

# The Impact of Corporate Governance on the Disclosure of Sustainability Report

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**Abstract:** The study aims to investigate how corporate governance impacts sustainability report disclosure in mining companies that are listed between 2021 and 2024 on the Indonesia Stock Exchange (IDX). The proportion of independent board members, the number of audit committee meetings held, and the level of managerial ownership are used to evaluate corporate governance. Using secondary data from the companies' official websites, a quantitative research approach is used. Purposive sampling was applied to select the sample from an initial population of 198 firms, based on two criteria: (1) being in the mining industry and listed on the IDX during the designated timeframe, and (2) regularly publishing sustainability and annual reports. By applying these criteria, a sample of 47 businesses was obtained, producing 188 observations in total. Multiple linear regression was used to analyze the data using SPSS version 25. The results of the partial test show that while the percentage of independent board commissioners has no discernible effect on sustainability report disclosure, the frequency of audit committee meetings and managerial ownership have a significant and positive impact. These findings demonstrate how important internal ownership and an active audit function are to raising the standard of sustainability accountability and transparency.

**Keywords:** Audit Committee; Corporate Governance; Managerial Ownership; Mining; Sustainability Disclosure

## 1. Introduction

In today's fast-paced world of globalization and digital transformation, businesses encounter significant pressure to enhance their performance while maintaining transparency and accountability across all operational processes. Corporate governance serves as a crucial framework for connecting companies with their stakeholders, including the broader society. Attention to sustainability issues is also increasing. According to a report by the Global Reporting Initiative (2021), more than 80% of large companies worldwide have published sustainability reports as a form of social and environmental responsibility. The World Economic Forum (2022) also highlights that close to 70% of investors worldwide have begun integrating environmental, social, and governance (ESG) factors into their investment strategies, aligning with this view.

In Indonesia, attention to sustainability is increasingly reinforced through regulations. The Otoritas Jasa Keuangan (2017) has released POJK No. 51/POJK.03/2017, which obliges publicly listed companies and financial service institutions to produce sustainability reports. In line with this policy, the Bursa Efek Indonesia (2025) reported that as of December 2024, 882 companies, or around 94% of issuers, had published their 2023 sustainability reports. This increase shows positive development, although the quality of disclosure still varies and is often not yet comparable to international best practices. When compared to other ASEAN countries, Indonesia is still relatively behind in terms of the depth and consistency of sustainability report disclosure (Bramanti et al., 2021).

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Sustainability issues are becoming increasingly urgent, especially in the mining sector, which has a major impact on the environment and society. A variety of challenges have emerged, including pollution, deforestation, and deteriorating water quality. A report by the Kementerian Energi dan Sumber Daya Mineral (2023) shows that the mining industry accounts for around 30% of total national industrial water use, but only a small number of companies have waste treatment or recycling systems in place. Cases of environmental violations in this sector further reinforce the urgency of strong governance. An example of this is the revocation of the licenses of four nickel mining companies in Raja Ampat in 2025 by President Prabowo Subianto, namely PT Anugerah Harisma Barakah, PT Raja Ampat Nikel, PT Weda Bay Nickel, and PT Gane Permai Sentosa, following a Greenpeace investigation that found damage to important conservation areas (CNN Indonesia, 2025; Financial Times, 2025). These violations cause significant ecological damage and tarnish Indonesia's business reputation in the eyes of the global community.

The government's efforts to address this issue include PROPER (Company Performance Rating Program), which is used as an instrument to assess corporate compliance in environmental management (Jati et al., 2023). However, the effectiveness of this policy is still limited because practices in the field show weak supervision and implementation. This is reflected in the low level of accountability, transparency, and consistency in sustainability reporting in mining companies. Although required by law, various companies are still not fully utilizing sustainability disclosures as a strategic avenue to reinforce their credibility and strengthen investor trust (Subramaniam et al., 2023).

Although regulations in Indonesia increasingly reinforce the obligation to disclose sustainability reports, research findings regarding the effectiveness of corporate governance mechanisms on information disclosure still show inconsistencies. Research by Roviqoh and Khafid (2021) shows that independent boards of commissioners contribute to increased transparency, but other studies such as Dewi and Pitriasari (2019) emphasize that the role of independent commissioners tends to be symbolic and has little real influence. This contrasts with the findings of Dewi and Ramantha (2021), which confirm a positive influence. Such inconsistency reflects that an independent board of commissioners alone cannot assure the quality of sustainability disclosures, especially in the mining sector, which is characterized by complexity and high risk (Ekaputri & Eriandani, 2022). In addition, the effectiveness of audit committees is still debatable. Multiple studies (Saputri et al., 2022; Saraswati & Murtanto, (2025) indicate that the frequency of audit committee meetings plays a substantial role in enhancing the quality of disclosures, whereas alternative research reports no significant association. Similarly, with regard to managerial ownership, the results of studies by Nugroho & Widarjo (2023) and Chouaibi J. et al. (2022) show a positive relationship, but Simanjuntak (2019) study found no significant effect.

The disparity in this study's findings highlights the necessity for further investigation, particularly within mining companies that face substantial environmental risks. It becomes essential to assess how corporate governance through independent commissioners, audit committees, and managerial ownership can foster transparency and compliance with sustainability reporting standards. This research urgency corresponds with the global agenda, notably the 2030 Sustainable Development Goals (SDGs), which underscore the significance of responsible governance and environmental stewardship (United Nations, 2015).

In practical terms, this research provides benefits for various parties. For companies, the outcomes of this study can serve as a guideline to strengthen governance frameworks that support sustainable long-term development. For investors, this study provides additional information for assessing non-financial performance as a basis for more informed investment decisions (Haque et al., 2018). For regulators, this research is useful for strengthening policies and supervision so that sustainability practices can be implemented more effectively. Academically, this research is intended to expand the knowledge base regarding corporate governance and sustainability disclosure, particularly within the extractive sector, which significantly affects both society and the environment. Therefore, this study holds both relevance and importance. Robust corporate governance is considered capable of bridging the divide between regulatory requirements and actual practices in the field. An empirical examination of the association between governance mechanisms and sustainability disclosure in the mining sector in Indonesia is an academic and practical solution to encourage more responsible, transparent, and sustainability oriented business practices.

## 2. Literature Review

### Legitimacy Theory

Legitimacy theory explains that companies operate within a broader social context and must meet the expectations and norms that apply in society. According to Suchman (1995), legitimacy refers to the perception that an organization's actions are desirable, appropriate, or consistent with prevailing norms and values. In the realm of sustainability reporting, companies must demonstrate their dedication to social and environmental responsibility to earn legitimacy from their stakeholders (Deegan, 2002). A recent study from Indonesia found that legitimacy theory is the main basis for companies in preparing materiality analyses in sustainability reports, especially to gain the trust of the public and stakeholders (Meutia et al., 2022).

### Agency Theory

Introduced by Jensen and Meckling (1976), agency theory emphasizes the dynamic between principals, representing the owners, and agents, representing the managers of a firm. This relationship may involve conflicts of interest, as owners aim to maximize company value while managers might pursue their own personal goals. The theory highlights the importance of governance mechanisms, including independent boards of directors and audit committees, to ensure that managerial actions align with the interests of shareholders (Fama & Jensen, 1983). With effective oversight, it is hoped that sustainability reporting will improve, as managers will be more inclined to report on company performance in a transparent and accountable manner.

### Sustainability Report Disclosure

Sustainability reports serve as crucial tools that highlight not only financial performance but also a company's social and environmental responsibilities. The transparency of these disclosures aligns with Legitimacy Theory, where organizations seek social approval by providing information that meets public expectations (Suchman, 1995; Hummel & Schlick, 2019). The obligation of companies to submit sustainability reports is further strengthened by regulations such as POJK No. 51/2017 and SEOJK No. 16/2021, as well as the implementation of the international GRI (2021) standard, which is a global benchmark. By disclosing sustainability reports, companies can mitigate reputational risks, increase investor confidence, and affirm their commitment to sustainable development principles (Madona et al., 2020; Sutopo et al., 2022).

According to Agency Theory, sustainability reports aid in alleviating information asymmetry between managers, who act as agents, and shareholders, who act as principals. With the availability of non-financial information, shareholders can monitor the extent to which managers are implementing corporate strategies that are not only oriented towards short-term profits but also towards long-term sustainability (Nugraha & Fitriana, 2021). This is important, especially in extractive sectors such as mining, which have a major impact on the environment. The revocation of the licenses of four nickel mining companies in Raja Ampat in 2025 due to ecosystem damage is proof that public legitimacy cannot be ignored (CNN Indonesia, 2025). Therefore, disclosing sustainability reports is more than a regulatory requirement; it is a strategic imperative to ensure ongoing business viability.

### Independent Board of Commissioners

Acting as external overseers, independent commissioners safeguard impartiality in corporate decision-making. From the perspective of Agency Theory, their presence contributes to minimizing agency conflicts by fostering transparency and the adequate disclosure of information between managers and shareholders (Roviqoh & Khafid, 2021). A sufficient proportion of independent commissioners enhances supervisory effectiveness, encouraging companies to be more diligent in submitting sustainability reports. This openness also acts as a mechanism to boost corporate credibility among investors and the public (Ludianah et al., 2022). From the perspective of Legitimacy Theory, independent boards of commissioners play a vital role in aligning societal expectations with corporate practices. By promoting information disclosure that covers social and environmental aspects, companies can gain social legitimacy, especially when facing public pressure related to environmental issues. Recent studies demonstrate that independent commissioners are positively associated with the extent of sustainability reporting, particularly in companies exposed to substantial environmental risks (Alfraih & Almutawa, 2021). Therefore, the existence of an autonomous board of commissioners serves not only as a governance procedural requirement but also as a strategic asset for protecting corporate reputation and ensuring enduring sustainability.

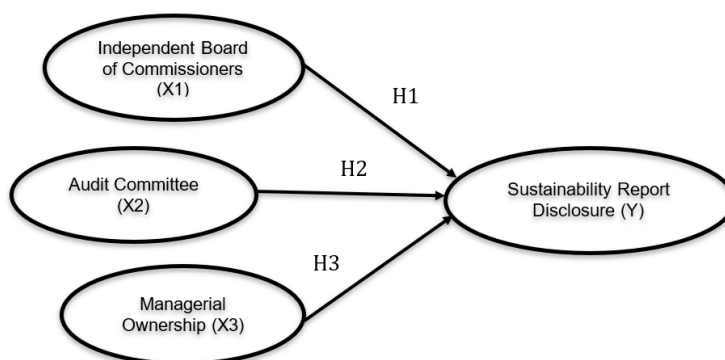
## Audit Committee

The audit committee operates as an internal monitor that safeguards the quality of both financial and non-financial reports. According to Agency Theory, having an audit committee reduces the likelihood of management manipulating reports and enhances the accountability of corporate disclosures (Saputri et al., 2022). The efficacy of audit committees is commonly assessed by considering the frequency of their meetings and the autonomy of their members. The more active the audit committee is in conducting supervision, the higher the quality of report disclosure, including in terms of sustainability (Dewi & Ramantha, 2021; Kusnadi et al., 2020). Furthermore, from the perspective of Legitimacy Theory, audit committees support companies in gaining legitimacy from the public by ensuring that information related to social and environmental impacts is communicated honestly and transparently. This is crucial, given the many environmental cases in Indonesia that have drawn public attention to the weak accountability of companies. For instance, Greenpeace's (2025) report on nickel mining pollution in Papua underscores the necessity for audit committees to strengthen oversight in sustainability report disclosures. Consequently, an effective audit committee not only diminishes information asymmetry but also serves as a strategic instrument for companies to uphold legitimacy and public confidence.

## Managerial Ownership

Managerial ownership functions as an internal governance approach to minimize the divergence of interests between principals (shareholders) and agents (managers). Drawing on Agency Theory, equity participation by managers strengthens the alignment of managerial and shareholder objectives, ultimately promoting transparency and improving the quality of disclosures, including sustainability-related information (Nugroho & Widarjo, 2023). Consequently, higher levels of managerial ownership provide stronger incentives to extensively disclose non-financial information to protect the company's reputation and attract investors. However, from another perspective, excessive managerial ownership has the potential to reduce transparency because managers feel they have complete control over the company (Haniffa & Cooke, 2005). From the perspective of Legitimacy Theory, insufficient disclosure of sustainability reports can jeopardize the company's social acceptance. Therefore, a balanced proportion of managerial ownership is crucial to ensure that companies continue to gain public legitimacy through consistent transparency. Studies have found that a balanced degree of managerial ownership can contribute to improving sustainability report quality, especially in environmentally sensitive industries (Chouaibi, Chouaibi, Rossi, et al., 2022).

## Hypothesis Development



**Figure 1.** Research Framework

Source: Research Data (2025)

## *Impact of Independent Commissioners on the Scope of Sustainability Report Disclosure*

Agency theory explains the importance of external supervisors in reducing conflicts between managers (agents) and owners (principals). Independent boards of commissioners have a supervisory function to ensure that management carries out its responsibilities transparently, including in terms of sustainability report disclosure. According to Jensen & Meckling (1976), independent boards of commissioners can reduce information asymmetry by encouraging more complete and objective disclosure. Findings from Rumaningsih and Rusmanto (2024) demonstrate that the inclusion of independent commissioners enhances the level of sustainability report disclosure, as these boards tend to be more objective and independent from management. This aligns with findings by Roviqoh and Khafid (2021), who assert that independent commissioners contribute to increased corporate transparency through non-financial

reporting. Building upon the foregoing discussion, the study formulates the following hypothesis:

H1: The existence of independent boards of commissioners has a significant impact on sustainability report disclosure.

### ***Impact of Audit Committees on the Scope of Sustainability Report Disclosure***

Audit committees hold a critical responsibility in preserving the quality and transparency of both financial and non-financial reports. From an Agency Theory viewpoint, audit committees serve as internal monitoring bodies that can compel managers to act in shareholders' best interests. In the context of legitimacy theory, sustainability report disclosure also serves to maintain organizational legitimacy through transparency. An effective audit committee can motivate companies to provide more comprehensive sustainability disclosures. Empirical findings by Saraswati and Murtanto (2025) indicate that audit committees significantly strengthen both the depth and coverage of sustainability reports. In alignment with this, Saputri et al. (2022) emphasize that the regularity of audit committee meetings positively affects the breadth of information disclosed, especially concerning environmental and social reporting. Supporting this, Purnama and Handayani (2021) found that an active audit committee strengthens good corporate governance by increasing reporting transparency. Drawing from the preceding discussion, the study establishes the following hypothesis:

H2: The presence of audit committees has a significant impact on sustainability report disclosure.

### ***Impact of Managerial Ownership on the Scope of Sustainability Report Disclosure***

According to Agency Theory, managerial ownership harmonizes the objectives of managers with those of shareholders by granting managers a vested interest in the company's performance. The larger the share of managerial ownership, the stronger the motivation to disclose sustainability information to build a positive corporate image. However, according to Legitimacy Theory, if managers dominate ownership excessively, they may manipulate information to serve their own interests, potentially diminishing the quality of sustainability report disclosures. Research by Nugroho & Widarjo (2023) shows that managerial ownership positively affects sustainability reporting, but its impact varies depending on the degree of control exercised. Parallel conclusions were reached by Chouaibi et al. (2022), who observed that managerial ownership enhances transparency in sustainability disclosures among companies in Asia. Likewise, Dewi and Ramantha (2021) confirm that managerial ownership acts as a key internal control mechanism encouraging sustainability reporting. Drawing from the preceding discussion, the following hypothesis is developed:

H3: Managerial ownership exerts a significant impact on sustainability report disclosure.

## **3. Research Method**

This research employs a quantitative methodology. The data utilized are secondary, comprising annual reports and sustainability reports spanning the years 2021-2024. The data were obtained from the official website of the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)) and the official websites of the mining companies within the sample. The study population comprises 198 mining companies that were listed on the Indonesia Stock Exchange between 2021-2024. To determine the research sample, purposive sampling was applied in order to obtain companies that meet specific requirements and are considered representative. The sampling criteria used in this study are as follows: first, companies operating in the mining sector and listed on the Indonesia Stock Exchange (IDX) during the period of 2021-2024. Second, mining companies that consistently publish annual and sustainability reports throughout the 2021-2024 period. Third, companies with available data on independent boards of commissioners, audit committees, and managerial ownership.

**Table 1.** Population and Sample

No	Description	Total
1	Companies listed in the Mining Sector	198
2	Companies outside the Mining Sub-industry	(74)
3	Companies that failed to publish comprehensive Annual Reports and Sustainability Reports during the 2021–2024 period were excluded	(69)
	Subtotal: Mining companies with complete and valid data for the period 2021-2024	55
	The total data identified as outliers	(8)
	Length of observation period	4
	Total final sample used in the study	188

Source: Secondary Data Analysis (2025)

## Operational Definition and Variable Measurement

The independent variable in this research is corporate governance, assessed through three primary indicators: the independent board of commissioners, the audit committee, and managerial ownership. These indicators serve as governance mechanisms anticipated to impact the degree of transparency and accountability in corporate reporting. The dependent variable is sustainability report disclosure, representing the extent to which companies disclose information regarding environmental, social, and governance (ESG) factors in line with existing reporting standards.

### Independent Board of Commissioners

The independent board of commissioners refers to members of the board who are free from any financial, ownership, managerial, or familial affiliations with the company's management, shareholders, or controlling parties. The position of independent commissioners is to uphold impartiality in decision-making and balance the interests of both majority and minority shareholders (OECD, 2021; Setiadi & Hidayat, 2023). Generally, a higher proportion of independent commissioners strengthens management oversight, thereby enhancing transparency and the quality of disclosures, including sustainability reports (Wijayanti & Suryono, 2020; Dewi & Ramantha, 2021). This is evaluated through the ratio between independent commissioners and total commissioners on the board.

$$\text{Independent Board of Commissioners} = \frac{\text{Independent Board of Commissioners}}{\text{Total Board of Commissioners}}$$

### Audit Committee

Formed under the authority of the board of directors, the audit committee functions to reinforce control mechanisms and preserve objectivity in governance. This committee serves as a liaison among the board of directors, internal auditors, external auditors, and independent commissioners, ensuring the transparency and quality of company reports. The presence of an audit committee is crucial for promoting information disclosure, including sustainability reporting, as structured meetings facilitate better coordination and communication among members, fostering good corporate governance (Saputri et al., 2022; Pratiwi & Khafid, 2021). The effectiveness of audit committees is typically gauged by the frequency of their meetings, based on the premise that more frequent meetings contribute to improved oversight and higher quality information disclosure (Widyastuti & Sari, 2020).

$$\text{Audit Committee} = \sum \text{Frequency of Audit Committee Meetings in 1 Year}$$

### Managerial Ownership

Managerial ownership describes the situation when a firm's managers also own shares, giving them roles as both internal managers and shareholders. This arrangement motivates management to be more engaged in strategic decision-making since their interests align with those of other shareholders. Thus, managerial ownership is believed to minimize agency conflicts and improve company performance through more optimal internal supervision (Jensen & Meckling, 1976; Dewi & Latrini, 2019). In this study, managerial ownership is measured using a dummy variable on a nominal scale, assigned a value of 1 if the company has managerial ownership and 0 if it does not (Sari & Suaryana, 2020).

### Sustainability Report Disclosure

Sustainability report disclosure refers to the practice of companies presenting information regarding their economic, social, and environmental achievements as a means of demonstrating openness and accountability to stakeholders. Such reporting not only functions as a form of responsibility but also signifies the company's commitment to sustainable development principles (Gunawan & Hermawan, 2019; Utami & Prabowo, 2021). In this research, the extent of disclosure is measured through the Sustainability Reporting Index (SRI), which adopts the Triple Bottom Line framework, covering economic, environmental, and social aspects. The disclosure criteria are adapted from the Global Reporting Initiative (GRI) standards with a customized set of indicators. Assessment is carried out using content analysis and a dichotomous scoring approach, in which a score of 1 is assigned if an item appears in the annual or sustainability report, and 0 if it is absent (Putri & Yuyetta, 2020).

$$\text{SRI} = \frac{\text{Number of TBL items disclosed}}{\text{Total TBL items}}$$

## Data Analysis

Using SPSS version 25, multiple linear regression analysis was performed to examine the impact of managerial ownership, audit committees, and independent boards of commissioners on the disclosure of sustainability reports. Prior to the regression analysis, descriptive statistics and conventional assumption tests including normality, multicollinearity, and heteroscedasticity were conducted to ensure the validity of the regression model. The F-test was employed to test whether the independent variables simultaneously influence the dependent variable (Ghozali, 2018). Additionally, the coefficient of determination ( $R^2$ ) was used to measure the proportion of variance in sustainability report disclosure explained by the corporate governance indicators, while t-tests were conducted to assess the partial effect of each independent variable.

## 4. Results and Discussion

### Descriptive Statistics

**Table 2.** Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1_DKI	188	,25	,75	,4326	,10907
X2_KA	188	1	9	4,95	1,703
X3_KM	188	0	1	,59	,493
Y_SRI	188	,70	1,00	,8856	,09049
Valid N (listwise)	188				

Source: Output SPSS ver 25 (2025)

The descriptive statistics show that, with a mean of 0,43 and a standard deviation of 0,10, variable X1, the independent board of commissioners as determined by the ratio of independent to total commissioners, ranges between 0,25 and 0,75 (see Table 2). Given that the average value only slightly exceeds the standard deviation, this suggests that the percentage of independent commissioners is typically low.

With a mean of 4,95, the audit committee's annual meeting count for variable X2 ranges from a minimum of 1 to a maximum of 9. Given that the mean is closer to the minimum, this indicates a comparatively low frequency of meetings. There is little variation in meeting frequencies throughout the sample, as indicated by the standard deviation of 1,70, which is less than the mean.

A dummy variable (1 = ownership present; 0 = ownership absent) is used to represent variable X3, managerial ownership. The findings show a mean of 0,59, a standard deviation of 0,49, a minimum of 0, and a maximum of 1. This implies that managerial ownership is present in just over half of the companies, with the distribution of data between the two groups being fairly balanced.

Last but not least, variable Y, sustainability report disclosure, ranges from 0,70 to 1,00 based on the ratio of disclosed items to the total index. The majority of businesses reveal sustainability information at levels that are comparable to the average, as indicated by the mean value of 0,88, which is high and supported by a standard deviation of 0,09.

### Classical Assumption Test

#### Normality Test

**Table 3.** Normality Test

		Unstandardized Residual
N		188
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,08657623
Most Extreme Differences	Absolute	,059
	Positive	,055
	Negative	-,059
Test Statistic		,059
Asymp. Sig (2-tailed)		,200c,d

Source: Output SPSS ver 25 (2025)

The Kolmogorov-Smirnov test was employed to assess normality, with its significance value used as the criterion. Data are considered normally distributed if the significance value exceeds 0,05. For the sample size of 188, the test produced a significance value of 0,200, which is above the 0,05 threshold. This result indicates that the data meet the normality assumption required for regression analysis.

### Multicollinearity Test

Table 4. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1_DKI	,994	1,006
	X2_KA	,995	1,005
	X3_KM	,998	1,002

Source: Output SPSS ver 25, 2025

The Variance Inflation Factor (VIF) and tolerance values indicate the absence of multicollinearity in the regression model. Multicollinearity is considered negligible if the tolerance value exceeds 0,10 and the VIF is below 10. According to the results presented in Table 4, all examined variables the independent board of commissioners, audit committee, and managerial ownership have tolerance values greater than 0,10 and VIF values less than 10. Therefore, it can be concluded that the regression model does not suffer from multicollinearity issues.

### Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,133	,026		5,169	,000
	LN_X1	-,029	,018	-,155	-1,640	,103
	LN_X2	-,048	,012	-,276	-3,935	,000
	X3_KM	-,004	,009	-,033	-,475	,635

Source: Output SPSS ver 25 (2025)

The Glejser test can be used to identify heteroscedasticity in regression analysis. When the independent variables significance value is greater than 0,05, the model is considered to be heteroscedastic. According to test results, there are typically no indications of heteroscedasticity in this study's regression model. More specifically, variables X1 and X3 have significance levels above 0,05, confirming the absence of heteroscedasticity, while variable X2 records a significance level below 0,05, indicating the occurrence of heteroscedasticity within the model. The data above has undergone data transformation or data healing, but the final result still cannot change variable X2 to be significant.

### Multiple Linear Regression Analysis Test

Table 6. Multiple Linear Regression Analysis Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,776	,032		24,417	,000
	X1_DKI	,095	,059	,115	1,620	,107
	X2_KA	,010	,004	,191	2,702	,008
	X3_KM	,032	,013	,173	2,447	,015

Source: Output SPSS ver 25 (2025)

The regression results presented in the table lead to the following multiple linear regression equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 0,776 + 0,095 + 0,010 + 0,032 + e$$

Explanation:

Y = Disclosure of sustainability reports

a = Constant

$\beta_1$ -  $\beta_3$  = Regression coefficients of each independent variable

X<sub>1</sub> = Independent Board of Commissioners

X<sub>2</sub> = Audit Committee

X<sub>3</sub> = Managerial Ownership

e = error

Based on the regression equation above, the following interpretations can be made: First, the baseline level of sustainability report disclosure is 0.776 when all independent variables are held constant, as indicated by the constant value derived for sustainability report disclosure (Y). This means that mining companies will disclose more sustainability reports in 2021–2024, by 0.776 units. Second, the regression coefficient for independent board members (X<sub>1</sub>) is 0.095. This positive correlation suggests that a higher level of sustainability report disclosure is associated with a greater proportion of independent board members. Conversely, as the ratio of independent board members declines, the disclosure of sustainability reports tends to

decrease. Third, the regression coefficient for the audit committee (X2) is 0.010. The positive sign of this coefficient indicates that an increase in the number of audit committee meetings is linked to greater sustainability report disclosure. On the other hand, a decrease in the frequency of audit committee meetings appears to correspond with a decline in sustainability report disclosure. Finally, the regression coefficient for managerial ownership (X3) is 0.032. This positive coefficient suggests that managerial ownership is positively related to sustainability report disclosure. Therefore, as a company's managerial ownership decreases, the disclosure of sustainability reports tends to decrease as well.

### Hypothesis Test

#### Simultaneous Test (F-test)

Simultaneous F-tests were conducted to evaluate whether the independent variables jointly influence the dependent variable. In this study, the independent variables are the independent board of commissioners, audit committees, and managerial ownership, while the dependent variable is the disclosure of sustainability reports. As shown in Table 6, the significance value obtained is 0,000, which is below the 0,05 threshold. This outcome confirms that the regression model is suitable for predicting sustainability report disclosure, indicating that collectively, the independent variables have a significant effect on the dependent variable.

#### Significance Test (T-test)

Table 7. Significance Test (T-test)

Hypothesis	Independent Variables	t calculate	Sig.	Description
H1	Independent Board of Commissioners	1,620	,107	Rejected
H2	Audit Committee	2,702	,008	Accepted
H3	Managerial Ownership	2,447	,015	Accepted

Source: Output SPSS ver 25 (2025)

To evaluate the distinct effect of each independent variable on the dependent variable, a t-test was conducted with a decision-making threshold set at a 5% significance level. The hypothesis is considered supported if the p-value is below 0.05, indicating a statistically significant relationship between the independent and dependent variables. Conversely, if the p-value exceeds 0.05, the hypothesis is rejected, suggesting no significant effect.

The independent board of commissioners variable showed a p-value of 0.107, which exceeds the 0.05 threshold. This indicates that the independent board of commissioners does not have a statistically significant effect on the disclosure of sustainability reports. As a result, the hypothesis suggesting that independent boards of commissioners influence sustainability report disclosure is rejected. On the other hand, the audit committee variable displayed a p-value of 0.008, which is below the 0.05 threshold, confirming that the audit committee has a significant effect on the disclosure of sustainability reports.

Lastly, the managerial ownership variable had a p-value of 0.015, which is also below the 0.05 threshold. This demonstrates that managerial ownership significantly impacts the disclosure of sustainability reports. Therefore, the hypothesis stating that managerial ownership influences sustainability report disclosure is accepted. These findings highlight the varying degrees of influence that different governance factors have on sustainability report disclosure.

#### Coefficient of Determination Test (R<sup>2</sup>)

Table 8. Coefficient of Determination Test (R<sup>2</sup>)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	,291a	,085	,070	,08728

Source: Output SPSS ver 25 (2025)

The coefficient of determination, which ranges from 0 to 1, measures the proportion of variance in the dependent variable that is simultaneously explained by the independent variables. When the Adjusted R<sup>2</sup> value approaches 1, it indicates that the independent variables exert a substantial effect on the outcome and serve as strong predictors of the dependent variable. As shown in Table 8, the Adjusted R<sup>2</sup> value is 0,070, suggesting that the independent board of commissioners, audit committee, and managerial ownership collectively explain 7% of the variation in sustainability report disclosure, while the remaining 93% is influenced by factors beyond the scope of this research.

#### Impact of Independent Commissioners on the Scope of Sustainability Report Disclosure

The results reveal that the independent board of commissioners has a significance value of 0,107, exceeding the 0,05 threshold, indicating no statistically significant effect on sustainability report disclosure. Therefore, the first hypothesis (H1), which asserted that the independent board of commissioners significantly affects the disclosure of sustainability reports,

is rejected. This suggests that independent commissioners have not yet effectively fulfilled their supervisory role in encouraging the disclosure of non-financial information. From an agency theory perspective, Eisenhardt (1989) explains that external supervisory mechanisms such as boards of commissioners are often ineffective when incentives are weak or information links with management are limited, so their existence does not always guarantee improved disclosure quality. Supporting this, prior research by Dewi & Pitriyari (2019) also concluded that independent commissioners do not significantly impact sustainability report disclosure, as their roles tend to be more formal and advisory. These findings are in line with a recent study by Yudhanti & Listianto (2021), which emphasizes that the role of independent commissioners in Indonesia still faces limitations in practical implementation despite supportive regulations. Thus, the current study's results align with previous literature highlighting the limitations of the supervisory function of independent boards of commissioners in the context of sustainability reporting.

#### **Impact of Audit Committees on the Scope of Sustainability Report Disclosure**

With a significance value of 0,008, which is less than the 0,05 cutoff, the second hypothesis (H2) test results show that audit committees significantly impact sustainability report disclosure. These results support the original theory that audit committees are essential for enhancing the thoroughness and caliber of sustainability reporting. This finding is consistent with agency theory, which suggests that audit committees, as internal oversight mechanisms, help limit managerial opportunism by fostering greater transparency in non-financial disclosures. Additionally, from the standpoint of legitimacy theory, the presence of audit committees motivates companies to disclose sustainability information to preserve public trust. The study by Saraswati & Murtanto (2025) supports this view, showing that the efficiency of audit committee meetings enhances the implementation of sustainability reporting in a more responsible way. Likewise, Saputri et al. (2022) found that the effectiveness of audit committees has a significant impact on the clarity and comprehensiveness of published sustainability reports. Therefore, this study confirms that audit committees hold a strategic position in fostering corporate legitimacy and accountability through sustainability disclosures.

#### **Impact of Managerial Ownership on the Scope of Sustainability Report Disclosure**

With a significance value of 0,015, below the 0,05 cutoff, the results for the third hypothesis (H3) show that managerial ownership significantly affects sustainability report disclosure. The third hypothesis is thus accepted. This finding is consistent with agency theory, which holds that greater managerial ownership makes it more likely that they will reveal sustainability information to protect the company's image and overall worth (Jensen & Meckling, 1976). From the perspective of legitimacy theory, managerial ownership encourages managers to display information transparency in an effort to gain social legitimacy from stakeholders. Supporting this, Nugroho & Widarjo (2023) found that managerial ownership positively affects sustainability report disclosure, although the strength of this effect may depend on the extent of ownership. These findings align with Simanjuntak (2019) research, which highlights that managerial ownership enhances managers' motivation to align their personal interests with those of the company. Furthermore, Yudhanti & Listianto (2021) show that managerial ownership plays a vital role in encouraging sustainability disclosure, particularly in firms facing high reputational risks. Collectively, these studies reinforce the empirical evidence that managerial ownership serves as an effective internal control mechanism to reduce agency conflicts while improving the quality of sustainability report disclosure.

### **5. Conclusion**

This study focuses on mining companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2024, examining the impact of corporate governance on sustainability report disclosure. The findings reveal that independent boards of commissioners do not significantly affect the disclosure of sustainability reports. However, audit committees were found to have a significant influence on sustainability report disclosure. Furthermore, managerial ownership was shown to strongly impact the level of sustainability report disclosure.

These results suggest that incentives tied to managerial ownership and effective internal oversight by audit committees can enhance the accountability and transparency of sustainability report disclosures. At the same time, the role of independent boards of commissioners should be reinforced to ensure optimal accountability and transparency in the disclosure of sustainability reports. This emphasizes the importance of strengthening corporate governance mechanisms to improve sustainability practices in the mining sector.

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