Setiawati, 2022).

H2: Firm size has a positive effect on sustainability reporting.

The Influence of Company Activity on Sustainability Report Disclosure

A high activity ratio indicates that a company has the ability to cover costs associated with the turnover of its total assets over a specific period (Widianto, 2011; Ariseno, 2022). Activity ratios indicate how effectively management utilises the company's total assets (Damayanty *et al*., 2022), and such efficiency can enhance the company's financial stability and strength (Apriwandi *et al*., 2023). Based on stakeholder theory, companies are required to consider the interests of all stakeholders affected by their operations. High activity levels increase the potential for social and environmental impacts, thereby triggering greater pressure from stakeholders regarding sustainability disclosure. Previous studies have shown that activity ratios have a positive effect on sustainability reporting (Ismi & Hendrani, 2024; Purnama & Handayani, 2021).

H3: Company activity has a positive influence on sustainability reporting.

The Influence of the Audit Committee on Sustainability Reporting

The existence of an audit committee helps ensure that disclosure and control systems function effectively (Widianto, 2011) whilst strengthening the company's image in the eyes of stakeholders (Woworuntu, 2017). The audit committee plays a role in internal control and financial reporting to achieve financial competence and support the implementation of Good Corporate Governance (GCG) for the company's long-term sustainability (BEI, 2020; Saputra & Stiawan, 2022; Wirnawati *et al.*, 2023). In line with stakeholder theory (Ellison, 2023), the audit committee helps meet stakeholder expectations by strengthening oversight of information in sustainability reports, thereby enhancing social and environmental transparency (Sujatnika *et al.*, 2023). Previous studies have shown a positive influence of audit committees on sustainability report disclosure (Woworuntu, 2017; Sinaga & Hendrani, 2024; Saputri *et al.*, 2022; Indrianingsih & Agustina, 2020).

H4: The audit committee has a significant positive influence on sustainability report disclosure.

The Effect of the Board of Directors on Sustainability Report Disclosure

The effectiveness of monitoring corporate activities is influenced by the structure and organisation of the board of directors. Strong board performance leads to the effective application of Good Corporate Governance (GCG) (Widianto, 2011), the implementation of which is highly dependent on the board's function as the company's primary decision-making body (Ludianah *et al.*, 2022; Yudaruddin & Pratiwi, 2019). Better implementation of GCG enhances the level of disclosure to gain stakeholder support (Kalbuana *et al.*, 2022; Liana, 2019). Based on stakeholder theory, the board of directors plays a strategic role in ensuring that the company not only pursues profit but also meets social and environmental expectations through sustainability disclosure. Previous studies have found a significant positive influence of the board of directors on sustainability reporting (Ludianah *et al.*, 2022; Sari, 2025; Sofa & Respati, 2020; Sitorus *et al.*, 2024).

H5: The board of directors has a significant positive influence on sustainability reporting.

METHODS

This study employs a quantitative research design, utilising a regression model in the analysis of panel data. The choice of a quantitative research method is based on its ability to conduct objective testing through numerical analysis (Hartono, 2016). This study aims to examine the influence of profitability, firm size, firm activity, the audit committee, and the board of directors on sustainability reporting.

The study population comprised all 66 listed companies in this sector, whilst the sample was selected using purposive sampling based on companies that consistently published annual reports and sustainability reports during the observation period, as well as companies that did not record financial losses, in order to ensure the reliability of profitability measurements using the return on assets (ROA) ratio.

[Table 1. Research Sample Characteristics]

Table 1 below illustrates how the selected sample was determined, resulting in the inclusion of 33 mining companies in the analysis in accordance with the research criteria during the observation period. All data used in this study are secondary data and were collected using documentary techniques. Data collection sources included the IDX website (www.idx.co.id), the websites of the companies under study, as well as supporting literature from books, journals, and previous research works. The use of secondary data ensures its credibility and validity (Zimon *et al.*, 2021; Nwaigwe *et al.*, 2022; Azzam *et al.*, 2020; Longston *et al.*, 2025).

Operational definitions of variables were established to enable standardised measurement. The dependent variable is Sustainability Report Disclosure (SRDI), measured using the Global Reporting Initiative (GRI-G4). This involves assessing disclosure as present (1) or absent (0), and SRDI is defined as the ratio of the number of disclosures to the total number of disclosures. The independent variables are profitability, represented by Return on Assets (ROA); firm size, measured by the natural logarithm of total assets (Nuridah *et al.*, 2023); firm activity, measured by Total Asset Turnover (TATO); audit committee, measured by annual meetings; and board of directors, measured by board of directors' meetings (Amos, 2024; Shwairef *et al.*, 2021).

Descriptive analysis, correlation analysis, and panel data regression analysis using EViews software will be employed to analyse the data (Novalianti & Septiarini, 2014). To identify the best panel data model to be used, the Chow test, the Hausman test, and the Lagrange Multiplier test will be conducted (Basuki & Prawoto, 2019; Urusyiyah, 2013). In addition, classical assumption tests for multicollinearity and heteroscedasticity will also be carried out. The t-test and the coefficient of determination (R^2) will be used in hypothesis testing. The regression equation is:

$$\mathbf{SR_{it} = \beta\alpha + \beta_1\,ROA_{it} + \beta_2 SIZE_{it} + \beta_3 TATO_{it} + \beta_4 AUDIT_{it} + \beta_5 DIR_{it} + \varepsilon_{it}}$$

Note:

SR	= Sustainability Report Disclosure Level
A	= Constant
B	= Regression Coefficient of Each Independent Variable
ROAit	= Profitability
SIZEit	= Firm Size
TATOit	= Company Activity
AUDITit	= Audit Committee
DIRit	= Board of Directors
I	= Company
T	= Time
ε	= Error

This variable represents the sustainability reporting index for firm i at time t, whilst the independent variables respectively describe financial and governance characteristics. The significance level used in this study is 5%.

The methodological framework outlined above aims to provide an empirical understanding of the influence of profitability, firm size, corporate activities, the audit committee, and the board of directors on sustainability reporting in mining companies in Indonesia.

RESULTS AND DISCUSSION

Descriptive Statistics

[Table 2. Descriptive Statistics]

Table 2 presents the descriptive statistics for all the research variables used in this study. Based on the results of the descriptive analysis, the profitability variable, measured by ROA, showed a maximum value of 58.52% and a minimum value of 13.96%, with a mean of 11.19% and a standard deviation of 11.77%. This indicates that all companies in the sample remain in a profitable condition, although there are considerable differences in their levels of efficiency. The firm size variable, proxied by Ln(total assets), has a maximum value of 29.46, a minimum value of 13.96, a mean of 20.89, and a standard deviation of 3.27, reflecting significant variation between large and small firms. Meanwhile, firm activity, proxied by TATO, recorded a maximum value of 2.59, a minimum value of 0.000, a mean of 0.71, and a standard deviation of 0.535. This illustrates differences in the efficiency of asset utilisation in generating sales, ranging from very low to very high.

Furthermore, the maximum and minimum number of meetings held by the audit committee were 57 and 1 per year, respectively, with an average of 9.61 meetings per year. This indicates that some mining companies are highly active in carrying out their supervisory functions, whilst others are relatively inactive. Similarly, the variable representing the number of board of directors' meetings per year shows significant variation, with a maximum of 185 and a minimum of 3 meetings, with an average of 24.86 meetings per year. Finally, the dependent variable—sustainability report disclosure—has a maximum value of 71 per cent and a minimum value of 14 per cent, with an average of 39.26 per cent. This means that, on average, mining companies disclose only around one-third of the GRI G4 indicators.

Correlation Matrix

[Table 3. Correlation Matrix Results]

Based on Table 3, the correlation coefficients between profitability (X1), firm size (X2), firm activity (X3), the audit committee (X4), and the board of directors (X5) are all below 0.80, indicating that the independent variables are free from multicollinearity and do not strongly influence one another.

Panel Data Regression Model

[Table 4. Fixed Effects Model Results]

As shown in Table 4, the results of the panel regression estimation using the Fixed Effects Model are presented.

Classical Assumption Tests

[Table 5. Multicollinearity Results]

The results of the multicollinearity test presented in Table 5 show that the variance inflation factor (VIF) values for profitability (X1), firm size (X2), firm activity (X3), the audit committee (X4), and the board of directors (X5) are all < 10. Therefore, it can be concluded that there is no issue of multicollinearity in this study.

[Table 6. Heteroscedasticity Results]

In Table 6, it can be seen that the probability values are as follows: profitability (X1) = 0.1276, firm size (X2) = 0.7618, firm activity (X3) = 0.0587, audit committee (X4) = 0.1619, and board of directors (X5) = 0.2774. Since all independent variables have probability values > 0.05, it can be concluded that there is no issue of heteroscedasticity in this study.

Hypothesis Test Results

[Table 7. Panel Data Regression Results]

Table 7 reports the results of the panel data regression used to analyse the influence of independent variables on sustainability report disclosure. Based on the panel data regression results, the equation obtained indicates that if all independent variables are held constant, the sustainability report (SR) value is -0.913691. The profitability coefficient (ROA) of -0.000472 indicates that a 1% increase in profitability reduces SR disclosure by 0.000472. Conversely, firm size (SIZE) with a coefficient of 0.05823, firm activity (TATO) with 0.04794, the audit committee (AUDIT) with 0.006805, and the board of directors (DIR) with 0.000122, respectively, indicate that a 1% increase in these variables will increase sustainability report disclosure by the value of their respective coefficients, assuming all other variables remain constant.

[Table 8. Partial Test Results (T)]

Table 8 presents the results of the partial t-test, which indicates the individual effects of each independent variable on sustainability report disclosure. Based on the results of the partial t-test, it can be concluded that profitability does not have a significant effect on sustainability report disclosure, as the t-value is smaller than the critical t-value and the significance level exceeds 0.05. This suggests that profitability does not determine the level of disclosure in sustainability reporting. Conversely, firm size has a significant influence; that is, the larger the firm, the greater the tendency to disclose sustainability reports (Trireksani & Djajadikerta, 2016; Pratama *et al.*, 2020).

Furthermore, company activity does not influence disclosure because the t-value is smaller than the critical t-value and the significance level is greater than 0.05. Therefore, the level of company activity does not play a direct role in increasing disclosure in sustainability reporting. However, the audit committee was found to have a strong impact on sustainability disclosure, indicating that the presence of an audit committee enhances the effectiveness of the monitoring process and thereby encourages the disclosure of sustainability reports (Subramaniam *et al.*, 2023; Adomako & Tran, 2022; Keskin *et al.*, 2020).

The board of directors variable did not show a significant effect, indicating that the presence or number of directors does not directly influence sustainability reporting. Therefore, of the five variables tested, only firm size and the audit committee significantly influence sustainability reporting among mining companies listed on the IDX from 2020 to 2023 (Al Amosh & Khatib, 2024).

[Table 9. Adjusted R-Square Results (R^2)]

Table 9 shows that the coefficient of determination (adjusted R^2) is 0.541427 or 54.1427%. This means that the independent variables—namely profitability, firm size, firm activity, the audit committee, and the board of directors—can explain the dependent variable, namely sustainability report disclosure, by 54.1427%, whilst the remaining 45.85% is explained by other variables not included in this model.

Discussion

Profitability and Sustainability Report Disclosure

There appears to be no relationship between profitability and the sustainability information provided by mining companies. This is evidenced by a t-test score of 0.6353 — higher than the significance threshold of 0.05, indicating that this correlation is statistically weak. Rather than indicating an influence, the figures tend to be slightly negative, with a coefficient score of -0.000472 indicating minimal influence. This means that regardless of the profits generated, mining companies did not become more transparent in their sustainability reporting from 2020 to 2023. These findings refute the initial hypothesis, whilst other researchers have also reported similar results (Buniamin et al., 2011; Murdifin et al., 2019; Prihatiningtias & Dayanti, 2014).

From a theoretical perspective, the results of this study are inconsistent with stakeholder theory, which posits that profitable companies exhibit higher levels of sustainability disclosure for the sake of transparency (Yanti & Gayatri, 2021). Although the average profitability rate within the sample group was 11.19%, only two out of every five disclosure items were observed. The reason behind this low level of disclosure may be related to the nature of profitability, where revenue often appears as trade receivables rather than available cash (Gatimbu & Mukaria, 2016; Iatridis, 2013; Wu & Chang, 2022). Furthermore, companies with higher profits may choose to reinvest their profits to optimise operational activities and meet ever-increasing market demand, rather than allocating resources to sustainability reporting (Ali et al., 2025; Kaya et al., 2024; Dorothy & Endri, 2024).

Further empirical evidence supports the inconsistency between profitability and sustainability reporting. In 2020, the mining industry recorded a profitability of 6.15% and a sustainability reporting rate of 34%. In 2021, there was a significant increase in profitability, with the industry achieving a profit of 11.93% and disclosing its sustainability reports to 35% of the market. 2022 recorded the highest profitability rate for the mining industry at 15.19% thanks to the global economic recovery and Indonesia's downstream mining policies; however, this year still reported a sustainability report disclosure rate of 42%. Conversely, in 2023, the industry experienced a decline in profitability to 11.50% whilst increasing its sustainability reporting disclosure rate to 46%. The following observation indicates that the use of sustainability reporting has gradually increased without being influenced by changes in profitability levels. This observation has been validated by information provided by the Ministry of Energy and Mineral Resources (2021) and the IMF World Economic Outlook (2023), which state that changes in profitability levels in the mining sector are largely due to external factors.

The findings above support the conclusion that profitability has no relationship with sustainability disclosure practices (Prihatiningtias & Dayanti, 2014). As reported by (Saputri et al., 2022; Nioko & Hendrani, 2024), profitable organisations focus more on achieving their economic objectives than on non-economic disclosures. (Handayati *et al.*, 2022) support this assertion by noting that although such organisations possess abundant resources, they still disclose information in an effort to build reputation due to pressure from external organisations, particularly ESG investors.

Generally, the non-significant relationship between profitability suggests that the rationale for sustainability reporting by mining companies is not driven by financial factors. Conversely, the results of this study provide the first evidence that the reasons for reporting activities can be attributed to external factors rather than the company's financial condition. More specifically, this relates to the impact of external legitimacy and governance pressures, particularly given that POJK Regulation No. 51/2017 is applied within a high-risk industrial environment.

The Influence of Firm Size on Sustainability Reporting

The findings of the empirical test indicate a significant impact of firm size on sustainability reporting disclosures. From the t-test, it is evident that the probability of the second hypothesis being true is 0.009 (<0.05), which is smaller than the significance threshold; therefore, the hypothesis is proven with a positive regression coefficient of 0.05824. This implies that larger companies tend to provide more detailed sustainability disclosures compared to smaller firms. This behaviour may stem from increased visibility and stakeholder pressure.

From a legitimacy theory perspective, large-scale companies are expected to respond to public and stakeholder demands by providing more extensive sustainability disclosures. This aligns with (Darmawan & Sudana, 2022), who state that larger companies must enhance their social responsibility to maintain legitimacy. Descriptive statistics also support this, with the maximum firm size value in the dataset reaching 29.52, indicating that companies with larger total assets have a stronger incentive to disclose sustainability performance across economic, social, and environmental dimensions.

There is empirical evidence confirming this positive correlation. On average, between 2020 and 2023, firm size increased from 20.65 in 2020 to 21.08 in 2023. This growth was subsequently accompanied by an increase in the number of sustainability reports disclosed. This is attributed to the rise in total assets driven by business expansion, mergers, and acquisitions (Nunhes *et al*., 2020). In the case of PT United Tractors Tbk, the company expanded through its subsidiary, PT Pamapersada Nusantara, by acquiring a coal mining business. Consequently, there was an increase in total assets and, alongside this, the number of sustainability reports disclosed also rose. Furthermore, the increase in company size and sustainability report disclosures can be explained by regulatory requirements such as OJK Regulation No. 51/POJK.03/2017, which mandates that public companies in the energy sector disclose sustainability reports.

Previous studies support these findings (Liana, 2019; Gunawan & Sjarief, 2022; Ayuningtias, 2024; Wasara & Ganda, 2019; Emeka & Benjamin, 2019; Tobing, 2019) found that firm size has a positive effect on sustainability disclosure, as larger firms attract greater stakeholder attention, thereby increasing their motivation to provide transparent sustainability information. In the same context, (Al-Shaer & Zaman, 2016) found that large companies are characterised by more extensive disclosure in sustainability reports due to the availability of resources and visibility. This is linked to the fact that, as large companies, they have the capacity to undertake comprehensive reporting in the interests of global investors.

The influence of company size on the results of this study further highlights the role played by disclosure in mining companies based on visibility and monitoring, rather than merely as a strategic measure. Companies face greater legitimacy issues, thereby making disclosure decisions a governance issue, rather than merely a voluntary action.

With regard to the regulatory and investment climate in Indonesia, the positive impact of company size on sustainability reporting illustrates the importance of growth as a factor driving disclosure. In addition to building legitimacy by meeting stakeholder expectations, large companies are also able to enhance their appeal to institutional investors, who regard ESG performance as important. Therefore, it can be concluded that company size is one of the most significant factors motivating the disclosure of sustainability reports in the mining industry.

Company Activity Related to Sustainability Reporting

The results of the data analysis indicate that company activity has a positive but non-significant effect on sustainability reporting. The t-test yielded a probability value of 0.1036 (> 0.05) with a regression coefficient of 0.047950, indicating that the hypothesis is rejected. These findings suggest that higher corporate activity, as measured by total asset turnover (TATO), does not necessarily drive increased sustainability reporting among mining companies during the 2020–2023 period (Pareek *et al*., 2019; Said *et al*., 2013; Adinehzadeh *et al*., 2018).

According to stakeholder management theory, these findings contradict the belief that increased business operations will lead to greater stakeholder exposure, which would motivate companies to disclose more sustainability information as part of their strategy to demonstrate performance on environmental, social, and governance issues (Sadipun & Mildawati, 2022). As shown in the descriptive statistics, the average capital turnover ratio is only 0.70, implying that the companies involved are inefficient in their use of resources. This inefficiency will encourage organisations to focus more on operational performance and profitability rather than sustainability disclosure.

Empirical evidence also indicates inconsistency between corporate activities and disclosure levels. For example, in 2020 the average activity ratio was 0.60 with a disclosure level of 34%, rising in 2021 to 0.67 with a disclosure level of 35%, and in 2022 to 0.80 with a disclosure level of 42%. However, in 2023 the activity ratio fell to 0.75 whilst the disclosure level continued to rise to 46%. The variations highlighted above indicate that there is no direct relationship between the level of disclosure and corporate activity. External factors such as global changes in commodity prices, recovery from the impact of COVID-19, and the subsequent global economic slowdown (World Bank, 2021; 2023) may better explain corporate activity.

These results are also consistent with previous literature which found no relationship between corporate activity levels and sustainability reporting (Muhlisoh et al., 2025; Nioko & Hendrani, 2024; Alodat et al., 2023; De Oliveira *et al*., 2023). One reason for this is that higher levels of corporate activity may indicate a lack of adequate reporting systems or the absence of a separate CSR department to handle sustainability reporting. Consistent with these findings, (Hapsoro & Suryanto, 2017; Ariadi & Sundari, 2024) observed that higher economic activity or financial performance does not correlate directly with higher reporting levels; rather, there are more significant mechanisms governing reporting. The research results confirm that corporate activity, proxied by TATO, is not a significant determinant of sustainability reporting amongst the mining companies studied. This implies that neither asset management efficiency nor operational intensity are indicators of a company's willingness to report on sustainability issues. Thus, whilst the quality of governance remains an important driver of disclosure, operational intensity itself has little bearing on it. In high-risk industries, disclosure appears to be less related to economic efficiency and far more related to governance structures.

The Influence of Audit Committees on Sustainability Reporting

Findings from the data analysis indicate a positive and significant relationship between audit committees and sustainability reporting. The calculated t-value is 0.0296 (< 0.05), and the regression coefficient of 0.006805 indicates that the hypothesis is accepted. This suggests that the more frequently audit committees hold meetings, the greater the likelihood that a company will publish a sustainability report, owing to increased monitoring effectiveness and a more serious approach to addressing these issues.

Based on stakeholder theory, the audit committee is crucial for meeting the demands of investors, regulatory bodies, and the wider community surrounding the organisation. The more frequently meetings are held, the stronger the commitment to good governance practices, which will result in greater transparency regarding sustainability reporting (Sitanggang & Paramitadewi, 2023). This finding is supported by descriptive analysis showing that the number of meetings increased from 9 per year in 2020 to between 10 and 15 per year in 2023.

These results are further reinforced by regulatory guidance provided by the IDX and OJK (2022), which emphasises the importance of robust corporate governance arrangements, including the audit committee as a key element of good ESG disclosure practices. Enhancing the effectiveness of the audit committee is a means of addressing the pressure towards greater transparency and government regulation of business.

Previous research supports the positive impact of audit committees on sustainability reporting. As noted in Sinaga & Hendrani, 2024; Saputri *et al*., 2022), more frequent meetings help to expand the flow of information amongst members. Consequently, oversight improves, which has a positive impact on organisational performance. Similarly, (Redita *et al*., 2024) argue that competent and independent audit committees can improve the quality of sustainability reporting by ensuring accuracy and credibility

From all the results obtained, it is clear that audit committees have a very strong positive effect on sustainability disclosures for mining companies for the years between 2020 and 2023 (Fernandes *et al*., 2019); (Mahmood, 2018).The significant impact of audit committees suggests that sustainability disclosure amongst mining companies is driven by governance. Monitoring mechanisms help to improve accountability, implying that environmental, social, and corporate governance (ESG) disclosure is not dependent on performance.

The Influence of the Board of Directors on Sustainability Report Disclosure

Based on the findings of the data analysis, the board of directors does not have a statistically significant influence on sustainability report disclosure. The t-test result obtained is 0.8575 (> 0.05) with a negative regression coefficient of -0.000122. This implies that the null hypothesis is rejected. Therefore, it can be concluded that the frequency of board meetings has no influence on sustainability reporting by mining companies from 2020 to 2023.

According to stakeholder theory, an increase in the number of meetings is expected to enhance control and strengthen sustainability reporting (Sitanggang & Paramitadewi, 2023). However, the results of the descriptive analysis indicate that despite a high frequency of board meetings—ranging from 24 to 28 times per year—the level of sustainability reporting remains low, at approximately 34% to 46%. This suggests that board meetings are purely administrative in nature and have yet to incorporate sustainability-related issues into their agendas. Sustainability disclosures are typically made due to management decisions or pressure from investors and regulatory bodies.

This observation aligns with current trends in the mining sector. In 2021, there was a decrease in the number of meetings, to 22–23 annual meetings, whilst disclosure increased to 35%. However, in 2022–2023, there was an increase in the number of meetings, held 25–28 times a year, but only a slight increase in disclosure, to 42–46%.

There is evidence from previous research findings that supports this conclusion as well. According to Yanzil & Kuswardani (2020), the frequency of board meetings does not necessarily imply that issues related to social responsibility have been discussed in depth. Similarly, (Segal, 2022) found that directors tend to lack knowledge regarding environmental, social, and governance issues. This is also supported by external findings from PwC Indonesia (2021). This study found that many companies undertook board consolidation during the post-pandemic recovery period.

In general, it can be said that these findings indicate the absence of a significant role for the board of directors in sustainability reporting within mining companies. If the role of the board of directors in a company is considered insignificant, this implies that routine meetings do not guarantee the integration of ESG practices. What matters most is the quality of governance, not the formalities of governance itself.

The results of this study provide empirical support for the claim that sustainability reporting practices in the mining industry in Indonesia are determined more by corporate governance, particularly the existence of an audit committee, than by financial measures such as profitability and business operations (Jamil *et al*., 2020). Given the highly regulated nature of the industry, decisions regarding disclosure are based on institutional pressure and compliance, rather than economic considerations. Therefore, this research contributes to the ESG literature by providing sector-specific evidence regarding governance-driven disclosure models in emerging markets (Jamil *et al*., 2020).

CONCLUSION

The findings of this study indicate that sustainability reporting in Indonesia's mining sector is influenced more by corporate governance mechanisms than by financial performance indicators. Whilst factors such as profitability, corporate activities and the board of directors do not have a significant impact on disclosure, company size and the audit committee do demonstrate a positive and significant impact. This highlights the importance of disclosure practices in high-risk, heavily regulated industries, which rely primarily on governance mechanisms.

These findings expand stakeholder and legitimacy theory, illustrating how the implementation of POJK No. 51/2017 and the pressures arising post-COVID-19 pandemic have made sustainability reporting more of a compliance issue within corporate governance than an economic choice. Large companies face stricter external scrutiny, and audit committees play a significant role in strengthening internal controls in sustainability reporting, particularly in high-risk sectors such as mining.

In terms of practical implications, organisations are expected to improve their corporate governance practices, particularly the role of audit committees, to achieve a higher level of transparency in sustainability reporting. Regulators and investors may place greater emphasis on corporate governance rather than purely financial factors when assessing sustainability reporting performance.

Future studies may need to incorporate additional variables to better understand sustainability reporting disclosures, as the current model can only explain 54.14% of the variance, meaning the remaining 45.85% is explained by other variables. Profitability variables such as ROA, as well as sustainability indices that go beyond GRI G4, are proposed for inclusion in future studies. Further research could be conducted across various industries and using different time periods and sample sizes. These directions would also allow for deeper insights into the interaction between corporate governance, firm characteristics, and sustainability reporting practices in the Indonesian capital market.

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Conflict of Interest Statement: The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

LIST OF TABLE

***Table 1** / Research Sample Characteristics*

No	Sample Criteria	Number
1	Mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2023 period	66
2	Companies that did not publish an annual report containing financial statements and a sustainability report for the 2020–2023 period consecutively	(27)
3	Companies that experienced losses during the 2020–2023 period	(6)
Total Sample		**33**
Research Period		**4**
Total Number of Samples Used		**132**

Table 2 */ Descriptive Statistics*

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	132	.13	58.52	11.1917	11.77411
Company Size	132	13.96	29.46	20.8867	3.27365
Company Activities	132	.00	2.59	.7079	.53501
Audit Committee	132	1	57	9.6061	9.89005
Board of Directors	132	3	185	24.8636	26.43407
Sustainability Report	132	.14	.71	.3926	.11491
Valid N (listwise)	132				

***Table 3** / Correlation Matrix Results*

	Y	X1	X2	X3	X4	X5
Y	1.000000	0.086520	-0.154077	0.008069	0.353208	0.208906
X1	0.086520	1.000000	-0.039881	0.203230	-0.048149	-0.138459
X2	-0.154077	-0.039881	1.000000	-0.023302	-0.181799	-0.243205
X3	0.008069	0.203230	-0.023302	1.000000	0.050951	0.097622
X4	0.353208	-0.048149	-0.181799	0.050951	1.000000	0.660067
X5	0.208906	-0.138459	-0.243205	0.097622	0.660067	1.000000

***Table 4** / Fixed Effect Model Results*

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/17/25 Time: 13:21
Sample: 2020 2023
Periods included: 4
Cross-sections included: 33
Total panel (balanced) observations: 132

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.913691	0.455783	-2.004664	0.0479
X1	-0.000472	0.000993	-0.475834	0.6353
X2	0.058240	0.022100	2.635328	0.0098
X3	0.047950	0.029170	1.643813	0.1036
X4	0.006805	0.003080	2.209504	0.0296
X5	-0.000122	0.000679	-0.180021	0.8575

Effect Specification

Cross-Section Fixed (dummy variables

R-squared	0.670948	Mean dependent var	0.392576
Adjusted R-squared	0.541427	S.D. dependent var	0.114909
S.E. of regression	0.077814	Akaike info criterion	-2.032744
Sum squared resid	0.569170	Schwarz criterion	-1.202847
Log likelihood	172.1611	Hannan-Quinn criter.	-1.695512
F-statistic	5.180243	Durbin-Watson stat	1.631598
Prob(F-statistic)	0.000000		

***Table 5** / Multicolinearity Result*

Variance Inflation Factors
Date: 05/08/25 Time: 12:34
Sample: 1 132
Included observations: 132

Variable	Coeficificient Variance	Uncentered VIF	Centered VIF
C	0.004667	52.48526	NA
X1	6. 99E-07	2.066594	1.081750
X2	8.95E-06	44.96306	1.070083
X3	0.000332	2.935315	1.062015
X4	1.63E-06	3.473778	1.780880
X5	2.43E-07	3.581222	1.893360

***Table 6** / Heteroscedasticity Result*

Dependent Variable: ABS RES
Method: Panel Least Squares
Date: 03/17/25 Time: 15:07
Sample: 2020 2023
Periods included: 4
Cross-sections included: 33
Total panel (balanced) observations: 132

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.174073	0.303054	0.574397	0.5671
X1	-0.001015	0.000660	-1.537393	0.1276
X2	-0.004467	0.014694	-0.303967	0.7618
X3	0.037114	0.019395	1.913565	0.0587
X4	-0.002887	0.002048	-1.409887	0.1619
X5	0.000493	0.000451	1.092485	0.2774

***Table 7** / Panel Data Regression Results*

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/17/25 Time: 13:21
Sample: 2020 2023
Periods included: 4
Cross-sections included: 33
Total panel (balanced) observations: 132

Variable	Coefficient
C	-0.913691
X1	-0.000472
X2	0.058240
X3	0.047950
X4	0.006805
X5	-0.000122

***Table 8** / Partial Test Results (T)*

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/17/25 Time: 15:24
Samples: 2020 2023
Periods included: 4
Cross-sections included: 33
Total panel (balanced) observations: 132

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.913691	0.455783	-2.004664	0.0479
X1	-0.000472	0.000993	-0.475834	0.6353
X2	0.058240	0.022100	2.635328	0.0098
X3	0.047950	0.029170	1.643813	0.1036
X4	0.006805	0.003080	2.209504	0.0296
X5	-0.000122	0.000679	-0.180021	0.8575

***Table 9** / Adjusted R Square Result (R2)*

R-Squared	0.670948
Adjusted R-squared	0.541427
S.E of regression	0.077814
Sum squared resid	0.569170
Log likelihood	172.1611
F-Statistic	5.180243
Prob (F-statistic)	0.000000

LIST OF FIGURE

***Figure 1** / Sustainability Reporting Trends by Mining Companies, 2020–2023*

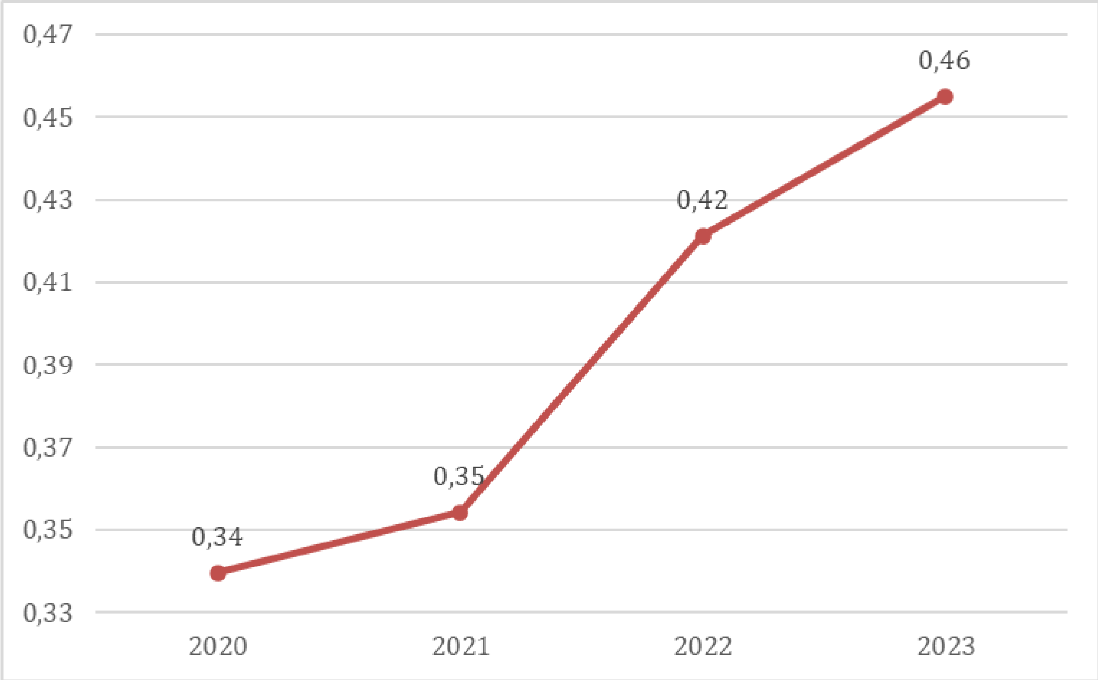

***Figure 2** / Trends in Average Profitability, Company Size, Corporate Activities, Audit Committees, and Boards of Directors, 2020–2023*