

The Effect of Leverage and Good Corporate Governance on Sustainability Report Disclosure

Susilawati¹, Sri Ambarwati², Roy Prakoso³

^{1,2,3}Universitas Pancasila, Indonesia

Email: susimiran@univpancasila.ac.id

Abstract

The objective of this study was to examine the impact of leverage and good corporate governance on the disclosure of a company's sustainability report. This study employs quantitative methods. This study utilizes secondary data, specifically annual reports and sustainability reports or Sustainability Reports of banking businesses listed in BUKU 2, both of which were listed on the Indonesia Stock Exchange (IDX) during the period of 2020-2021. This study employed descriptive statistical tests, classical assumption tests including normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests, and hypothesis testing including coefficient of determination test, f test, and t-test. The analytical tool used in this study is the SPSS 2.6 application. The results of this study indicate that Leverage, the Number of Boards of Commissioners, and the Number of Audit Committees do not influence the disclosure of sustainability reports in the banking industry listed in BUKU 2. At the same time, the proportion of Independent Commissioners affects the disclosure of sustainability reports in the banking industry listed in BUKU 2. Furthermore, the results of simultaneous calculations show that the Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), the Board of Commissioners, the Independent Board of Commissioners, the Audit Committee and Total Assets simultaneously (simultaneously) have a significant effect on the disclosure of the sustainability report as well as the regression equation used in this study is reliable.

Keywords: *Influence, Leverage, Good Corporate Governance, Disclosure, Sustainability Report.*



A. INTRODUCTION

A Sustainability Report (SR) is an annual report that details the company's performance in terms of economic, environmental, and social factors. In addition to shareholders, this report is also intended for the community as a form of transparent corporate responsibility (Mikial et al., 2022). The preparation of this SR also aims to communicate the company's commitment to running a sustainable business. SR can also provide a broader and more open picture to all stakeholders regarding sustainable development activities that the company has carried out.

In the past, SR was not a mandatory report for every company, but with the times and demands for accountability from the government, SR became a mandatory thing. SR only became popular in the 1980s. A chemical company initiated the first time to repair a troubled image. The cigarette firm was also an early pioneer of the sustainability report. The objective is to encourage interest in ethical investment among investors (Ioannou & Serafeim, 2017).

In Indonesia, the number of companies that voluntarily adopt and implement the SR model, or sustainable reporting, in reporting company information to stakeholders and the broader community continues to rise, as evidenced by the fact that in 2005, approximately ten companies had adopted the new SR, whereas in 2013, the number of companies that adopted the new SR surpassed 100.

The increasing awareness and commitment of global corporations, including Indonesia, in implementing the SR model is not triggered by solid pressure from global market players and government regulations, nor by the corporation's own desire to be accepted by stakeholders; rather, it is influenced by various short-term and long-term economic and non-economic benefits that will be obtained if you can apply the reporting model in a sustainable manner (Al-Shaer & Zaman, 2016).

It is thought that the theoretical implementation of SR will raise stakeholders' respect for the accountability and transparency of firm information, which will have a favorable effect on their decisions (Amilia & Budisusetyo, 2009). This application also provides an easy license for companies to make funding and investment decisions and business operations. It will also improve business performance, finance, and long-term company value (Jouffray et al., 2019).

In addition, there are many benefits from the implementation of SR, which are believed to boost the company's image, reputation, and goodwill, as well as increase innovation and continual improvements, strategic competitive position, and effective corporate governance processes. SR can have a favorable effect on market players or stakeholders, hence reducing business, financial, and corporate market risk.

If the company discloses SR, the existence and activities of the company will be recognized by the community that the company has taken part in sustainable development. When a company discloses sustainability information in SR to get recognition, it indirectly tells the company that it is better than other companies (Diene et al., 2016).

The intensity with which the company discloses sustainability information in high SR implies that it is committed to reaching sustainable goals in order to capture the interest of conservative investors. This is due to the fact that investors tend to invest in transparent organizations, which have complete and accurate information to aid investors in their decision-making process (Arena & Azzone, 2012). Investors are interested in social information companies report in annual reports and consider financial information alone insufficient as an investment consideration (Antara et al., 2020); therefore, investors will be interested in investing in companies that have issued SR because the information asymmetry is decreasing (Bhatia & Tuli, 2017).

First, stakeholders, particularly investors who will invest by purchasing shares on the capital market, will evaluate the condition of the company. According to Ezejiofor and Emenaka (2022), capital market players will assess every firm statement, producing fluctuations in stock trading transactions. In 2019, it was anticipated that financial companies in Indonesia, particularly banks, would demonstrate accountability and transparency in carrying out social and environmental responsibilities through sustainability reports issued in accordance with the reporting

guidelines issued by the Financial Services Authority (henceforth referred to as OJK), namely OJK Regulation number 51 of 2017, which states that The banking sector is required to issue SRs by 2019 for Bank Umum Kegiatan Usaha (BUKU) 3 and BUKU 4, and by 2020 for B.

3 (three) banks, representing 23.1% of the total 13 (thirteen) banks included in BUKU 3, and 1 (one) bank, representing 10% of the 10 (ten) banks involved in BUKU 4, have not issued SR in 2019. Meanwhile, in 2020, 1 (one) or 33.3% of the 3 (three) banks included in BUKU 1 and 7 (seven) or 35.0% of banks from the list of 20 (two) twenty) Banks included in BUKU 2 have published SR reports in the company's annual financial statements.

This study aims to investigate the relationship between leverage, good corporate governance (GCG), and disclosure of sustainability reports in BUKU 2-listed banking organizations news CNN Indonesia; In 2016, \$3.89 billion of national banking credit flowed to enterprises accused of harming the environment, according to the research results of a combination of campaign organizations and research. According to the research, eight banks distributed credit, both in the form of working capital credit and investment credit, to the business sector responsible for deforestation. Including palm oil, rubber, logging, paper production, and processing. The eight banks are Bank Mandiri Ltd (Persero), Bank Negara Indonesia (Persero) Ltd, Bank Rakyat Indonesia (Persero) Ltd, Bank Central Asia Ltd, Bank Pan Indonesia Ltd, Bank Danamon Indonesia Ltd, Bank Capital Indonesia Ltd, and Bank Regional Development Jakarta Ltd. This amount does not include non-bank financial institutions, such as Indonesia Eximbank or the Indonesian Export Financing Agency, which was recorded as providing corporate financing worth US\$50.49 million to Sampoerna Agro for the palm oil sector, and a US\$42.85 million revolving credit facility to the Triputra Group through Kirana Megatara for the rubber sector.

As has happened to a large number of state-owned companies or SOEs that cause environmental damage due to high leverage and low CG best practices in SOEs, which is indicated by the presence of large amounts of corruption and other problems that cause environmental damage. Will the high leverage and low CG best practice in banking affect the disclosure of the sustainability report? Asuransi Jiwasraya (Persero) Ltd failed to pay the policy that was due for JS Savings Plan customers of IDR 802 billion in October 2018 (Liputan6, 2020). Krakatau Steel Ltd. restructured its debt of US\$2.2 billion or IDR 30 trillion to save its business, which had been losing money for the last eight years (CNN Indonesia, 2020).

Regarding environmental damage, Pertamina Hulu Energi in the Offshore North West Java (ONWJ) functional area spilled oil from Pertamina's well on the north coast of Karawang on July 12, 2019. This was due to the appearance of gas bubbles when drilling wells on the YYA-1 platform. (Liputan6, 2019). In addition, on March 29, 2021, a tank at the Pertamina RU VI Balongan Ltd oil refinery, Indramayu Regency, West Java, caught fire. As a result of the incident, hundreds of residents around the fire location were forced to evacuate to safer places (Kompas.com, 2021). In addition, Pertamina Refinery Ltd Unit 5 on March 31, 2018, acknowledged the cause of the oil

spill in Balikpapan Bay due to a broken crude oil pipeline from the Lawelawe Terminal in North Penajam Paser to the Balikpapan Refinery. As a result of this incident, the bay's waters became polluted, so fishermen could not go to sea. Then when cleaning up the oil spill, suddenly, a fire broke out from the collected oil; the fire caused five people to die, one person suffered burns, and 20 people survived.

Following the Regulation of the Financial Services Authority (hereinafter referred to as OJK) Number 51/POJK.03/2017 concerning the implementation of sustainable finance for financial institutions, issuers, and public companies, specifically for Banks listed in BUKU 1 and BUKU 2 with the obligation to disclose the first Sustainability report times on December 31, 2020, the researchers are interested in submitting research on "The Effect of Leverage, Good Corporate Governance on the disclosure of the Sustainability report."

B. LITERATURE REVIEW

1. Agency Theory

The agency theory is a theory that relates directly to the owner (owner) and the agent (manager) (Karaman et al., 2018). Owner-manager conflicts of interest result in agency difficulties and expenses. In order to reduce these issues, a board of directors is formed and appointed to oversee the managers' actions. Corporate governance, commonly known as GCG, is one of the key performance drivers. Numerous studies demonstrate that corporate governance influences performance (Kuzey & Uyar, 2017). To elaborate on the preceding concept regarding sustainable disclosure, it may be argued that managers provide sustainability disclosures to lower agency expenses, lessen stringent internal supervision, and benefit from giving sustainability disclosures on the capital market.

2. Stakeholder Theory

According to stakeholder theory, a firm cannot act solely for its own advantage; it must also benefit other parties, including shareholders, creditors, consumers, suppliers, government, society, and analysts (Orazalin & Mahmood, 2019). Stakeholder theory describes how management fulfills or controls stakeholder expectations (Karlina et al., 2019). Stakeholder theory is founded on the premise that a rapidly growing corporation can include the public in its business activities to demonstrate greater and unrestricted accountability to investors.

3. Leverage and Disclosure of Sustainability Report

Leverage is the level of company debt. The higher the leverage ratio, the lower the company's ability to carry out its obligations to creditors. Obligations to creditors are challenging to fulfill; this can interfere with fulfilling other obligations, such as the obligation to disclose sustainability reports (SR) (Shamil et al., 2014). However, the company's concern for the social environment and society also requires financial sacrifices. Therefore, it is assumed that the higher the leverage, the less financial

allocation for corporate social responsibility, so the lower the SR disclosure (Orazalin & Mahmood, 2018). H1 of this research is stated as follows:

H1: Leverage (DAR) affects the disclosure of the sustainability report.

H2: Leverage (DER) affects the disclosure of the sustainability report.

4. Number of Board of Commissioners and SR Disclosures

The number of commissioners can pressure management to disclose sustainability reports so that management can disclose broad and valuable information for stakeholders in making decisions. Research conducted by Ngu & Amran (2021) shows that the board of commissioners positively affects the disclosure of the sustainability report. The board of commissioners in banking financial institutions is state officials who carry out the mandate of the Indonesian people and are expected to put pressure on management to concentrate on the company's sustainability while maintaining the alignment of the interests of various parties.

Research by Beare et al. (2014) and Nazari et al. (2015) shows that independent commissioners do not affect the disclosure of the sustainability report. The various studies above show the inconsistency of the results of the role of the independent board of commissioners on the disclosure of SR. Therefore, the second hypothesis of this research is stated as follows:

H3: The number of the Board of Commissioners affects the disclosure of the Sustainability report.

H4: The proportion of Independent Commissioners affects the disclosure of the sustainability report.

5. SR Audit and Disclosure Committees

As a supporter of the board of commissioners, the audit committee owes obligations and responsibilities to the board of commissioners to assist in monitoring the company's actions. The board of commissioners directly forms and appoints the audit committee. The greater the number of audit committees, the greater the number of suggestions made by committee members to the board of commissioners so that businesses can reveal useful information in their social responsibility reports.

This demonstrates that the audit committee can encourage management to release the sustainability report by influencing the disclosure of the sustainability report (Ali et al., 2019). Moreover, research (Oktaviani & Amanah, 2019) indicates that the audit committee has a detrimental impact on the sustainability report's disclosure. Then, the study by Correa et al. (2020) demonstrates that the audit committee has no effect on the sustainability report's disclosure.

H5: The number of audit committees affects the disclosure of the sustainability report.

6. Company Size (Total Assets)

In this study, the size of the company is determined by the total assets listed in the company's annual report. Iyer and Lulseged (2013) found that the size of a corporation indicates its size. Similarly, Casey's (2018) research indicates that the size

of a corporation strongly influences the disclosure of sustainability reports. Significant total assets indicate that the company has greater power to gain legitimacy from the community. One way to do this is by disclosing a sustainability report that contains social and environmental disclosures.

H₆: Company size affects the disclosure of the sustainability report.

C. METHOD

This study employs quantitative methods. This study utilizes secondary data, specifically annual reports and sustainability reports or Sustainability Reports of banking businesses listed in BUKU 2, both of which were listed on the Indonesia Stock Exchange (IDX) during the period of 2020-2021. This study's variables included a dependent variable, an independent variable, and a control variable. This study's dependent variable is the sustainability report disclosures index (SRDI). This study's independent variables were leverage (LEV), the number of commissioners (CB), the percentage of independent commissioners board (ICB), and the size of the audit committee (AC). Firm size is the control variable in this study (SIZE).

This study utilizes secondary data in the format of an Annual Report. In the BUKU 2 group, secondary data is received from third parties in the form of recent publications. In this study, the population consists of banking institutions registered in the BUKU 2 group in 2020 and 2021, using a purposive sampling technique used to choose the sample. Using the following techniques, data and research materials were collected: Bibliography and documentation. In addition, descriptive statistical tests, classical assumption tests consisting of the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test, and hypothesis testing consisting of the coefficient of determination test, F-test, and T-test were used in the design of analysis and testing for this study.

D. RESULT AND DISCUSSION

1. Descriptive Statistics Test

Descriptive Statistics provide an overview or description of the information about the frequency distribution of the variables of this study, maximum, minimum, average (Mean), and standard deviation, so that contextually it can be more easily understood by readers. The results of descriptive statistical tests in this study are presented in the following table:

Table 1. Descriptive Statistical Test Results

	Mean	Std. Deviation	N
SR	.95	.221	40
DAR	.93	.267	40
DER	4.70	3.131	40
CB	3.50	.877	40
ICB	.5795	.15216	40
AC	3.50	.816	40
Ln_Aset	1.2237	.00789	40

Source: Data Proceed

Based on the descriptive statistical table, 95% of the banking industries listed in BUKU 2 disclose the Sustainability Report (SR), and the remaining 5% do not disclose the Sustainability Report (SR), indicated by the mean value or average value of 0.95. The average value of the Debt to Asset Ratio (DAR) is 93%, while the average value of the Debt-to-Equity Ratio (DER) is 4.70. This shows the average debt size is 4.7X compared to total equity (4.7; 1), then the average score of the Board of Commissioners (CB) is 3.5, meaning that the Board of Commissioners of the Banking industry listed in BUKU 2 has 3 (three) to 4 (four) people as the Board of Commissioners. The Independent Commissioners Board is 58% of the total Board of Commissioners, shown at an average value of 0.5795 (58%). The Number Audit Committees (AC) consists of 3 (three) to 4 (four) people Audit Committees in each Bank. Registered in BUKU 2. Finally, the average asset value data is 1.2237 (firm size represented by total assets).

2. Classic Assumption Test

In multiple linear analyses, the classical assumption test is a statistical test criterion that must be satisfied. In this study, the classical assumption test consists of several stages of testing, which are described in the following paragraph:

a. Normality Test

A normality test is utilized to assess whether the data to be investigated are regularly distributed. Normally distributed data can be known through the histogram shape like a bell. There are many normality tests to determine the distribution of the data. Here is how to test the normality of SPSS Shapiro-Wilk and Kolmogorov-Smirnov by looking at the 5% significant level. The results of normality testing in this study are presented in the following figure:

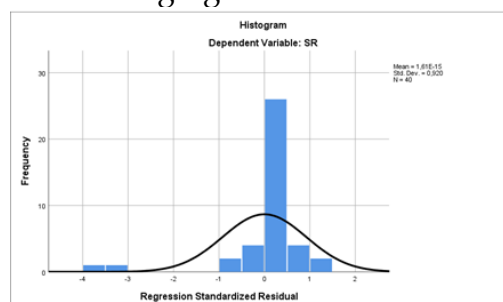


Figure 1. Histogram Normality Test Results

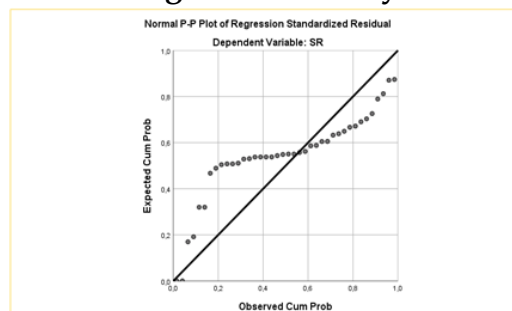


Figure 2. Normal P-P Plot Regression Standardized Residual

Based on the results of the analysis of the normality test shows that the data used is normally distributed; it is known through the histogram shape, such as a bell, and in the Normal P-P Plot Regression Standardized Residual image, where the image follows a diagonal line, meaning that the residuals are declared normally distributed and vice versa.

b. Multicollinearity Test

According to Idris (2010), multicollinearity requires that the independent variable lacks multicollinearity symptoms. Multicollinearity is characterized by correlations between independent variables. The value of the Variance Inflation Factor (VIF) and tolerance can be used to determine the presence of multicollinearity symptoms. If VIF is less than 10 and tolerance is more than 0.1, it can be concluded that the model is unaffected by multicollinearity. Alternatively, if the VIF score is greater than 10 and the tolerance is less than 0.1, it is possible to conclude that the model exhibits multicollinearity symptoms. The findings of this study's multicollinearity test are shown in the table below:

**Table 2. Multicollinearity Test Results
Coefficients**

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sig.	Correlation			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.893	8.022		.236	.815					
	DAR	-.105	.154	-.126	-.681	.501	-.065	-.118	-.105	.696	1.437
	DER	.007	.017	.101	.428	.671	.089	.074	.066	.432	2.315
	CB	.057	.048	.228	1.196	.240	.132	.204	.185	.660	1.515
	ICB	.561	.243	.387	2.311	.027	.381	.373	.358	.857	1.167
	AC	.034	.046	.126	.741	.464	.142	.128	.115	.825	1.212
	Ln_Aset	-1.246	6.718	-.045	-.186	.854	.086	-.032	-.029	.416	2.404

a. Dependent Variable: SR

Source: data proceed

Based on the table of calculation results of Variance Inflation Factor (VIF) and tolerance values. Shows the results of the VIF value <10 on the six independent variables in this study, namely; DAR (0.696), DER (0.432), CB (0.660), ICB (0.857), AC (0.825) and Total Assets (0.416) and also at tolerance value > 0.1 indicated by the six variables in this study DAR (1,437), DER (2,315), CB (1,515), ICB (1,167), AC (1,212) and Total Assets (2,404), it can be concluded that the model is not affected or free from multicollinearity symptoms. On the other hand, if the VIF value is > 10 and the tolerance is < 0.1, it can be concluded that the model has multicollinearity symptoms.

c. Heteroscedasticity Test

In this study, the method used to test heteroscedasticity is the Glejser test and scatterplot methods. The following is the basis for making heteroscedasticity test decisions: If the value of sig < 0.05, there is heteroscedasticity variance. If the value of sig = 0.05, there is no heteroscedasticity variance. The results of the heteroscedasticity test in this study are presented in the following figure:

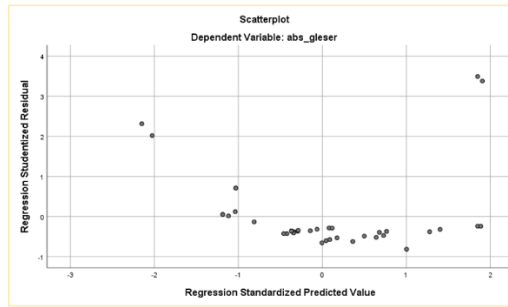


Figure 3. Heteroscedasticity Test Results

In this study to test whether there is heteroscedasticity using the Glejser and Scatterplot test methods, the analysis results show that there is no heteroscedasticity because the points on the scatterplot spread above and below the number zero (0).

d. Autocorrelation Test

The autocorrelation test is a test of the regression assumption that the dependent variable is uncorrelated with itself. The Durbin-Watson test can be used to assess if autocorrelation symptoms are present. If the Durbin-Watson value falls between du and $4 - du$, no autocorrelation symptom is present. The outcomes of the autocorrelation test are shown in the table below:

Table 4. Autocorrelation test results

Model Summary^b

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate	Durbin-Watson
1	.554 ^a	.307	.181	.14886	.806

a. Predictor: (Constant), Ln_Aset, ICB, AC, CB, DAR, DER

b. Dependent Variable: SR_abs

Source: Data Proceed

In this study, it is known that there is a problem with autocorrelation symptoms through the Durbin-Watson test. It is known that the Durbin-Watson number (0.806) is located before the number du (0.997), and the number $4 - du$ (3.003) means that there is a problem with autocorrelation symptoms. 2021 no changes).

3. Multiple Regression Analysis

Multiple linear regression is a model of regression that includes multiple independent variables. Using multiple linear regression, the direction and magnitude of the independent variable's influence on the dependent variable were determined. In this study, the results of multiple regression testing are provided in the table below:

Table 5. Multiple Regression Analysis Test Results

Coefficient

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.893	8.022		.236	.815
	DAR	-.105	.154	-.126	-.681	.501
	DER	.007	.017	.101	.428	.671
	CB	.057	.048	.228	1.196	.240
	ICB	.561	.243	.387	2.311	.027

	AC	.034	.046	.126	.741	.464
	Ln_Aset	-1.246	6.718	-.045	-.186	.854

a. Dependent Variable: SR

Source: Data Proceed

From the results of statistical data processing in the Coefficients table, the following equation is obtained: $Y = 1.893 - 0,105DAR + 0,007DER + 0,057CB + 0,561ICB + 0,034AC - 1,246LnAset$. The figures resulting from the test are explained as follows: 1) The resulting constant value is 1.893. This means that if the independent variables do not exist, then the amount of Sustainability Report Disclosure that occurs is 1,893; 2) The regression coefficient value of the leverage variable proxied by the Debt to Asset Ratio (DAR) is - 0.105. This shows that every one-unit increase in the level of Debt to Asset Ratio (DAR) results in a decrease in Sustainability Report Disclosure of 0.105; 3) The regression coefficient value of the leverage variable proxied by the Debt to Equity Ratio (DER) is 0.007. This shows that every one-unit increase in the level of Debt to Equity Ratio (DER) results in an increase in Sustainability Report Disclosure of 0.007; 4) The regression coefficient value of the Board of Commissioners variable is 0.057. This shows that each increase of one unit at the level of the Board of Commissioners increases Sustainability Report Disclosure by 0.057; 5) The regression coefficient value of the Independent Commissioner's variable is 0.561. This shows that each increase of one unit at the level of the Board of Independent Commissioners increases the Sustainability Report Disclosure by 0.561; 6) The regression coefficient value of the Audit Committee is 0.34. This shows that each increase in one unit at the Audit Committee level results in an increase in Sustainability Report Disclosure by 0.034; and 7) Total Assets regression coefficient value is -1,246. This shows that every increase of one unit level of Total Assets results in a decrease in Sustainability Report Disclosure of 1.246.

4. F-Test

The F test shows whether all the independent variables included in the model have a joint influence on the dependent variable (Ghozali, 2007). The benchmark compares the sig value obtained with a significant degree of 0.05. The regression equation is reliable if the sig value is less than the significant degree. The results of the f-test test in this study are presented in the following table:

Table 6. F_{test} Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.323	6	.054	2.438	.046 ^b
	Residual	.731	33	.022		
	Total	1.055	39			

a. Dependent Variable: SR_abs

b. Predictors: (Constant), Ln-Aset, ICB, AC, CB, DAR, DER

Source: Data Proceed

Based on the ANOVA or F test results, the number is 2.438 with a sig value of 0.046. Using an alpha level of 0.05 or 5%, the F test is used to simultaneously test

whether the independent variables together can explain the dependent variable well and whether the model used is fixed or not. The test criteria are to see whether $F_{count} > F_{table}$ or $sig < 0.05$. If it meets the criteria, the model is considered usable.

The calculation results show $sig < 0.05$ and $F_{count} > F_{table}$ ($2.84 > 2.44$), so the Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Board of Commissioners, Board of Independent Commissioners, Audit Committee, and Total Assets simultaneously (simultaneously) have a significant effect on the disclosure of the sustainability report and the regression equation used in this study is reliable, or the model is fixed.

5. Hypothesis Testing

Hypothesis testing in this study is presented in several parts as follows:

a. First Hypothesis Testing (DAR)

The variable Debt to Asset Ratio (DAR) in the coefficients table, the t_{table} is $-0.681 < t_{count} 2.035$ and $sig 0.501 > 0.05$, and the coefficient is -0.105 with a negative direction. This shows that the Debt to Asset Ratio (DAR) variable has no effect on the disclosure of the sustainability report, so it can be concluded that Hypothesis 1 (H1) is rejected. The results of this study support previous researchers Sulistyawati & Qadriatin (2018), showing that leverage does not affect the disclosure of the sustainability report. At the same time, this study does not support researchers Afsari et al. (2017), Liana (2019), Oktaviani & Amanah (2019), and Prabawati (2018) which state that leverage has a negative effect on sustainability report disclosure discovered by Aniktia & Khafid (2015).

b. Second Hypothesis Testing (DER)

The variable Debt to Equity Ratio (DER) in the coefficients table t_{table} is $0.428 < t_{count} 2.035$ and $sig 0.240 > 0.05$, and the coefficient is 0.007 with a positive direction. This indicates that the Debt to Equity Ratio (DER) variable has no effect on the sustainability report's disclosure, hence Hypothesis 2 (H2) can be rejected. This study's findings support those of Nisak and Yuniarti (2018), demonstrating that leverage has no effect on the sustainability report's disclosure. While this study does not corroborate Mudiyansele (2018) researchers' claim that leverage has a negative impact on sustainability report disclosure, Fatmawati and Trinawati discovered that leverage had a favorable impact on sustainability report disclosure (2022).

c. Third Hypothesis Testing (CB)

The Board of Commissioners (CB) variable in the coefficients table is $1.196 < t_{count} 2.035$ and $sig 0.671 > 0.05$, and the coefficient is 0.057 with a positive direction. This demonstrates that the Board of Commissioners (CB) variable has no influence on the disclosure of the sustainability report; hence, Hypothesis 3 (H3) can be rejected. The findings of this study confirm the findings of Setiani and Sinaga (2021) that the board of directors does not influence the disclosure of the sustainability report. However, contrary to the findings of Anazonwu et al. (2018), our study indicates that the board of commissioners has a beneficial impact on the disclosure of sustainability reports.

d. Fourth Hypothesis Testing (ICB)

The Independent Commissioners Board (ICB) variable in the coefficients table is $t_{table} 2.331 > t_{count} 2.035$ and $sig 0.027 < 0.05$, and the coefficient is 0.561 with a positive direction. This demonstrates that the Independent Commissioners Board (ICB) variable influences the disclosure of the sustainability report; hence, Hypothesis 4 (H4) can be adopted. The findings of this study concur with the findings of Branco et al. (2014), who found that independent commissioners have a positive impact on sustainability report disclosure. However, the findings of this study contradict those of English & Schooley (2014), who found that the proportion of independent commissioners has no negative impact on sustainability report disclosure.

e. Fifth Hypothesis Testing (AC)

The Audit Committee (AC) variable in the coefficients table, t_{table} is $0.741 < t_{count} 2.035$ and $sig 0.464 > 0.05$, and the coefficient is 0.034 with a positive direction. This indicates that the Audit Committee (AC) variable has no influence on the publication of the sustainability report; hence, Hypothesis 5 (H5) can be rejected. This study confirms the findings of Andayani and Yanti (2021) that the audit committee has no effect on the disclosure of the sustainability report; this demonstrates that the audit committee cannot encourage management to disclose sustainability reports. Similarly, this study does not align with or support the findings of du et al. (2017), which claims that the audit committee favorably impacts the sustainability report's disclosure. The research conducted by Buallay (2018) indicates that the audit committee has a detrimental impact on the sustainability report's disclosure.

f. Sixth Hypothesis Testing (Company Size)

The variable Total Assets in the coefficient table t_{table} is $0.186 < t_{count} 2.035$ and $sig 0.854 > 0.05$, and the coefficient is -1.246 in a negative direction. This indicates that the Total Assets variable has no effect on the sustainability report's disclosure, hence Hypothesis 6 (H6) can be rejected. This research contradicts the findings of Idah (2013) and Adhipradana (2014), who concluded that firm size has a strong positive effect on the disclosure of sustainability reports.

E. CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that: 1) Leverage, represented by the Debt to Asset Ratio (DAR), has no effect on the disclosure of sustainability reports in the banking industry listed in BUKU 2; 2) Leverage represented by the Debt to Equity Ratio (DER) has no effect on the disclosure of sustainability reports in the banking industry listed in BUKU 2; 3) The number of commissioners does not affect the disclosure of sustainability reports in the banking industry listed in BUKU 2; 4) The proportion of Independent Commissioners has an effect on the disclosure of the sustainability report. So that the total proportion of independent commissioners affects the extent of disclosure of the sustainability report; 5) The number of Audit Committees does not affect the disclosure of sustainability reports in the banking industry listed in BUKU 2; and 6) Total Assets (Company Size) does not affect the disclosure of sustainability reports in the banking

industry listed in BUKU 2. Furthermore, the results of simultaneous calculations show that the Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), the Board of Commissioners, the Independent Board of Commissioners, the Audit Committee and Total Assets simultaneously (simultaneously) have a significant effect on the disclosure of the sustainability report as well as the regression equation used in this study is reliable.

REFERENCES

1. Ali, M., Hameedi, K., & Almagtome, A. (2019). Does Sustainability Reporting via Accounting Information System Influence the Investment Decisions in Iraq. *International Journal of Innovation, Creativity and Change*, 9(9), 294-312.
2. Almilia, L. S., & Budisusetyo, S. (2009). The Impact of Internet Financial and Sustainability Reporting on Profitability, Stock Price and Return in Indonesia Stock Exchange. *University of the Thai Chamber of Commerce-International Journal of Business and Economics*, 1(2).
3. Al-Shaer, H., & Zaman, M. (2016). Board Gender Diversity and Sustainability Reporting Quality. *Journal of Contemporary Accounting & Economics*, 12(3), 210-222.
4. Anazonwu, H. O., Egbunike, F. C., & Gunardi, A. (2018). Corporate Board Diversity and Sustainability Reporting: A Study of Selected Listed Manufacturing Firms in Nigeria. *Indonesian Journal of Sustainability Accounting and Management*, 2(1), 65-78.
5. Andayani, E., & Yanti, H. B. (2021). The Effect of Tax Avoidance, Sustainability Report, Corporate Governance on Firm Value: Leverage as Moderating (Empirical Study on Registered Manufacturing Companies on the Indonesia Stock Exchange 2014-2019). *Technium Soc. Sci. J.*, 19, 506.
6. Antara, D. M. D. J., Putri, I. G. A. M. A. D., Ratnadi, N. M. D., & Wirawati, N. G. P. (2020). Effect of Firm Size, Leverage, and Environmental Performance on Sustainability Reporting. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 4(1), 40-46.
7. Arena, M., & Azzone, G. (2012). A Process-Based Operational Framework for Sustainability Reporting in SMEs. *Journal of Small Business and Enterprise Development*.
8. Beare, D., Buslovich, R., & Searcy, C. (2014). Linkages between Corporate Sustainability Reporting and Public Policy. *Corporate Social Responsibility and Environmental Management*, 21(6), 336-350.
9. Bhatia, A., & Tuli, S. (2017). Corporate Attributes Affecting Sustainability Reporting: An Indian Perspective. *International Journal of Law and Management*.
10. Branco, M. C., Delgado, C., Gomes, S. F., & Eugénio, T. C. P. (2014). Factors Influencing the Assurance of Sustainability Reports in the Context of the Economic Crisis in Portugal. *Managerial Auditing Journal*.

11. Buallay, A. (2018). Is Sustainability Reporting (ESG) Associated with Performance? Evidence from the European Banking Sector. *Management of Environmental Quality: An International Journal*.
12. Casey, T. (2018). *Corporate Social Responsibility in Nonprofit Organizations: How Nonprofits Leverage CSR and Sustainability Reporting* (Doctoral dissertation, Master thesis, University of San Francisco, San Francisco).
13. Correa-Garcia, J. A., Garcia-Benau, M. A., & Garcia-Meca, E. (2020). Corporate Governance and Its Implications for Sustainability Reporting Quality in Latin American business groups. *Journal of Cleaner Production*, p. 260, 121142.
14. Dienes, D., Sassen, R., & Fischer, J. (2016). What Are the Drivers of Sustainability Reporting? A Systematic Review. *Sustainability Accounting, Management and Policy Journal*.
15. Du, S., Yu, K., Bhattacharya, C. B., & Sen, S. (2017). The Business Case for Sustainability Reporting: Evidence from Stock Market Reactions. *Journal of Public Policy & Marketing*, 36(2), 313–330.
16. English, D. M., & Schooley, D. K. (2014). The Evolution of Sustainability Reporting. *The CPA Journal*, 84(3), 26.
17. Ezejiolor, R. A., & Emeneka, O. L. (2022). Leverage and Social Sustainability Reporting on Listed Oil and Gas Firms in Nigeria. *International Journal of Advanced Academic Research*, 8(3).
18. Fatmawati, V., & Trisnawati, R. (2022, June). The Effect of Leverage, Profitability, Activity, and Corporate Governance on Sustainability Reporting Disclosure. In *International Conference on Economics and Business Studies (ICOEBS 2022)* (pp. 66-74). Atlantis Press.
19. Garcia-Torres, S., Rey-Garcia, M., & Albareda-Vivo, L. (2017). Effective Disclosure in the Fast-Fashion Industry: From Sustainability Reporting to Action. *Sustainability*, 9(12), 2256.
20. Ioannou, I., & Serafeim, G. (2017). The Consequences of Mandatory Corporate Sustainability Reporting. *Harvard Business School Research Working Paper*, (11-100).
21. Iyer, V., & Lulseged, A. (2013). Does Family Status Impact US Firms' Sustainability Reporting? *Sustainability Accounting, Management and Policy Journal*, 4(2), 163-189.
22. Jouffray, J. B., Crona, B., Wassénus, E., Bebbington, J., & Scholtens, B. (2019). Leverage Points in the Financial Sector for Seafood Sustainability. *Science Advances*, 5(10), eaax3324.
23. Karaman, A. S., Kilic, M., & Uyar, A. (2018). Sustainability Reporting in the Aviation Industry: Worldwide Evidence. *Sustainability Accounting, Management and Policy Journal*.
24. Karlina, W., Mulyati, S., & Putri, T. E. (2019). The Effect of Company's Size, Industrial Type, Profitability, and Leverage to Sustainability Report Disclosure. *JASS (Journal of Accounting for Sustainable Society)*, 1(01), 32-32.
25. Kuzey, C., & Uyar, A. (2017). Determinants of Sustainability Reporting and Its Impact on Firm Value: Evidence from the Emerging Market of Turkey. *Journal of Cleaner Production*, 143, 27-39.

26. Mikial, M., Fitriana, N., Zuliyana, M., Effendi, R., & Rani, S. (2022). The Effect of Company Size, Return on Assets and Leverage on the Disclosure of Corporate Social Responsibility by the Companies that Present Sustainability Reporting on the Indonesia Stock Exchange. *Oblik i finansi*, (2), 111-117.
27. Mudiyansele, N. C. S. R. (2018). Board Involvement in Corporate Sustainability Reporting: Evidence from Sri Lanka. *Corporate Governance: The international journal of business in society*.
28. Nazari, J. A., Herremans, I. M., & Warsame, H. A. (2015). Sustainability Reporting: External Motivators and Internal Facilitators. *Corporate Governance*.
29. Ngu, S. B., & Amran, A. (2021). Materiality Disclosure in Sustainability Reporting: Evidence from Malaysia. *Asian Journal of Business and Accounting*, 14(1), 225-252.
30. Nisak, K., & Yuniarti, R. (2018, June). The Effect of Profitability and Leverage to the Carbon Emission Disclosure on Companies that Registered Consecutively in Sustainability Reporting Award Period 2014-2016. In *IOP Conference Series: Earth and Environmental Science* (Vol. 164, No. 1, p. 012026). IOP Publishing.
31. Orazalin, N., & Mahmood, M. (2018). Economic, Environmental, and Social Performance Indicators of Sustainability Reporting: Evidence from the Russian Oil and Gas Industry. *Energy Policy*, 121, 70-79.
32. Orazalin, N., & Mahmood, M. (2019). Determinants of GRI-based Sustainability Reporting: Evidence from an Emerging Economy. *Journal of Accounting in Emerging Economies*.
33. Shamil, M. M., Shaikh, J. M., Ho, P. L., & Krishnan, A. (2014). The Influence of Board Characteristics on Sustainability Reporting: Empirical Evidence from Sri Lankan firms. *Asian Review of Accounting*, 22(2), 78-97.
34. Tanty, V. (2014). Analisa Perbedaan Kinerja Keuangan (Leverage Ratio) pada Perusahaan Partisipan Indonesia Sustainability Reporting Award (ISRA) 2009-2011. *Business Accounting Review*, 2(1), 131-140.