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DISCLOSURE OF SUSTAINABILITY REPORT LEGITIMACY THEORY PERSPECTIVE

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Abstract
This study aims to empirically ascertain how the Sustainability Report is influenced by company size, profitability, audit committee, and institutional shareholding. Sustainability Report internal and external responsibility of stakeholders to the performance of the organization in achieving sustainable development goals. This study determines the population of companies included in the List of Rating – Asia Sustainability Reporting Rating (ASRRAT) awards in 2022. Purposive sampling was used for the sampling process, resulting in 11 companies and 44 observations in total. Testing research results using multiple linear regression, classical assumption testing, descriptive statistical analysis, and hypothesis testing are all part of the data analysis approach. The findings show how the disclosure of the Sustainability Report is positively influenced by company size, profitability, audit committee, and institutional shareholding.

Keywords: Sustainability Report, Company Size, Profitability, Audit Committee, Institutional Shareholding

1. Introduction

Regulations relating to environmental management are regulation Number 32 of 2009 concerning businesses operating in the natural resources industry or in related fields are required to practice environmental and social responsibility. This rule is supported by Law No. 40 of 2007 Article 66, The company's annual report needs to provide information on all environmental and social responsibilities. In July 2018, the Indonesian Financial Services Authority (OJK), issued POJK Number 51/POJK.03/2017 concerning the Application of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies. POJK 51/2017 aims to increase awareness and commitment to the principles of sustainable development (SDGs). OJK Regulation 51/2017 encourages companies to increase responsibility for the formulation of sustainability practices and responsibility to stakeholders to create organizational legitimacy in the eyes of the community (Adhariani &; du Toit, 2020; Princess q al. 2022).

A sustainability report is a document that evaluates and displays information about an organization's economic health, social impact, and environmental impact. This report has an impact on society and holds stakeholders, both outside and inside the company, accountable for the success of the organization in achieving sustainable development goals (Alfaiz &; Aryati, 2019; Aminah et al. 2022; Becker, 2011; Febriyanti, 2021; Hayatun et al. 2012; Kuzey &; Uyar, 2017; Oktaviani &; Amanah, 2019; Putra &; Subroto, 2022; Syeliya Md Zaini, Grant Samkin, Umesh Sharma, 2010; Yi & Yu, 2010). The Global Reporting Initiative (GRI), Sustainability Report serves as a tool to measure and voice its operations in order to account to all interested parties for the achievement of the integrated sustainable development goals of the SDGs. The SDGs have 17

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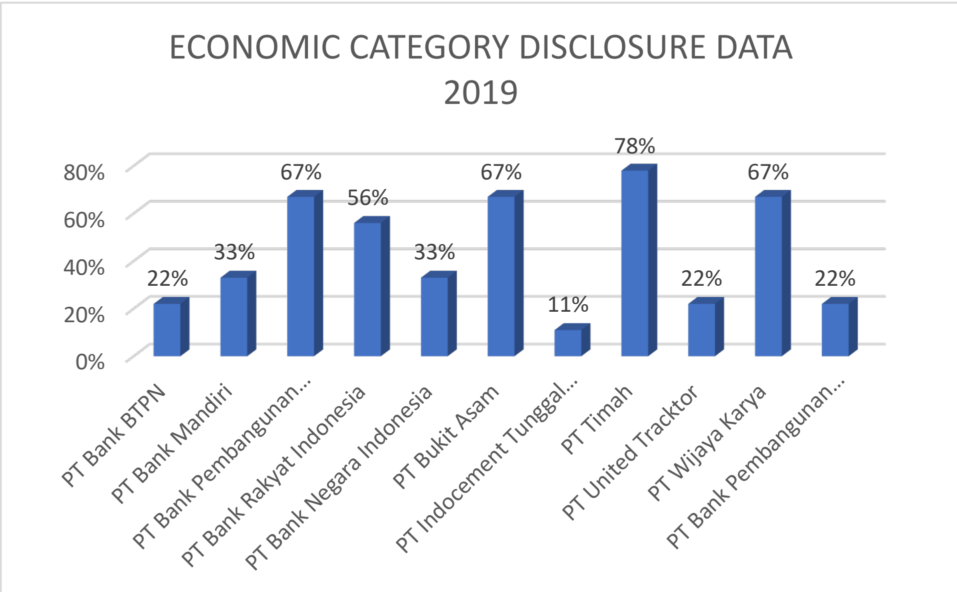
interconnected goals designed to address issues ranging from poverty and hunger to gender equality, climate change, and many again. The goal is to foster collaboration between governments, companies, civil society organizations, and communities to build a more just, prosperous, and sustainable world for current and future generations. These goals serve as a global call to action (Kücükgül et al. 2022; Leal Filho et al. 2022; Obaideen et al. 2022; van Zanten &; van Tulder, 2021).

Legitimacy theory is also relevant in the face of intense competition between companies to obtain large profits, causing higher exploration of natural resources to be carried out without considering their impact on the environment, including ecosystem balance, employee welfare, and corporate sustainability (Adhariani &; du Toit, 2020; Atahau & Kausar, 2022; Dewinta &; Setiawan, 2016; Dissanayake et al. 2019; Gunawan &; Mayangsari, 2015; Hayatun et al. 2012; Latifah &; Sublime, 2020; Muttakin et al. 2016; Oussii et al. 2019; Oussii &; Boulila Taktak, 2018; Rudyanto &; Siregar, 2018). Sustainability reporting is very relevant for all businesses and is an entity's effort to be responsible and a step towards implementing Good Corporate Government. One of the theoretical strategies that can be used in business environments and environments is the theory of legitimacy. According to this theory, an organization cannot survive and gain support unless it can continue to be perceived as sustainable and successful by society or stakeholders. The large number of corporate violations has increased public understanding of the need for proactive business practices and the ongoing impact of business on the environment.

The phenomenon in Indonesia regarding the disclosure of Sustainability Report is still very low, as shown in the table below:



From this graph, it is explained that there are still a few companies that have not prioritized the disclosure of the Sustainability Report, it is seen that there is only 1 company that achieved a value of more than 70% of the total disclosure in 2019 and many other companies are below 70%.

Another phenomenon revealed by the Ministry of Environment and Forestry (KLHK) cracked down on around 50 companies that pollute the environment around the cities of Bogor, Depok, Tangerang, and Bekasi, one of which is a paper production company in the Cibinong area, Bogor Regency. Until now, 32 companies have been enforced by

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sanctions where the factory is included in one of the contributors to air pollution in Jakarta. From several years there have been several companies that have experienced cases of environmental pollution. Here are some examples of water and environmental pollution cases that occur in Indonesia.

Table 1. Most Water Pollution (2021)

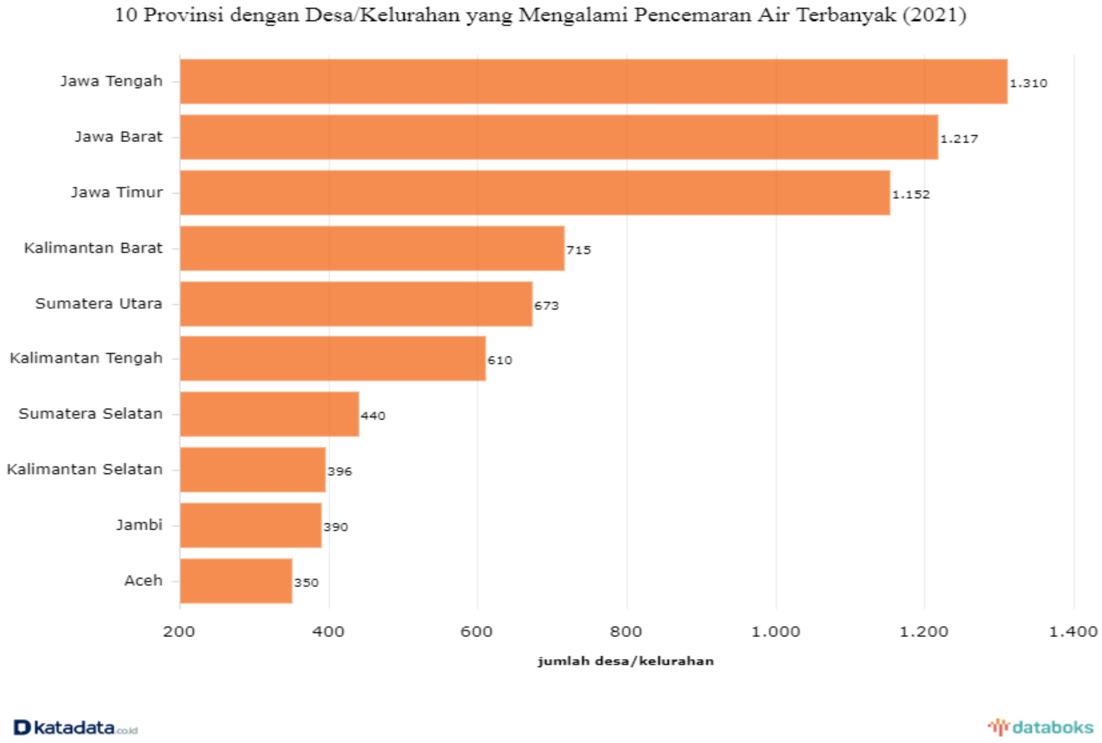

Table 2. Pollution Cases in Indonesia (2018-2023)

No	Information	Case
1	PT XLI August 14, 2023	Cases of illegal management of toxic and hazardous waste (B3) and environmental pollution in Serang.
2	PT Karya Citra Nusantara March 17, 2022	Receive administrative sanctions directly as coercive measures from the government. Eleven violations in the field and thirty-one violations related to environmental documentation and law were found by the DKI Jakarta Environmental Agency (LH).
3	PT Sawit Inti Prima Perkasa September 27, 2022	Conduct direct waste disposal, administration of wastewater treatment plants (WWTP) that are not in accordance with UKL / UPI, and do not have permits to manage waste and hazardous waste (B3).
4	PT Inti Indosawit Subur Pangkalan Lesung September 13, 2021	The pollution of Payu Atap River occurred due to the operational activities of PMKS Pangkalan Lesung carried out by the Company. Oil waste

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		is a source of river pollution contained in Tankos (empty bunches) processed by PT IIS for PMKSD.
5	PT Kayan Putra Utama Coal February 2021	The overflow pond embankment broke and polluted the Malinau and Sesayap Rivers.
6	PT Kamarga Kurnia Textile Industri &; PT how Are You Indonesia February 25, 2020	Environmental pollution of the Citarum watershed
7	PT Pindo Deli Pulp and Paper Mills 3 08 April 2019	Pollution in Cibeet River in Taman Mekar. Liquid waste management that fails in the Wastewater Treatment Installation (WWTP) so that it overflows and fails to be accommodated in the reservoir.
8	PT Greenfields Indonesia 2018	Farm 2 Wlingi sub-district dumps dairy cow dung into the river causing turbid and foul-smelling water. The death of fish is one of the impacts, even in ponds owned by locals who depend on rivers as a source of water.

This research has identified the Sustainability Report as a form of ethical corporate responsibility in order to fulfill their ethical, social, and environmental responsibilities to the community and the surrounding environment (Boolaky et al. 2018; Finch, 2005, 2011; Rudyanto &; Siregar, 2018; Syeliya Md Zaini, Grant Samkin, Umesh Sharma, 2010). In addition to profit-seeking activities, companies can also identify risks and opportunities that can have long-term impacts, increase transparency, interact effectively with interested parties, enhance corporate reputation, and validate their legitimacy in society (Clarkson et al. 2008; Dissanayake et al. 2019; Dwi, 2020;) (Kılıç et al. 2016)(Pope & Lim, 2020)(Orazalin &; Mahmood, 2020)(Boolaky et al. 2018). Research on the disclosure of the Sustainability Report is important to be able to take into account environmental pollution caused by company activities so as to reduce losses for all stakeholders related to business (Madani &; Gayatri, 2021). In the context of legitimacy theory, sustainability reporting can also be considered as a response to the increasing public understanding of the impact of business on the environment. By conducting business practices proactively and voicing sustainable impact, companies can maintain community support and trust.

Fernandez-Feijoo et al. (2014) indicates that the purpose of the Sustainability Report is to contribute to stakeholder decision makers by presenting information on ecological, economic, and social impacts (Atahau &; Kausar, 2022; Latifah &; Sublime, 2020). It is important for the business world to build and maintain trust in its sustainability. This trust is built from commercial strategies and choices that impact not only the company but also stakeholders. Disclosure of sustainability reporting is carried out by the company as a form of accountability to stakeholders for meaningful support. When publishing a sustainability report, several aspects will affect the sustainability opportunities of a company.

One of the factors affecting the possibility of continuous development and information disclosure in business is the size of the company. According to legitimacy theory, when large companies have environmental and social impacts on their business, they will be more easily recognized and under supervision from related parties (Orazalin &; Mahmood, 2020) (Usman, 2020). This research is important because the disclosure of information by large companies is larger than that of small companies. Large companies usually maintain a positive social evaluation, while small companies tend to be more concerned with profit-seeking activities so as not to discuss social and environmental issues (Manchiraju &; Rajgopal, 2017).

The information contained in the Sustainability Report is also believed to be influenced by business profitability. Furthermore, businesses that generate large profits tend to increase the level of activity in their sustainability reporting, while companies with decreased profits will reduce their reporting activities (Setiawan et al. 2019) (Clarissa & Ketut Rasmini, 2018). Profitability is one of the performance metrics revealed in the Sustainability Report, companies that achieve high levels of profitability are often more likely to disclose with this method. Companies under pressure from environmental groups tend to disclose comprehensively all the issues they face. The increase in transparency in the Sustainability Report may be motivated by the company's desire to reduce how the general public perceives its effects on the environment (Fernandez-Feijoo et al. 2014). The effectiveness of the audit committee can be used as a tool to monitor the success of management decisions, especially those related to social obligations, which is reflected in quality social obligation data (Habbash &; Arabia, 2016; Syeliya Md Zaini, Grant Samkin, Umesh Sharma, 2010).

This study is an attempt to replicate previous research, which has produced inconsistent findings. Facing uncertainties in previous studies, the purpose of this study is to provide further confirmation and clarity related to previously studied phenomena. By repeating experiments and analyses, it is expected to identify factors that may have influenced inconsistencies in the results of previous studies. The findings of this study are expected to shed more in-depth light and more powerful information to support existing knowledge in this domain. This replication research can contribute to a deeper understanding of the topic of Sustainability Report disclosure and reduce uncertainty that may arise from previous research. Based on a number of previous studies, there are variations in results between one researcher and another related to the Sustainability Report. Therefore, researchers want to conduct new research into variables such as company size, profitability, and audit committee function.

2. Theoretical Background

2.1 Sustainability Report

Sustainability Report has a number of definitions, (Elkington, 1997) Sustainability Report means a report that includes non-financial data in addition to financial performance data, such as details of social and environmental initiatives that support the sustainable growth of the company. The Global Reporting Initiative (GRI) is a non-profit organization that promotes social, environmental, and economic sustainability which is referred to as an international standard in preparing sustainability reports created to reduce mismanagement and improve the quality of sustainability reporting, because the GRI guidelines outline corporate disclosures that provide information about environmental, social, and economic aspects as a means of communication to stakeholders interests (Adhariani &; du Toit, 2020; Clarissa &; Ketut Rasmini, 2018;

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Dwi, 2020; Fernandez-Feijoo et al., 2014; Putra &; Subroto, 2022; Princess et al., 2022; Rudyanto &; Siregar, 2018). Disclosure measurements based on GRI indicators can be calculated by dividing the total number of items displayed at a time by the total items revealed (Atahau &; Kausar, 2022; Madani &; Gayatri, 2021).

2.2 Legitimacy Theory

This research uses legitimacy theory as the main framework to explore important concepts across disciplines. The theory of legitimacy introduced initially by (Pfeffer, 1975), says that legitimacy can be viewed as a source of benefits that enable the survival of the company. This theory is rooted in the social interaction between an institution and society, which requires alignment of the goals of the institution with the values prevailing in society. Legitimacy theory is an important theoretical foundation for understanding how organizations, institutions, and other entities seek to maintain and gain recognition and support among its various stakeholders. In the context of this study, legitimacy theory is used as a powerful analytical tool to look at the relationship between organizational effectiveness and public perception and how this affects desired outcomes.

The theory of legitimacy is often applied in research on sustainability reports because companies are faced with social political pressures, therefore they have a tendency to operate at a high level in terms of sustainability. Sustainability Report is a type of communication that allows businesses to provide non-financial data that is important to build the Company's legitimacy.

Materiality can be used as a legitimacy technique to decide what information is disclosed in reports and what is considered relevant by companies and stakeholders to maintain organizational legitimacy (Ngu &; Amran, 2021)(Gunawan &; Mayangsari, 2015)(Madani &; Gayatri, 2021)(Anggraeni, 2020)(Latifah &; Luhur, 2020).

2.3 The Effect of Company Size on Sustainability Report

According to Legitimacy Theory, organizations tend to seek to gain or maintain legitimacy in the eyes of society by adopting behaviors and practices that are considered legitimate and desired by society. Therefore, to include more activities in their Sustainability Reports, large companies will post more often on social media. This is related to the theory of legitimacy that the size of an organization is not determined by society and the environment, so businesses must still structure their operations in accordance with standards set by society. Company size is a factor that has a major impact in influencing the level of disclosure of the Sustainability Report (Dissanayake et al. 2019; Habbash &; Arabia, 2016; Princess et al. 2022; Setiawan et al. 2019; Sulistyawati &; Qadriatin, 2018)(Orazalin &; Mahmood, 2020)(Maulida &; Adam, 2012). But on the contrary, research observed by Natalia & Wahidahwati, (2016) shows that company size does not have a visible impact on the disclosure of the Sustainability Report. The company's total assets have no effect on the disclosure of the Sustainability Report (Febriyanti, 2021) (Oktaviani &; Amanah, 2019) Significant negative (Madani & ; Gayatri, 2021).

H1: Company Size Affects Sustainability Report

2.4 The Effect of Profitability on Sustainability Report

Profitability refers to evaluating a company's performance by measuring the extent of profits generated, which can then affect financial records according to relevant guidelines (Wagiswari &; Badera, 2021). According to accounting science, profitability is a comparison made to assess the extent of a company's ability to achieve profits from

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certain revenues (Latifah &; Luhur, 2020). Another definition of profitability is as a parameter in research that serves as a measure of the success of an enterprise. A company's capacity to generate profits, in relation to sales, assets, and investments in the long term is measured by its profitability. Among the metrics used to calculate profitability is return on equity (ROE). ROE is a rate of return that shows the effectiveness of a company's capital management and can measure the rate of return on capital achieved by shareholders.(Sicily et al. 2019) ROE is used to assess the ability of businesses to convert shama holders' investments into equity capital.

Mujiani &; Nurfitri, (2020) research findings state that profitability has a significant impact on the level of disclosure in the Sustainability Report. Since companies with high profitability seek to gain legitimacy from stakeholders through disclosure of sustainability reporting, it can be explained through the perspective of Legitimacy Theory, where companies that generate large profits may have the motivation to maintain or build legitimacy in the eyes of stakeholders by demonstrating their commitment to sustainability (Oktaviani &; Amanah, 2019) (Orazalin &; Mahmood, 2020), in contrast to research that results in insignificant influential profitability (Madani & Gayatri, 2021) instead, results on the effect of profitability on sustainability reporting, the disclosure states that companies want to portray the image that they care about sustainability when the profits are large or small. In addition, one of the reasons businesses practice environmental and social responsibility is because of demands from stakeholders, including activists and the general public. In other words, profitability has no effect on the disclosure of sustainability reporting (Maulida &; Adam, 2012)(Habbash &; Arabia, 2016)(Natalia & Wahidahwati, 2016)(Febriyanti, 2021).

H2: Profitability affects the Sustainability Report

2.5 The Effect of the Audit Committee on the Sustainability Report

According to legitimacy theory, organizations often perform certain actions or follow certain procedures to enforce or enhance their legitimacy in the eyes of stakeholders or society. In this case, having an audit committee can be viewed as a step to demonstrate accountability and transparency in the company's administration, which can strengthen the credibility of the organization. The audit committee has a role to provide support and assist company management in providing more quality information. The audit committee has the potential to influence the planning and presentation stages of the sustainability report. The increase in the number of audit committee members is expected to be a supporting factor in order to improve overall performance, which in time will assist the company in preparing and presenting the Sustainability Report (Anggraeni, 2020; Bakhtiar et al., 2021; Habbash &; Arabia, 2016; Muttakin et al., 2016). Horngren, (2016) explains the role of the board audit committee (usually external board members) as a collector and distributor of information from the internal audit system. Based on the Financial Services Authority Regulation (POJK) Number 55 of 2015, the audit committee consists of at least three members, consisting of one chairman who is a representative of the autonomous commissioner, as well as two external members. At least, one of the members must have a basic financial and accounting education. These findings indicate that the presence of the audit committee has an impact (Alfaiz &; Aryati, 2019; Anggraeni, 2020; Natalia &; Wahidahwati, 2016) in contrast to research that states company size has no impact on the Sustainability Report (Oktaviani &; Amanah, 2019; Sulistyawati &; Qadriatin, 2018).

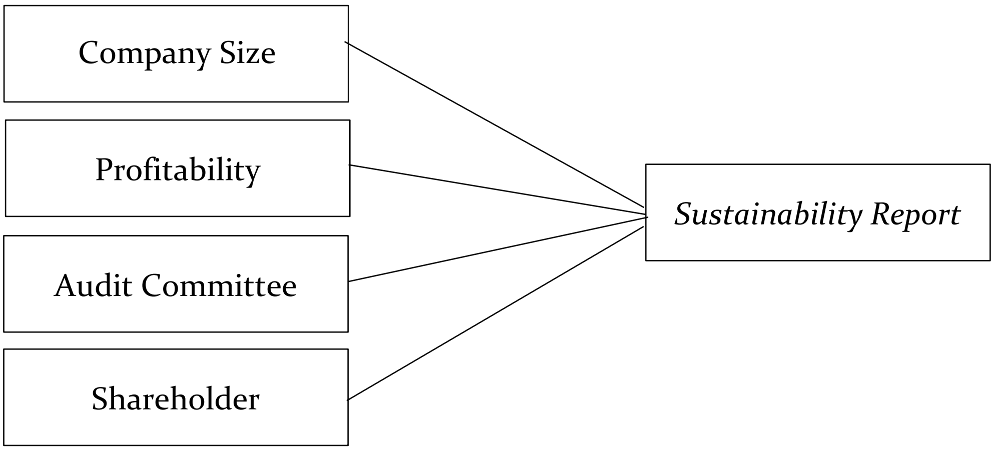
H3: Audit Committee influences Sustainability Report

2.6 Influence of Shareholders on Sustainability Report

Shareholders have limitations in the management of the company therefore, management (managers) are expected to apply the principle of transparency in conveying all company activities which is a tool to maintain the Company's legitimacy in the eyes of stakeholders, including shareholders. This action aims to reduce agency conflicts between business management and shareholders, monitoring that ensures supervision of company managers so that personal interests are limited. (Clarissa &; Ketut Rasmini, 2018). In addition to providing financial information to shareholders, companies are also advised to disclose non-financial data. A communication tool that emphasizes the environmental and social responsibility of a business is a social responsibility report that involves the environment surrounding the business. This reflects that companies have an obligation to convey annual accountability related to environmental and social performance to stakeholders, as is done in the delivery of financial information to shareholders (Clarissa &; Ketut Rasmini, 2018). Findings from the study show that shareholder involvement has no impact on the disclosure of the Sustainability Report. This indicates that shareholders do not fully consider the company's social and emotional capital when determining which company to invest because most shareholders still do not understand social responsibility and its effect on business (Rudyanto &; Siregar, 2018) (Mukti et al. 2013). In contrast to the expression (Fernandez-Feijoo et al. 2014) the findings show that shareholder involvement has an impact on the Sustainability Report which in the context of Legitimacy Theory, companies can see shareholder involvement as a factor that can affect their legitimacy and image in the eyes of the public and stakeholders.

H4: Shareholders influence the Sustainability Report

2.7 Research Framework



3. Methods

The research technique applied is quantitative research. The population that is the focus of the study includes 200 companies, namely all companies listed in the List of Rating – Asia Sustainability Reporting rating (ASRRAT) 2022 awards. Purposive sampling is a technique used for sampling the following criteria are used to select samples:

1) Company in the form of Tbk.
2) Companies in the Asia Sustanability Reporting Rating 2022 (ASRRAT 2022).

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3) Companies that consistently release Sustainability Reports for three consecutive years in the 2019–2022 time frame, and the Sustainability Report is available online through the company's website, accessible to the general public.
4) Companies that use rupiah currency.

Based on the results of sample calculations with purposive sampling method, after four years of investigation (2019-2022), there are 15 companies that are the final sample of this study, so that there are 45 Sustainability Reports that will be the object of observation of this study.

3.1 Dependent Variables

3.1.1 Disclosure of Sustainability Report

The level of quality of disclosure in the Sustainability Report is the variable that is the focus of this study. In accordance with the definition (Elkington, 1997), Sustainability Report refers to a report that is not limited to information about financial performance, but covers non-financial activities that include social and environmental activities, providing a foundation for sustainable growth for the company. The Sustainability Report recorded in the Sustainability Report Index (SRI) is evaluated through a comparison of the number of company disclosures with the standards required in the GRI G4. The standard covers a total of 26 disclosure items categorized in economic and environmental aspects (Table 3).

$$\frac{\text{Total Disclosure}}{\text{Total Items GRI 04 (26 items)}}$$

3.1.2 Independent Variables

The size of the company is measured using the number of assets owned by the company, then converted into logarithms to balance other variables. This is done to determine the difference between the size and size of the company (Barung et al., 2018; Orazalin &; Mahmood, 2020)

$$\text{Ln (Total Assets)}$$

The profitability ratio in this study is measured through the calculation of the Return on Equity (ROE) ratio, which shows the amount of profit the company generates (Soge &; Brata, 2021).

$$\frac{\text{Profit After Tax}}{\text{Net Capital}}$$

The audit committee is responsible for providing assistance to the Board of Commissioners in implementing the management oversight mechanism. Audit committee dimensions are measured using the following formula:

$$\text{UDIT} = \sum \text{Audit Committee Members}$$

Ownership of stock securities by institutional investors is known as institutional stock ownership. Institutional investors involve organizations such as limited companies, banks, insurance companies, pension funds, and other financial institutions. Institutional shareholding is measured by dividing the number of outstanding shares held by institutional investors in relation to the total number of shares outstanding.

$$\frac{\text{Institutional Share Ownership (Shares)}}{\text{Total Shares Outstanding}}$$

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This research hypothesis is applied through multiple regression analysis method. This analysis approach aims to evaluate the impact of the independent variable on the dependent variable that has been identified in the scope of this study. Here is a multiple regression model applied to evaluate the hypotheses in this research framework.

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + e$$

Information:

Y : Disclosure of Sustainability Report
α : Constant
B : Regression Coefficient
e : Error
X1 : Company Size
X2 : Profitability
X3 : Audit Committee
X4 : Institutional Share Ownership

4. Results and Discussion

4.1 Classic Assumption Test

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company Size	44	12.83	54.44	32.6802	6.42898
Profitability	44	-11.62	69.20	16.1118	14.24056
Audit Committee	44	2	9	4.50	1.635
Share Ownership	44	.01	.98	.2914	.28523
Disclosure of Sustainability Report	44	3.33	76.66	47.7993	20.06367
Valid N (listwise)	44				

Source: Data processed 2023, SPSS26

Descriptive statistical analysis is the presentation or overview of data obtained through mean values, variance, kurtosis, skewness, total amount, range, lowest value, maximum value, and standard deviation

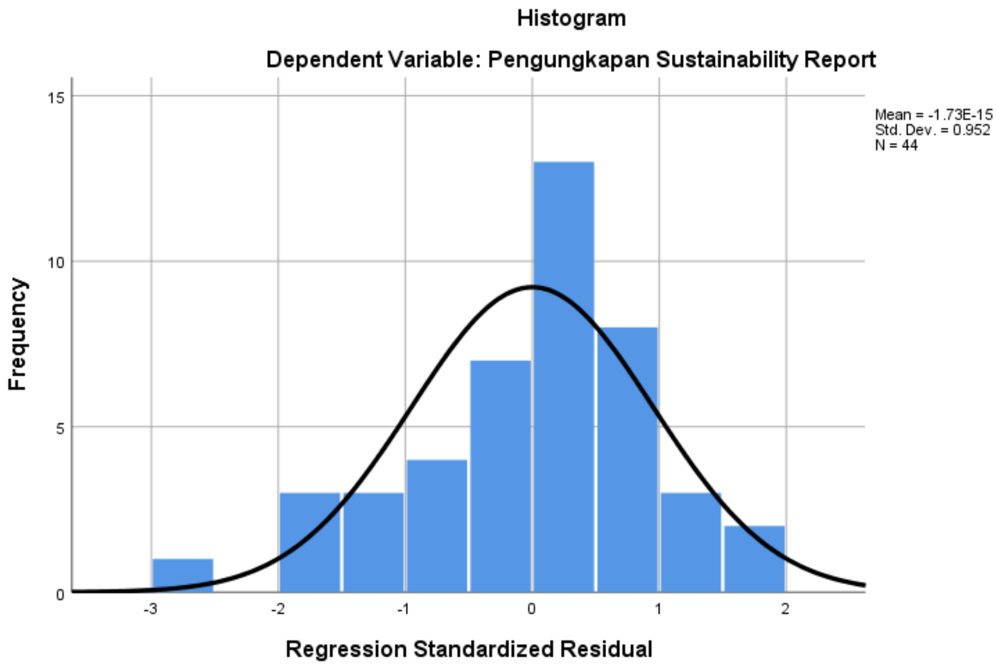


Figure 1. Normality Test

The results of the normality analysis that has been carried out, it is concluded that the residual value shows a normal distribution, which is characterized by the formation of a bell-shaped data distribution and does not show a tendency towards the left or right.

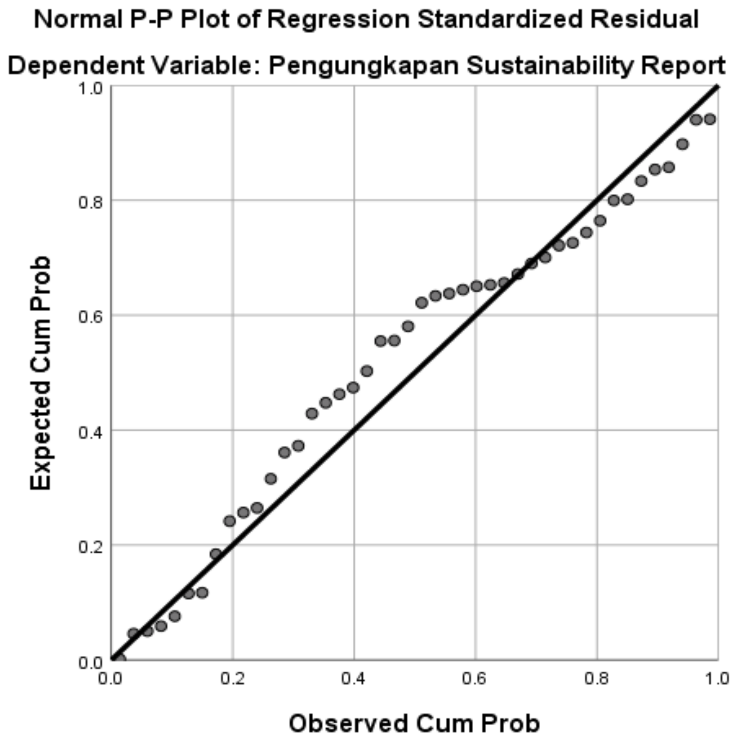


Figure 2. P-Plot

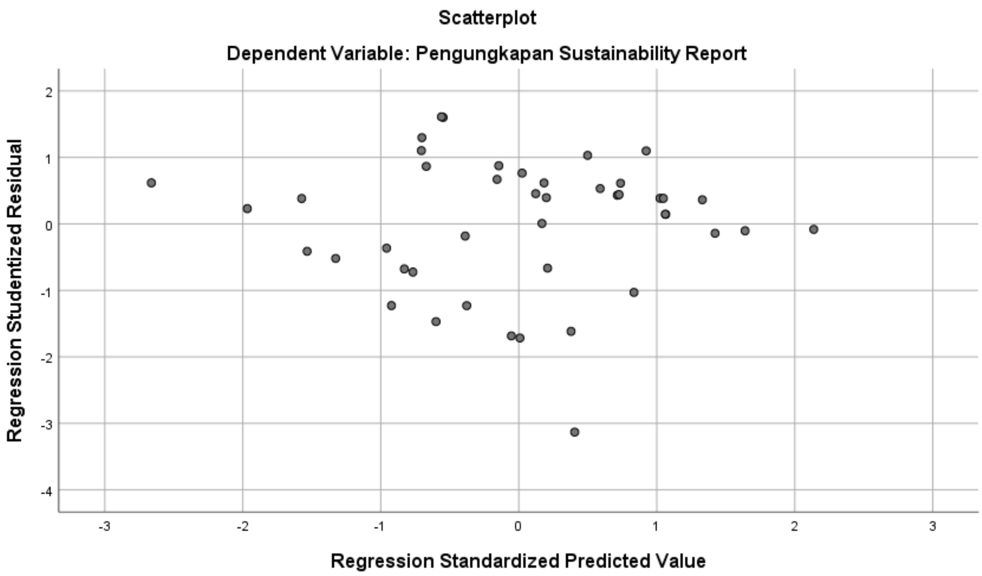
Then in the P-Plot figure it can be seen that there are points approaching and following the diagonal line, this indicates that the regression model meets the assumption of normality.

Table 2. Multicollinearity Test

Type		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Company Size	.895	1.118
	Profitability	.887	1.127
	Audit Committee	.874	1.144
	Share Ownership	.869	1.151

The multicollinearity test in the table shows that the Variance Inflation Factor (VIF) value of all variables is below 10 and the tolerance value is more than 0.1 or 10%. Thus, it is interpreted that because there is no excessive correlation between independent variables, the problem of multicollinearity in this research model can be ruled out.

Table 3. Heteroscedasticity Test



The results of the heteroscedasticity test in table 5 above can be known if there is no visible pattern and the dots are evenly scattered around the zero on the Y axis, then there are no signs of heteroscedasticity.

4.2 Hypothesis testing and data analysis

Table 3. Multiple Correlation Analysis

Model Summary[b]					
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.621a	.385	.322	16.52022	1.267

a. Predictors:(Constant), Share Ownership, Company Size, Profitability, Audit Committe
b. Dependent Variable: Disclosure of Sustainability Report

Based on table 6 above, the Adjusted R Square (R 2) value of 0.322 which shows the independent variable only explains 32.2% of the variation in the dependent variable while the remaining 67.8% is explained by other variables outside the independent variable. The value of the correlation coefficient (R) of 0.621 shows the relationship between the independent variable and the dependent variable of 62.1%.

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Table 4. T Test

Coefficients[a]						
Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5.629	14.262		-.395	.695
	Company Size	1.073	.414	.344	2.590	.013
	Profitability	.396	.188	.281	2.109	.041
	Audit Committee	3.349	1.648	.273	2.032	.049
	Share Ownership	33.194	8.856	.505	3.748	.001

a. Dependent Variables: Disclosure of Sustainability Report

1) Company Size Variables

Based on table 9, the value of t calculates the variable size of the company of 2,590 where tcalculate the > ttable (2,590 > 1,685) with significant results of 0.013 < 0.05 so it is concluded that there is a significant influence between the size of the company and the influence of the Sustainability Report.

2) Variable Profitability

Based on table 9, the value of t calculates the profitability variable of 2.109 where t calculates > ttable (2.109 > 1.685) with significant results of 0.041 < 0.05 so it is concluded that there is a significant influence between profitability and the influence of the Sustainability Report.

3) Audit Committee Variables

Based on table 9, the value of tcalculate the audit committee variable of 2,032 where t counts > ttable (2,032 > 1,685) with significant results of 0.049 < 0.05 so that it is concluded that there is a significant influence between the audit committee and the influence of the Sustainability Report.

4) Share Ownership Variables

Based on table 9, the value of t calculates the variable share ownership of 3,748 where tcalculate the table > t (3,748 > 1,685) with significant results of 0.001 < 0.05 so it is concluded that there is a significant influence between share ownership and the influence of the Sustainability Report.

5. Conclusion

The measurement of the Sustainability Report is still very low carried out by the company, it can be concluded that the average disclosure in the economic and environmental sectors is still below 70%. During 2019-2022, disclosure in the economic category was 58%, while the environmental category was 54%, this shows that companies still do not pay attention to ethical responsibilities to fulfill social, environmental, and ethical aspects to society and the environment. The analysis concluded that company size affects the level of disclosure of the Sustainability Report, especially in companies that have been operating for a long time. Similarly, profitability variables affect the disclosure of sustainability reports because companies with large profits tend to provide more detailed information in their financial statements. The audit committee has a significant impact. This indicates that the existence of an audit committee contributes to the level of Sustainability Report Disclosure, and companies with more audit committees tend to provide more complete information. Furthermore, institutional shareholding variables illustrate that affect the disclosure of the Sustainability Report. In conclusion, company size, profitability, audit committee, and institutional shareholding have a significant effect on the level of disclosure in the Sustainability Report. This is consistent with the legitimacy theory which states that any business can survive as long as society recognizes that its operations are consistent with the values of society. Legitimacy, on the other hand, is characterized by limitations derived from social norms and values, which become a catalyst for examining corporate behavior in order to consider social and environmental factors. Researchers have difficulty finding data in company reports due to non-conformity of the report preparation framework with applicable guidelines. For companies, you should compile the report in accordance with predetermined guidelines.

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ATTACHMENT
GRI Disclosure Item 04

No	Code	Indicators
		Economy Category
		Aspect : Economic Performance
1	EC1	Direct economic value generated and distributed.
2	EC2	Financial implications and other risks and opportunities to the organization's activities due to climate change.
3	EC3	The scope of the organization's obligations to defined benefit plans.
4	EC4	Financial assistance received from the government.
		Aspect: Market Existence
5	EC5	The ratio of standard wages for entry-level employees by gender compared to regional minimum wages in significant operational locations.
6	EC6	Comparison of senior management employed from local communities at significant operating sites.
		Aspect: Indirect Economic Impact
7	EC7	Development and the impact of investment in infrastructure and services provided.
8	EC8	Significant indirect economic impacts, including the magnitude of the impact.
		Aspect : Procurement Practice
9	EC9	Comparison of purchases from local suppliers at significant operational locations.
		Environment Category
		Aspect: Material
10	EN1	Materials used by weight or volume.
11	EN2	The percentage of materials used that are recycled input materials.
		Aspect: Energy
12	EN3	Energy consumption in the organization.
13	EN4	Energy consumption outside the organization.
14	EN5	Energy intensity.
15	EN6	Reduction of energy consumption.
16	EN7	Reduction of energy requirements in products and services.
		Aspect: Water
17	EN8	Total water intake by source.
18	EN9	Water sources that are significantly affected by water withdrawal.
19	EN10	The percentage and total volume of water recycled and reused.
		Aspect: Emissions
20	EN15	Direct greenhouse gas (GHG) emissions (scope 1).
21	EN16	Indirect energy greenhouse gas (GHG) emissions (scope 2).
22	EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).
23	EN18	Greenhouse gas (GHG) emission intensity.
24	EN19	Reduction of greenhouse gas (GHG) emissions.
25	EN20	Ozone-depleting material (BPO) (ODS) emissions.
26	EN21	Nox, Sox, and other significant air emissions.