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The Role of Sustainability Reports in Reflecting the Financial Performance of Mining Companies

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ABSTRACT

This study investigates the influence of sustainability report disclosures on the financial performance of mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. Using a quantitative approach with descriptive and verificative methods, the study analyzes 56 observations from 19 companies selected based on specific criteria, including the use of GRI Standards and consistent financial reporting. Sustainability performance is measured through the Sustainability Report Disclosure Index (SRDI), covering economic, environmental, and social dimensions, while financial performance is proxied by Return on Assets (ROA). Data were analyzed using multiple linear regression supported by classical assumption tests. The findings reveal an upward trend in sustainability disclosures across all three dimensions, although with varying consistency among companies. Simultaneous disclosure of the three dimensions does not significantly affect financial performance; however, the social dimension, when examined individually, shows a significant positive impact on ROA. These results highlight the role of social responsibility such as employee welfare and community engagement in enhancing financial outcomes. The study suggests that mining companies improve transparency in sustainability reporting and recommends future research to incorporate additional financial indicators and broader sectors to enrich the analysis.

Introduction

Companies are established with the primary objective of maximizing profits while also considering the interests of stakeholders. Financial performance is a critical aspect of business growth in any company. However, according to Epstein and Freedman (1994), stakeholders today are not solely focused on profitability, but are also interested in additional information disclosed in a company's annual report. Therefore, it is essential for management to present supplementary disclosures that can enhance stakeholder interest and trust.

With growing concerns over environmental degradation caused by corporate activities, stakeholders have increasingly shifted their attention to the environmental responsibilities of companies. To demonstrate accountability and transparency, businesses are encouraged to publish sustainability reports. These reports reflect a company's commitment not only to economic growth but also to social and environmental responsibilities. According to Legitimacy Theory, a company must align its operations with societal values, particularly in managing environmental and social issues (Eliyana & Subakir, 2020).

A sustainability report is a form of nonfinancial disclosure that provides insights into a company's environmental, social, and governance (ESG) performance. These reports typically follow the guidelines of the Global Reporting Initiative (GRI), which promotes transparency and accountability regarding the economic, environmental, and social impacts of organizations (May et al., 2024).

In the current business landscape, sustainability reporting has become increasingly relevant, especially for developing companies striving to meet growing demands for ethical and responsible business conduct. The evolving expectations of society and rapid technological advancements require organizations to adopt innovative strategies not only for economic growth but also for addressing risks related to social and environmental sustainability. Transparent reporting practices increase investor confidence, as stakeholders tend to trust companies that provide accurate and comprehensive information (Eliyana & Subakir, 2020).

Sustainability reporting has been shown to positively correlate with a company's financial performance, particularly in profitability. By measuring, disclosing, and being accountable for sustainability

practices, companies can foster longterm growth and corporate resilience. This form of transparency helps enhance the firm's value and builds trust among stakeholders.

In Indonesia, companies perceived to have a high environmental impact—especially mining companies are under greater scrutiny due to their direct interaction with natural resources. Although sustainability reporting is not yet mandatory, many mining firms voluntarily disclose such reports to demonstrate their commitment to sustainable operations and to strengthen their relationships with the surrounding communities.

A recent case involving PT Bangun Nusantara Jaya Makmur Perkasa (BNJMP), a mining company, drew public attention following an environmental scandal. The company was found guilty of coal spillage that severely polluted a local river, disrupting the ecosystem and affecting the communities dependent on it. According to Rahman (2023), this incident significantly harmed both the environment and the company's reputation, leading to legal action and public pressure from various stakeholders.

In light of this, sustainability reporting emerges as a strategic response for companies like PT BNJMP to restore their public image and show their commitment to environmental and social responsibilities. By disclosing detailed information about their efforts, such as pollution prevention programs and social contributions, these companies can enhance stakeholder trust and promote sustainable mining practices.

Literature Review

Stakeholder Theory

Stakeholder theory was first introduced by the Stanford Research Institute (SRI) in 1963 and was later extensively developed by Freeman. In this theory, stakeholders are defined as individuals or groups who can affect or are affected by the achievement of an organization's goals. The theory emphasizes that a company is responsible not only to its shareholders but also to various parties who have interests in the company's activities, including employees, customers, local communities, the government, and the environment. Stakeholder theory comprises two main approaches. The normative approach focuses on ethical and moral values in business practices. Companies are expected to treat all stakeholders fairly and to consider their interests equally, rather than solely pursuing the interests of shareholders. The managerial approach, on the other hand, is more descriptive and examines how stakeholders' power and influence over critical resources such as market access, licensing, or capital affect managerial decisionmaking.

Legitimacy Theory

Complementing stakeholder theory, legitimacy theory was developed to explain how companies seek to align their activities with social norms and values. According to Dowling and Pfeffer (1975), legitimacy is the perception that a company's actions are appropriate within the socially constructed system of norms, beliefs, and values. In this context, a company is seen as having an implicit "social contract" with society. To ensure longterm operational sustainability, a company must behave in accordance with societal expectations and address the environmental and social impacts of its activities. Legitimacy theory highlights the importance of social acceptance and reputation as intangible assets that influence a company's longterm viability. When the public perceives that a company deviates from prevailing norms, its legitimacy—and therefore its survival—may be at risk. One strategic way to gain and maintain legitimacy is through the disclosure of nonfinancial information in the form of a sustainability report.

Sustainability Report

A sustainability report is a type of nonfinancial reporting prepared to present a company's economic, environmental, and social performance to its stakeholders. This type of reporting may be either voluntary or mandatory, depending on national regulations or industry expectations. One widely adopted reporting standard is the Global Reporting Initiative (GRI) Standards. GRI is an international organization that develops sustainability reporting guidelines aimed at promoting transparency and accountability in how companies communicate the impacts of their operations. GRI sets out several principles that companies must consider when preparing a sustainability report. The principle of stakeholder inclusiveness requires companies to identify and respond to stakeholder expectations. The principle of materiality emphasizes disclosing aspects that significantly influence corporate performance and stakeholder decisions. In addition, the principles of accuracy and balance call for reports to be objective, presenting both positive and negative information, with data that can be justified. The principles of comparability and reliability ensure that reports can be used for benchmarking over time or across companies and that they are based on verifiable and consistent data collection methods.

The primary objectives of producing a sustainability report include improving corporate reputation, enhancing transparency, and providing useful information for decisionmaking by management and investors. Sustainability reports also help companies manage business risks, meet longterm investor expectations, and demonstrate a commitment to sustainable business practices. Measurement within sustainability reporting generally focuses on three key dimensions: the economic dimension, which describes the company's contribution to macro and microeconomic systems; the environmental dimension, which addresses the impact of operations on natural resources such as air, water, soil, and ecosystems; and the social dimension, which covers the effects on labor, local communities, and human rights.

Financial Performance

Financial performance refers to the condition of a company's financial health as reflected in its financial statements. These financial statements are systematically analyzed to assess the effectiveness, efficiency, and profitability of the business operations. The analysis process involves several stages. First, a review of the financial statements ensures their compliance with accounting standards and regulations. Next, financial ratio calculations, particularly profitability ratios, are performed to evaluate how efficiently the company generates profits from its resources. This is followed by timeseries or crosssectional comparisons to benchmark performance against other periods or firms in the industry. The fourth stage is interpretation, which helps identify strengths and weaknesses in financial operations. Finally, recommendations and solutions are formulated to address any identified financial issues.

One of the most commonly used tools for assessing a company's profitability is the Return on Assets (ROA) ratio. ROA measures the efficiency with which a company uses its assets to generate profits. It is generally calculated by dividing net income by total assets. A higher ROA indicates better performance, as it shows the company is generating greater profits from its asset base. This ratio is also valuable for comparing financial performance over time or with other companies in the same sector. Additionally, ROA provides insight to investors and managers about operational efficiency and investment strategies. As such, profitability ratios like ROA are extremely useful in evaluating business continuity and in making informed business development decisions.

In today's business environment, where accountability and transparency are paramount, the integration of financial and nonfinancial information has become essential. Sustainability reports prepared in accordance with GRI standards, alongside financial performance analysis using indicators such as ROA, offer a comprehensive view of a company's overall performance and corporate responsibility. The combination of sustainability reporting and financial analysis is expected to serve as a strategic tool for companies to navigate global challenges, strengthen stakeholder relationships, and achieve sustainable growth.

Method

This study employs a quantitative approach with descriptive and verificative methods to analyze the influence of sustainability reports on the financial performance of mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. Secondary data, consisting of sustainability reports (GRI Standards) and financial statements, were obtained from the IDX website (www.idx.co.id) and company websites. The research population includes 71 mining companies, with a sample of 19 companies meeting the following criteria: (1) published sustainability reports and financial statements for 2021-2023, (2) used GRI guidelines, and (3) reported net profits. After removing outliers, the total analyzed data amounted to 56 observations.

The independent variables comprise sustainability report disclosures (economic dimension/X_1, environmental/X_2, and social/X_3), measured using the Sustainability Report Disclosure Index (SRDI). Each dimension was assessed based on 90 GRI Standards items (scored 1 if disclosed, 0 if not). The dependent variable is financial performance (Y), proxied by Return on Assets (ROA). Data analysis was conducted using SPSS through three stages: (1) descriptive statistics, (2) classical assumption tests (Kolmogorov-Smirnov normality, multicollinearity, runs test for autocorrelation, and scatterplot/Spearman test for heteroscedasticity), and (3) hypothesis testing using multiple linear regression. The coefficient of determination (Adjusted R^2) measures the contribution of independent variables, while F-tests and t-tests examine simultaneous and partial effects. This research is expected to provide empirical evidence regarding the integration of sustainability practices and financial performance in the mining sector.

Results and Discussion

Descriptive Statistics

The data required for this study is secondary data obtained in the form of financial reports and sustainability reports of mining companies from 2021 to 2023, sourced from the Indonesia Stock Exchange website and the respective websites of listed companies. The variables in this study consist of corporate financial performance and sustainability report disclosures. The table below presents the descriptive statistics of the sample variables for mining companies from 2021 to 2023.

Tabel 1 Descriptive Statistics

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Economic Performance Disclosure	56	0,00	1,00	0,5332	0,28427
Environmental Performance Disclosure	56	0,09	0,94	0,5796	0,25003
Social Performance Disclosure (X3)	56	0,08	0,90	0,5605	0,21719
ROA (Y)	56	0,02	28,53	9,6416	8,34176

Source: SPSS Data Processing Results ver. 25, 2025

a. Based on the table above, economic performance disclosure shows that N or the number of valid data for each variable is 56. From 56 sample data, the minimum value for economic performance disclosure is 0.00, the maximum value is 1.00, the mean value is 0.5332, with a standard deviation value of 0.28427, meaning the mean value is greater than the standard deviation. Thus, the data dispersion is low, indicating an even distribution of values.
b. The Environmental Performance Disclosure variable has a minimum value of 0.09, a maximum value of 0.94, a mean value of 0.5796, and a standard deviation of 0.25003, meaning the mean value is greater than the standard deviation. Thus, the data dispersion is low, indicating an even distribution.
c. The Social Performance Disclosure variable has a minimum value of 0.08, a maximum value of 0.90, a mean value of 0.5605, and a standard deviation of 0.21719, meaning the mean value is greater than the standard deviation. Thus, the data dispersion is low, indicating an even distribution.
d. The Corporate Financial Performance (ROA) variable has a minimum value of 0.02, a maximum value of 28.53, a mean value of 9.6416, and a standard deviation of 8.34176, meaning the mean value is greater than the standard deviation. Thus, the data dispersion is low, indicating an even distribution.

Uji Normalitas

The normality test aims to examine whether the disturbance or residual variables in the regression model have a normal distribution. A good regression model should have a normal or near-normal distribution (Ghozali, 2013). In this normality test, the One-Sample Kolmogorov-Smirnov method is used with a significance level of 0.05. The decision-making criteria for the One-Sample Kolmogorov-Smirnov test are as follows

1. If the Asymp. Sig. (2-tailed) > 0.05, the data is normally distributed.
2. If the Asymp. Sig. (2-tailed) < 0.05, the data is not normally distributed.

Table 2 Normality Test Results

	Unstandardized Residual
N	56
Normal Parameters	
- Mean	0.0000000
- Std. Deviation	7.83129167
Most Extreme Differences	
- Absolute	0.105
- Positive	0.105
- Negative	-0.081
Test Statistic	0.105
Asymp. Sig. (2-tailed)	0.188

Source: SPSS Data Processing Results ver. 25, 2025

From the table above, the Asymp. Sig. (2-tailed) value is 0.188. Thus, it can be concluded that the data is normally distributed because the Asymp. Sig. (2-tailed) value is greater than 0.05 (0.188 > 0.05)

Uji Multikolinearitas

The multicollinearity test aims to determine whether there is a correlation among the independent variables in the regression model. The multicollinearity test is conducted by examining the tolerance and VIF values of each independent variable. If the VIF value is less than 10 and the tolerance is greater than 0.10, it can be concluded that the data is free from multicollinearity symptoms.

Table 3 Multicollinearity Test Results

Independent Variable	Tolerance	VIF
Economic Performance Disclosure (X_1)	**0.210**	**4.768**
Environmental Performance Disclosure (X_2)	**0.365**	**2.738**
Social Performance Disclosure (X_3)	**0.243**	**4.119**

Source: SPSS Data Processing Results ver. 25, 2025

Based on the table above, economic performance disclosure shows a tolerance value of 0.210 and a VIF value of 4.768. Environmental performance disclosure shows a tolerance value of 0.365 and a VIF value of 2.738. Social performance disclosure shows a tolerance value of 0.243 and a VIF value of 4.119. Based on these results, it can be concluded that all tolerance values of each independent variable are more than 0.1 and all VIF values are less than 10. Hence, it can be concluded that there is no correlation among the independent variables or the data is free from multicollinearity

Uji Autokorelasi

In this study, the autocorrelation test is performed using the runs test. If the Asymp. Sig. (2-tailed) value > 0.05, it can be concluded that the regression model does not indicate symptoms of autocorrelation.

Table 4 Autocorrelation Test Results

	Unstandardized Residual
Test Value[a]	0.59832
Cases ≤ Test Value	27
Cases ≥ Test Value	28
Total Cases	55
Number of Runs	32
Z	0.956
Asymp. Sig. (2-tailed)	0.339

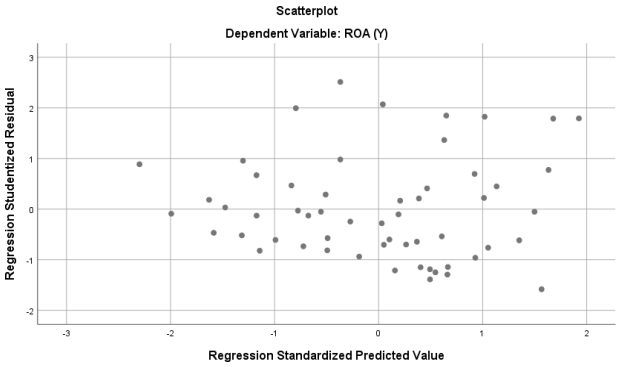
Hasil Uji Autokorelasi

Source: SPSS Data Processing Results ver. 25, 2025

From the table above, it is known that the Asymp. Sig. (2-tailed) value is 0.339. This value > 0.05, so it can be concluded that the regression model does not indicate symptoms of autocorrelation.

Uji Heteroskedastisitas

The heteroscedasticity test aims to determine whether there is an inequality of variance in the residuals of a regression model. A good regression model should have homoscedasticity, meaning the variance of the residuals is constant. In this study, the Glejser test is used to detect the presence of heteroscedasticity. If the significance value of each independent variable is greater than 0.05, it can be concluded that the regression model is free from heteroscedasticity.



Gambar 1 Hasil Plot Uji Heteroskedastisitas

Source: SPSS Data Processing Results ver. 25, 2025

From the image above, which shows the scatterplot results of the heteroscedasticity test between company financial performance and the sustainability report, it can be seen that there is no clear pattern and the points are scattered above and below the number 0 on the Y-axis. Therefore, it can be concluded that heteroscedasticity does not occur.

Tabel 5 Heteroskedastisitas Test Results

Spearman's rho	Sig. (2-tailed)	Keterangan
Economic Performance Disclosure	0,819	Tidak terjadi heteroskedastisitas
Environmental Performance Disclosure	0,668	Tidak terjadi heteroskedastisitas
Social Performance Disclosure	0,872	Tidak terjadi heteroskedastisitas

Source: SPSS Data Processing Results ver. 25, 2025

The table above indicates that the Sig. (2-tailed) values for all variables are greater than 0.05, thus it can be concluded that heteroscedasticity does not occur. (The hypothesis testing analysis and the following sections will be continued in the next response if you wish.)

Hipotesys test

Tabel 6 Regresion Test Results

Independent Variable	Unstandardized Coefficients	t	Sig. t
Constant (a)	**11.337**	**3.465**	**0.001**
Economic Performance Disclosure (X_1)	**10.232**	**1.227**	**0.225**
Environmental Performance Disclosure (X_2)	**11.022**	**1.534**	**0.131**
Social Performance Disclosure (X_3)	**24.156**	**2.380**	**0.021**

Source: SPSS Data Processing Results ver. 25, 2025

$$\mathbf{Y = 11{,}337 + 10{,}232X_1 + 11{,}022X_2 + 24{,}156X_3 + e}$$

The results of the equation can be explained as follows:

a. The constant (α) of 11.337 indicates that if economic, environmental, and social performance disclosures are considered nonexistent or have a value of zero, then the company's financial performance (ROA) is 11.337.
b. The coefficient of economic performance disclosure is 10.232, indicating that every one-unit increase in economic performance disclosure leads to an increase in ROA by 10.232, assuming other variables remain constant.
c. The coefficient of environmental performance disclosure is 11.022, indicating that every one-unit increase in environmental performance disclosure leads to an increase in ROA by 11.022, assuming other variables remain constant.
d. The coefficient of social performance disclosure is 24.156, indicating that every one-unit increase in social performance disclosure leads to an increase in ROA by 24.156, assuming other variables remain constant.

The coefficient of determination (Adjusted R^2) obtained is 0.068, which means that the independent variables (economic, environmental, and social performance disclosures) are only able to explain 6.8% of the variation in the dependent variable (ROA). The remaining 93.2% is explained by other variables not included in this research model.

Tabel 8 F Test Results

Statistic	Value
Multiple R	**0.344**
R Square	**0.119**
Adjusted R Square	**0.068**
Fhitung	**2.333**
Ftabel	**2.78**
ttabel	**2.00665**

Source: SPSS Data Processing Results ver. 25, 2025

Based on the results of the ANOVA test, a significance value of 0.085 was obtained (greater than 0.05), and the F-value was 2.333, which is lower than the F-table value of 2.78. Therefore, it can be concluded that the economic, environmental, and social performance disclosures do not have a significant simultaneous effect on the company's financial performance (ROA), thus the first hypothesis is ejected.

The rejection of this hypothesis indicates that, in the context of mining companies listed on the Indonesia Stock Exchange, sustainability report disclosures are not necessarily a primary factor driving the company's financial performance. This may be due to low investor attention to sustainability reports, or because the cost of compliance and implementing sustainability programs may outweigh the short-term financial benefits gained by the company.

Table 9 Results of the Partial t- test Results

Independent Variable	Unstandardized Coefficients	t	Sig. t
Constant (a)	11.337	3.465	0.001
Economic Performance Disclosure (X_1)	10.232	1.227	0.225
Environmental Performance Disclosure (X_2)	11.022	1.534	0.131
Social Performance Disclosure (X_3)	24.156	2.380	0.021

Source: SPSS Data Processing Results ver. 25, 2025

Second Hypothesis Test

The variable of economic performance disclosure has a Sig. value of 0.225 > 0.05 and a t-value of 1.227 < t-table value of 2.00665, thus the hypothesis "Disclosure of economic performance in the sustainability report has a significant and positive effect on the company's financial performance" is rejected. This indicates that the economic performance section of the sustainability report does not directly improve the financial performance of mining companies.

Third Hypothesis Test

The variable of environmental performance disclosure has a Sig. value of 0.131 > 0.05 and a t-value of 1.534 < t-table value of 2.00665, hence the hypothesis "Disclosure of environmental performance in the sustainability report has a significant and positive effect on the company's financial performance" is rejected. This rejection shows that although environmental aspects are important, their impact on the profitability of mining companies is still influenced by other factors such as regulations, business strategy, and investor perceptions.

Fourth Hypothesis Test

The variable of social performance disclosure has a Sig. value of 0.021 < 0.05 and a t-value of 2.380 > t-table value of 2.00665, so the hypothesis "Disclosure of social performance in the sustainability report has a significant and positive effect on the company's financial performance" is accepted. This indicates that social performance disclosure in the sustainability report positively impacts the financial performance of mining companies, possibly due to increased investor and stakeholder trust, customer loyalty, and good relationships with regulators.

Discussion

Disclosure of Sustainability Report on Economic, Environmental, and Social Performance Towards Financial Performance in Mining Companies Listed on the Indonesia Stock Exchange

Based on the analysis, there is a positive trend in the disclosure of sustainability reports related to economic, environmental, and social performance among mining companies listed on the Indonesia Stock Exchange from 2021 to 2023. Although the level of disclosure varies across companies, overall transparency regarding sustainability aspects has steadily improved over the years. Economic performance disclosure showed a significant increase, from only 3 companies (16%) in 2021 to 10 companies (53%) in 2022, and 15 companies (79%) in 2023. This reflects a growing awareness among companies of the importance of economic transparency as a form of accountability and a strategic effort to build investor trust, which can positively affect profitability.

Environmental performance disclosure rose from 9 companies (47%) in 2021 to 14 companies (74%) in 2022 and 17 companies (89%) in 2023. This indicates that more companies are responding seriously to environmental concerns, driven by regulatory requirements and stakeholder expectations. Disclosure of aspects such as waste management, energy consumption, and emissions plays a crucial role in shaping corporate reputation in the extractive sector. Social performance also experienced a significant increase, from 7 companies (37%) in 2021 to 13 companies (68%) in 2022 and 17 companies (89%) in 2023. This highlights increased corporate attention to social issues such as occupational health and safety, community engagement, and CSR programs. Transparency in this area helps build a positive image and strengthens relationships with stakeholders. Differences in financial performance among companies reflect various influencing factors, such as business strategies, market fluctuations, and the effectiveness of sustainability implementation. Overall, strong sustainability reporting can enhance investor confidence and contribute to improved corporate financial performance.

The Effect of Economic, Environmental, and Social Sustainability Report Disclosures on Financial Performance

The research findings show that the disclosure of economic, environmental, and social performance simultaneously does not have a significant effect on a company's financial performance. This is based on the results of the F-test, which produced a significance value of 0.085, an F-count of 2.333, and an F-table value of 2.53. Since the significance value is greater than 0.05 and the F-count is lower than the F-table, the hypothesis is rejected.

These results indicate that although sustainability reports are considered important for building legitimacy and meeting stakeholder demands, the mining companies used as research samples (2021–2023) have not yet fully complied with the reporting standards set by the Global Reporting Initiative (GRI).

According to Legitimacy Theory, companies use sustainability reports to gain acceptance from the public and stakeholders. However, as explained by Suchman (1995), these efforts do not always directly impact financial performance. In the context of this study, although sustainability reports are prepared, no significant effect on ROA has been observed.

This finding is consistent with previous studies by Zhafiri et al. (2022) and Astuti (2024), which concluded that the disclosure of economic, environmental, and social dimensions in sustainability reports does not simultaneously have a significant effect on financial performance. Therefore, although sustainability reports are important as a tool for legitimacy, they have not yet proven to have a direct financial impact on mining companies in Indonesia.

The Effect of Economic Performance Disclosure in Sustainability Reports on Company Financial Performance

The T-test results show a significance value of 0.225, which is greater than 0.05, indicating that the hypothesis is rejected. This means that the disclosure of economic performance in sustainability reports does not have a significant effect on the company's financial performance. This finding suggests that although companies have made efforts to improve transparency through economic performance reporting, these efforts have not directly impacted financial performance.

According to signaling theory, the disclosure of economic information should serve as a positive signal to investors regarding a company's commitment to sustainability. However, this signal is not yet strong enough to influence investment decisions or improve ROA.

This study analyzes the effect of economic performance disclosure in sustainability reports on financial performance as measured by ROA. Based on the latest GRI standards, there are 17 economic performance disclosure indicators. However, the analysis shows that not all mining companies in the 2021–

2023 sample disclosed all indicators completely. Some indicators, such as GRI 201-1, GRI 203-2, and GRI 202-1, were the most frequently disclosed, while GRI 206-1 was the least disclosed. These findings support previous studies by Japlim et al. (2021) and Kurniadi et al. (2024), both of which concluded that the disclosure of economic performance does not have a significant effect on the financial performance of companies.

The Influence of Environmental Performance Disclosure in Sustainability Reports on Company Financial Performance

Indicate that the disclosure of environmental performance in sustainability reports does not have a significant impact on corporate financial performance as measured by Return on Assets (ROA). This is evidenced by the T-test result, showing a significance value of 0.131 (> 0.05), thus leading to the rejection of the hypothesis. Although environmental disclosure is important for demonstrating a company's commitment to sustainability, there is no direct effect observed on profitability in the short term.

This study refers to 33 indicators based on the latest Global Reporting Initiative (GRI) standards for environmental performance disclosure. However, the analysis shows that not all mining companies within the 2021–2023 observation period fully disclosed all indicators. The most frequently disclosed indicators include GRI 302-1 (energy consumption within the organization), GRI 306-2 (management of significant waste-related impacts), and GRI 305-1 (direct GHG emissions). Meanwhile, the least disclosed indicator was GRI 306-3 (significant spills).

The rejection of the hypothesis suggests that environmental disclosures in sustainability reports have yet to significantly influence financial performance. This may be due to the complex relationship between environmental investments and financial gains, which can be affected by factors such as regulation, business strategy, and investor perception. Additionally, the financial benefits of environmental initiatives may require a longer time to materialize. According to Legitimacy Theory (Suchman, 1995), companies aim to maintain or gain social legitimacy by meeting societal expectations, including in sustainability. For mining companies, environmental sustainability reported in annual disclosures can be used to improve their reputation and gain support from various stakeholders. However, in the short term, the impact on profitability may not be directly evident. These findings are in line with previous studies by May et al. (2024) and Pratiwi et al. (2022), which also concluded that the environmental dimension in sustainability reports does not significantly affect corporate financial performance.

The Influence of Social Performance Disclosure in Sustainability Reports on Company Financial Performance

Analysis results indicate that the disclosure of social performance in sustainability reports has a significant impact on corporate financial performance, as measured by Return on Assets (ROA). The T-test produced a significance value of 0.021 (< 0.05), leading to the acceptance of the hypothesis. This means that the higher the level of social performance disclosure, the better the company's financial performance.

This positive relationship can be attributed to the benefits of Corporate Social Responsibility (CSR) initiatives, such as increased stakeholder trust, enhanced customer loyalty, stronger investor relations, and reduced legal and reputational risks. Companies that are transparent in disclosing their social performance are generally more valued by stakeholders, which can improve profitability.

Based on the latest GRI standards, there are 40 indicators related to social performance that should be disclosed in sustainability reports. However, the analysis found that not all mining companies included all 40 indicators during the 2021–2023 observation period. Frequently disclosed indicators include GRI 403-1 (occupational health and safety management systems), GRI 403-5 (worker training on health and safety), and GRI 401-1 (new employee hires and turnover). The least disclosed was GRI 412-3 (investment agreements with human rights clauses).

The results support the Signaling Theory (Spence, 1973), which posits that companies use CSR disclosure as a positive signal to stakeholders. Transparent reporting on social initiatives demonstrates a company's commitment to sustainability and social welfare, enhancing its reputation and perceived value among investors. This finding is consistent with previous studies by Karlinadewi et al. (2024) and Andika & Anisah (2022), both of which found that social performance positively and significantly influences financial performance. Thus, companies that invest in and openly report their CSR efforts tend to experience better financial outcomes.

Conclusion

Based on the previous discussion, this study concludes that the disclosure of sustainability reports among mining companies listed on the Indonesia Stock Exchange showed an increasing trend from 2021 to

2023, particularly in the economic, environmental, and social aspects. This upward trend reflects companies' efforts to enhance transparency and their commitment to sustainability, influenced by regulations, investor pressure, and business strategies. However, there remains a disparity in disclosure practices among companies, indicating that gaps in the implementation of sustainability principles still exist. Financial performance, as measured by Return on Assets (ROA), also varied significantly among companies, influenced by factors such as business strategy, commodity prices, and the effectiveness of sustainability policies.

Further analysis revealed that the simultaneous disclosure of economic, environmental, and social performance indicators in sustainability reports does not have a significant impact on the companies' financial performance. However, when analyzed individually, only the disclosure of social performance was found to have a significant effect on ROA. Economic and environmental disclosures did not show a significant impact. This suggests that the social aspect of sustainability such as employee welfare and community engagement plays a more tangible role in improving financial performance in the mining sector.

This study has several limitations, including the use of a single financial indicator (ROA) to measure financial performance, which may not fully capture the complexities of a company's financial health. Additionally, the analysis only covers a three-year period and focuses solely on the mining sector, meaning the findings may not be generalizable to other industries. Based on these findings, it is recommended that companies consistently and comprehensively disclose all sustainability indicators in accordance with GRI standards, to build stakeholder trust and attract sustainability-conscious investors. Future research is encouraged to expand its scope by including additional variables and incorporating alternative financial performance indicators such as ROE or EPS, in order to gain a more holistic understanding of the relationship between sustainability disclosure and company financial performance.

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